



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

Network-Dominant Logic: A Discourse Analysis on the Changing Perception of Value Creation

Authors: Antonija Batkovic and Isabel Gunnarsson

Supervisor: Peter Zackariasson

2017-06-01

Network-Dominant Logic: A Discourse Analysis on the Changing Perception of Value Creation

Antonija Batkovic & Isabel Gunnarsson (2017)
School of Business, Economics and Law at Gothenburg University

Abstract — *This article seeks to understand how digital transformation has changed the perception on value creation from an actor-to-actor perspective. The chosen methodological approach is a discourse analysis with the intention to increase knowledge about how value creation is spoken of in practice. We identify two main discourses that capture the common language on value creation within the digital business industry. After elaborating on each of these discourses, a proposed extension to the Service-Dominant Logic was presented - Network-Dominant Logic. Lastly, we offer directions on future research and practical implications.*

KEY WORDS — Value Creation, Digital Transformation, Goods-Dominant Logic, Service-Dominant Logic, Network-Dominant Logic, Control points, Value Networks, A2A

INTRODUCTION

Technology has turned out to be an exponential force and rather inevitable, forcing our contemporary society to adapt after a faster speed. Naturally, this has a substantial influence on businesses as well. While this dramatic speed acceleration constantly challenges businesses it also enables them to extract value on a bigger scale. As a matter of fact, Matt et al. (2015) state that various industries the last decades have started to explore new digital technologies and their possible benefits. Generally, this involves a transformation of fundamental business operations and influences both products and processes, as well as management concepts. Further, companies are required to formulate a digital transformation strategy and integrate this strategy as a central concept when coordinating, prioritizing and implementing digital transformation within the business. However, regardless of previous research, efforts and experiences from practice, academia still lack concrete guidelines on how to create, implement and evaluate

digital transformation strategies (Matt et al. 2015). The transformation towards a digital society challenges the traditional view upon value creation (Stone & Woodcock 2014). However, not only does it challenge the view upon value creation, it also puts attention on the lack of definitions regarding value as a concept in service marketing (Grönroos & Voima 2013; Carú & Cova 2003; Sánchez-Fernández & Iniesta-Bonilla 2007). Subsequently, an understanding of the perception on value creation in practice is of high relevance as well since language constructs the social world we live in (Eriksson & Kovalainen, 2008). Consequently, how we understand value will steer how we speak of it which ultimately affects actions.

Concepts such as value creation networks, collaboration, value co-creation, interaction and resource integration are central concepts in marketing literature and are highly valued. These concepts are derived from basic relationship principles and put emphasis on how long term, personal interactions build emotional bonds to create

win-win relationships where all stakeholders are potential active partners in the firm's marketing activities. Despite the uptake on this area of research, the context of 'services' is described to be rather fuzzy, requiring more in depth research in the field. (Vargo et al. 2008; Vargo & Lusch 2008; FitzPatrick et al. 2015). As stated by Vargo and Lusch (2016) there are opposing views within literature among scholars that have emphasized the power of language and the importance of more clarity regarding the concept of value creation. These insights have triggered our curiosity to explore this rather unclear field of value creation and to understand the language that is being used when speaking of value creation in the contemporary society.

The purposes of this paper is to (1) compile literature within the field of value creation (2) identify existing discourses as a result of digital transformation and to (3) develop a theoretical framework with managerial implication. Leading us to the following research question: *How has digital transformation changed the perception of value creation from an A2A perspective?*

LITERATURE REVIEW

Defining Value Creation

Although there is no explicit definition of value creation the notion is that all actors (customers and firms) co-create value. The notion makes no distinction between customers and firms, making value creation an all-encompassing process (Grönroos & Voima 2013). While value delivery is emphasized in early production-oriented perspectives, service oriented research relies on value-in-use (Grönroos & Voima 2013; Prahalad 2004; Vargo & Lusch 2008). Value delivery is distinguished from value-in-use in terms of which actor is in focus and creates value. While value delivery puts focus on the producer, value-in-use emphasizes the customer - perceiving and determining value (Vargo & Lusch 2004). In contrary, value-in-exchange (e.g. money and value

propositions) is the negotiated measured value that is offered and received among exchange partners (Vargo et al. 2008).

In literature, value creation is often treated as an all-encompassing process, leading to an unclear understanding of the locus of value. According to Grönroos and Voima (2013, p.135) value creation "cannot be value-in-exchange, because the customer's actions during usage are involved. It cannot be value-in-use, because the service provider's activities are involved". Furthermore, value-in-use is customer driven and gathered in the customer's sphere over time, meaning that value is created in different temporal and spatial settings (Grönroos & Voima 2013). Value-in-exchange on the other hand exist as multiple singular entities (Grönroos & Voima 2013). While value-in-use focuses on value determined and derived through use, value derived by exchange still remains important for the co-creation of value according to Vargo et al. (2008). Further, it is possible for value-in-use to exist without value-in-exchange, however when the need for resource access arises so does the need for value-in-exchange (Vargo et al 2008; Vargo & Lusch 2006). When resources cannot be extracted naturally, value-in-exchange is required for value creation. Moreover, value creation requires more than one service system, "and it is through integration and application of resources made available through exchange that value is created" (Vargo et al. 2008, p150). In other words, value creation process is driven by value-in-use and mediated and monitored by value-in-exchange (Vargo et al. 2008).

Goods Dominant Logic

The key reason for any economic exchange is value creation. As mentioned previously, traditional models are based on a goods dominant (G-D) logic, where a firm's output is the source of value creation. Furthermore, G-D logic views produced goods as value for the consumer

(Srivastava & Shainesh 2015). Hence, there is no direct interaction, or direct definition of the value that is proposed (Grönroos 2013). However, the produced value is thus “value-in-exchange” where the goods are expected to generate value for the consumer when consumed. What is distinctive with G-D logic is the fact that consumers and producers are seen as distinct entities with different roles in the process of value creation (Srivastava & Shainesh 2015). In the value creation process the producer plays the key role. The consumer on the other hand is only expected to benefit from the value created by the producer (Srivastava & Shainesh 2015).

Service Dominant Logic

Service – dominant (S-D) logic, an extended perspective - intertwine rather than distinct the roles between producers and consumers in the value creation process (Vargo & Lusch 2004; Vargo & Lusch, 2008). Moving from ‘value-in-exchange to ‘value-in-use’, the focus is on the fulfilment of the service where consumers are users and producers are providers of these services. Sheth and Parvityar (2000) describe this new S-D logic as user-centric where producers and consumers create value together by forming processes that mutually leverage available resources. Furthermore, S-D logic entails greater use of intangible resources such as knowledge and skills in the value creation process, emphasizing intangible resources along with tangible in order to create value for consumers (Srivastava & Shainesh 2015). More described, Srivastava and Shainesh (2015) state that value creation activities requires combining available digital technologies with other resources. Such combinations do not solely arise through tangible resources provided by the

service provider, or the service user, but through interactions between users and providers. These value creation interactions

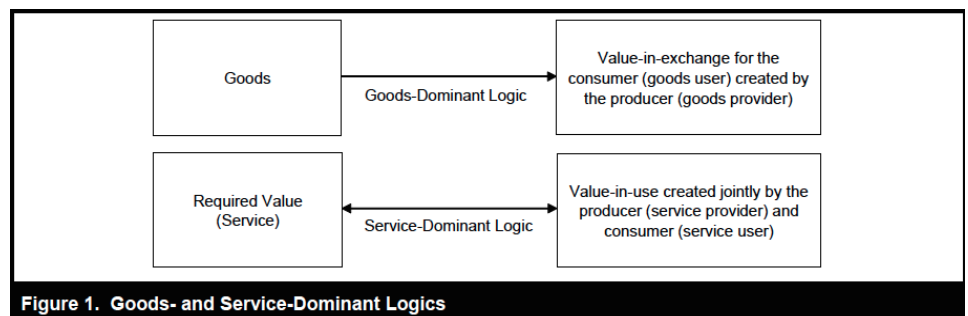


Figure 1. Goods- and Service-Dominant Logics

are facilitated by the combination of using both tangible and intangible resources.

(Source: Srivastava & Shainesh, 2015)

Rethinking Value Creation

Traditionally, a firm decided what is of value to the customer by the choice of produced products and services. Today consumers are able to co-create unique experiences with the firm through high-quality interactions (Prahalad 2004). Grönroos and Voima (2013, p.140) describe interactions as; “The core of interaction is a physical, virtual, or mental contact, such that the provider creates opportunities to engage with its customers’ experiences and practices and thereby influences their flow and outcomes”. Jointly created value between the consumer and the firm is a new form of competitive advantage (Zwick & Cayla 2011; Prahalad & Ramaswamy 2004). Prahalad and Ramaswamy (2004, p.5) extend this further by stating: ”Interaction between the firm and the consumer is becoming the locus of value creation”. Meaning, that value will have to be created jointly by both the firm and the consumer (Prahalad & Ramaswamy 2004). Further, Vargo and Lusch (2008) state that value is created jointly through mutual interactions and facilitate integration of resources among users and providers. While Vargo and Lusch (2016) argue that value is always co-created, Grönroos and Voima (2013) disagrees, arguing that value is only co-created in

select instances, those in which there is direct, personal interaction between the provider and the beneficiary, otherwise, value creation is only facilitated by a firm but created solely by the customer. Another approach on value creation takes on a more holistic and experiential perspective where value is recognized in the context of customer experiences (Heinonen & Strandvik 2009), value as part of extended social systems (Edvardsson et al. 2011) and value as monetary gains created by business partners mutually (Grönroos & Helle 2010).

Value Networks

The change toward a service dominant logic has resulted in new forms of businesses, where companies have switched from hierarchical integrated supply chains in favor of networks of strategic external influences. This pattern has emerged into various businesses that are fundamentally transforming the marketplace (Bitran et al. 2007; Pagani 2013). These new forms of businesses need to take a stand regarding technology, whether they want to become a market leader, or resort to already established technological standards. Surely, being a technological market leader could lead to great competitive advantages, for instance having other firms being dependent on one's technological competences. However, this is not possible and is not desirable for every company to be a market leader in terms of technology. Firms that take on a new technological lead should be aware that "the use of new technologies often implies changes in value creation" (Matt et al. 2015, p. 340). Rather than having a business-to-business (B2B) or an business-to-consumer (B2C) perspective, nowadays there are less distinctions between consumers and producers, making all actors (from individuals to large firms) co-creators of value. With this in mind, recent research shows that value creation takes place in networks, having an A2A

(actor-to-actor) orientation (Vargo & Lusch 2016).

Value networks are defined as "one in which a cluster of economic actors collaborates to deliver value to the end consumer and where each actor takes some responsibility for the success or failure of the network" (Pagani 2013, p. 619; Barnes 2002; Bitran et al. 2003; Pigneur 2000; Sabat 2002). Advantages of participating within these value networks are narrowed down into different 'control points', which are the positions of greatest value that distinguishes a firm from its competitors. The firms that hold these 'control points' profit and gain competitive advantages when participating in a given value network. Further, they have the ability to control how the network operates and the option to redistribute benefits (Pagani 2013; Rülke et al. 2003). Digital business strategies call for coordination across a firm's product, process and service domains, thereby creating more complex and dynamic ecosystems for growth and innovation (Pagani 2013). The whole value network is underpinned by a particular value creating logic and its application results in particular strategic postures. Adopting a network perspective (Pagani 2013) provides an alternative perspective that is more suited to "new economy" organizations, particularly those where both the supply and demand chain are digitized (Peppard & Rylander 2006). Additionally, research based on the S-D Logic perspective (Lusch & Nambisan, 2015) describe that the level of a firm's innovativeness and performance are influenced by the level of collaborative competence and the capability of customer orientation. Further, innovation is stimulated by information technology (IT) that enables the creation of value networks, and provide knowledge about how to integrate and share resources within that network. Hence, the digitization of new offerings is reflected by the increasing importance of IT, which is described as the

factor triggering innovation (Lusch & Nambisan 2015).

As described by Bharadwaj et al. (2013) impressive improvements in information, communication, and connected technologies have unleashed new functionalities (value). These digital technologies are fundamentally reshaping traditional business strategy as modular, distributed, cross-functional, and global business processes that enable work to be carried out across boundaries of time, distance, and function. Products and services increasingly have embedded digital technologies, and it is becoming increasingly more difficult to disentangle digital products and services from their underlying IT infrastructures (Bharadwaj et al. 2013; Orlikowski 2009). Digital platforms are enabling cross-boundary industry disruptions, and thus inducing new forms of business strategies (Bharadwaj et al. 2013).

METHODOLOGY

This study is initiated by an exploratory field study consisting of five educational seminars during a period of four months, hosted by consultant firms working with digital transformation or high advanced technologies. Secondary data was conducted throughout this study, starting of by compiling literature within the field of value creation and digital transformation. Primary data was collected through in depth interviews consisting of five interviewees, lasting approximately 60 minutes each. The interviews were conducted face-to-face in the interviewees work environment. In order to capture the actual language when speaking of value creation and digital transformation the interviewees were only told about the subject in manner, and the interviewee questions were not handed out beforehand. The selection of interviewees were based on experts within the field of digital marketing and their professional experience regarding the subject. The objective was to

get first-hand insights about emerging trends and how companies currently deal with digital transformation and what kind of discourses there are. The study is based on an inductive empirical approach, meaning that there is movement between theory and the research result (Eriksson & Kovalainen 2008).

THEORETIZATION

Our intention in this article is to increase knowledge about how the digital transformation has changed the perception of value creation, using discourse analysis as a methodological lens.

Discourse analytical approaches emerges from the anticipation that there is no given 'market', or 'consumer' but that these are constituted and created in many different types of discourses. Phillips and Jørgensen (2002, p.1; Skålen, 2010) define discourses as "a particular way of talking about and understanding the world (or an aspect of the world)". According to Eriksson and Kovalainen (2008) a chosen discourse brings expressions, vocabulary and the needed style of communication to define how we think and talk about something. Discourses also enable production and circulation of cultural meanings that are attached to the chosen discourse (Eriksson & Kovalainen 2008). While cultural meanings are mediated through language practices, discourse analysis provides a medium to study these and their outcome. With that said, a discourse analysis is not a study of language, it rather focuses on the social activity that is mediated through language, analysing both written and spoken texts (Eriksson & Kovalainen, 2008).

Moreover, discourses are used to examine the processes by which markets are shaped, created and executed rather than being analysed as a character of consumption and market practice (Fitchett & Caruana 2015; Bjerrisgaard & Kjeldgaard 2013). Fitchett and Caruana (2015) further argues that the

discourse-based approach not only has the potential to support research reflexivity and criticality, but also to provide new ways of understanding marketing as a discipline/subject. Whilst discourse analysis has large potential value, epistemological barriers have hindered its utilization in marketing research (Fitchett & Caruana 2015). Accordingly, this has resulted in an underrepresentation of discourse-based approaches when investigating consumer and marketing phenomena (Fitchett & Caruana, 2015; Skálén 2010). The terms ‘discourse’ and ‘discourse analysis’ mean somewhat different things in business research. Both of these terms share the presumption of language - a practice that constructs the social world. However, there are two different views, discourse analytical research: claiming that there is no other reality behind language, meaning there is no need to make a distinction between ‘action’ and ‘talk’. The other view is the opposite – there is another reality behind talk (Eriksson & Kovalainen, 2008).

Production of truth – Foucauldian discourse

According to Foucault the production of knowledge about something can never be separated from institutionalized discourses, which prevail over human agency. In other words, meaning does not originate in what is spoken as an intentional outcome of individual effort but is rather an effect of everyday interaction and action governed by the rules of discourses themselves. Foucault argue that the ‘production of truth’ about a certain idea, topic, issue or artifact is governed and legitimized by discourses that are produced and reused by people. For Foucauldian researchers a discourse is the way a topic is spoken of, consisting of groups of related statements that further produce effects and meaning (Eriksson & Kovalainen 2008).

Empirical research – Foucauldian discourse

One difficulty with the Foucauldian discourse theoretical approach is the performance of empirical research. Foucault himself does not give much advice to this matter since the Foucauldian discourse analysis is philosophical rather than ‘empirical’, meaning that discourse theory and discourse analysis cannot be detached (Eriksson & Kovalainen, 2008).

ANALYSIS

We have identified two different discourses on how digital transformation has changed the perception of value creation. Having an inductive empirical approach, the research result moves between value creation literature and identified language that is shared between the interviewees.

Discourse 1: Consumer value ≠ Producer value

In comparison to literature, one notable discourse that has been created outside academia is that value creation will be unevenly distributed between the producer and the consumer. As focus has shifted from a producer perspective to a consumer perspective the question is whether or not this is the case in practice. In literature the movement from value-in-exchange to value-in-use is coherent with the transition from the G-D logic to the S-D logic. If the locus of value was unclear before it is even more unclear today (Grönroos & Voima 2013) due to the complexity that has emerged through digitalization. The notable effect on the market place is a new platform that has emerged due to digitalization, where individuals just as companies can enter a market, or even create their own market. As stated by several interviewees the pressure on businesses is greater today since market actors no longer solely consist of firms but also individual actors. Hence, all actors on the market place have the potential to be either a competitor or a collaborator. What determines whether the interaction is collaborative or competitive is the identification of potential value extraction.

As strongly expressed by one interviewee: *“It is easier to collaborate than to kill a competitor”*. One would think that when speaking of competition firms will be in center, however, the identified discourse in this paper rather shows that individuals as actors are in focus. As expressed in the collected data: *“It is easier for small actors to enter the market and to take part, but also to contribute in the value creating process”*. There is a shared belief that companies have to play by the consumers’ rules, indicating a *consumer power*. However, as stated by Lusch and Nambisan (2015) a firm’s innovativeness and performance are influenced by the level of collaboration and customer orientation which is stimulated by IT that further enables value creation within networks. Moreover, this drives and triggers innovation (Lusch & Namisan, 2015). Prahalad and Ramaswamy (2004) hold the view of value creation as something that occurs jointly between the firm and the consumer, meaning that there is no distinction between the producer and the consumer. This jointly created value is a new form of competitive advantage, emerging from interactions, leading to co-created experiences (Zwick and Cayla, 2011; Prahalad and Ramaswamy, 2004; Srivastava and Shainesh, 2015). Taking this further, Grönroos and Voima (2013) state that value created by the customer is not linear and does not necessarily follow the provider's activities. One general opinion among our interviewees is that companies will lose some of their power in the near future, which further leads to a loss of value (mostly financial value). The explanation behind this is that companies put more emphasis on transactions rather than interactions. One occurring discussion was that high top leaders share this belief, leading to an increasing uncertainty internally within businesses. Regardless of the fear, businesses are aware that customer relationships are essential for survival; however, the driving force seems not to be the customer itself but rather competitive

survival. As discussed by our interviewees, intangible products are increasing exponentially and will replace tangible products within many different industries (e.g car industry). Rather than seeing this as a shared value in society as a whole, it creates a contrary effect where it is believed that traditional business models will be disrupted. The discourse here is that consumers are believed to be more knowledgeable and demanding, leaving companies less powerful and less profitable. As stated by one of the interviewees: *“it won't be so cozy in the future for businesses”*. The language that is being used by the interviewees is rather expressive when speaking of digital transformation. It is spoken of as an *“inevitable force that has the potential to solve major societal challenges”*. Expressive body language combined with the chosen words radiate that the digital transformation is of great importance, and sentences such as *“if companies don't transform, they will die”* is being used. Overall, the discourse is that while firms recognize value in consumer interactions through digital transformation they are not completely convinced of the mutual beneficiary.

Discourse 2: The power of networks

Taken for granted that we have moved from a product to a service society, at least in the West, digital transformation has enabled businesses to combine both tangible and intangible products. However, the discourse that is created in the society is that technology itself is crucial for survival. By believing so, firms are more or less forced to collaborate, changing the rules for competition. Even literature (Srivastava & Shainesh, 2015; Grönroos & Voima, 2013) stresses the fact that value creation does not solely occur through tangible and intangible resources but rather through interactions between these two. These interactions further lead to new, unexpected collaborations, changing the view upon competition. Since our society has become

so complex companies today are not able to solve high tech problems on their own, hence firms are more or less forced to collaborate for the greater good for the consumer. But that is not the only reason, intense competition on the global market is a factor as well. The shared belief among the interviewees is that companies are forced to transform digitally in order to remain competitive. As discovered, the interviewees express the importance of having an open mind set and collaborate, however, simultaneously there is an underlying fear of losing control. As one interviewee describes: *“In order to understand value in a digital world you need to open up and collaborate, but it also makes you vulnerable”*. Thus, according to the interviewees companies that actually do open up, meaning integrate in a network have the potential of generating high financial value. Even though firms might find this openness unpleasant, it is a transformation that they are convinced that they will have to do, sooner than later.

As stated by Pagani (2013) value networks are clusters of economic actors that are able to deliver value to the end consumer by collaborating. When collaborating, firms identify their strengths (control points) but they also have the power to control how the network operates and how to extract benefits (Pagani, 2013; Rülke et al. 2003). In practice firms realize that you have to be a forerunner when working with IT and advanced technologies, however, it is not possible to hold all the necessary competences internally. As stated in the empirical data, the interviewees express clear awareness of the increasing interdependency between all actors in the marketplace. As one of our interviewees expressed: *“Since we are in a network economy and not in a value chain (or industry economy) anymore, we need to look beyond or normal sphere.”* Since firms are dependent on each other, regardless of which industry they belong to, the marketplace is affected. As stated by Bharadwaj et al. (2013) improvements in

communication, connected technologies and information have unleashed new functionalities, reshaping traditional business strategy. Time, distance and function are no longer restricting factors since digital technologies are enabling work to be carried out globally (Bharadwaj et al. 2013; Orlikowski 2009). There is a shared belief among the interviewees that IT and technological advances is crucial control points. However, there seems to be a lack of questioning if every business really needs to be digitally transformed. This belief that digitalization is a necessity has created a greater willingness of collaboration. While collaborative openness is advantageous, companies risk taking on more than they can handle if their new digital activities differ from their traditional/analog core business (Matt et al. 2015).

DISCUSSION

As described in this paper, literature has evolved from a goods-dominant perspective to a service-dominant perspective. However, the value related premises of mainstream literature within the service-dominant logic need another approach when defining value creation, meaning further theoretical and managerial elaborations. Generally, there is a conflict in the mind set regarding value creation and how it has evolved over time. Thanks to technology, value is evaluated and measured in networks, a pattern we can see even on an individual level. However, technology is an enabler for these networks and the interactions between various actors. As consumers, we have our own networks and channels we use depending on what kinds of need there is. Likewise, businesses today are dependent on all kinds of interactions on the marketplace (suppliers, competitors, customers, partners). The reason why this is the case is because we now have the tools to extract value from all kinds of actors within the network. However, although networks are essential and beneficial it is challenging for firms to

identify their control points and competitive advantages since all actors are interrelated.

This paper proposes an extension to existing literature within the field of value creation by applying another dimension on the service dominant logic - a *network-dominant logic (NDL)*. As discussed in in this paper, digital transformation has unlocked many restrictions for business such as enabling smaller firms and individual actors to participate in value networks. Clearly, this disrupts and challenges traditional business models but also provides greater possibilities for value extraction. Agreeing with Vargo and Lusch (2016) we take on the A2A (actor-to-actor) perspective in order not to limit this study to a traditional B2B and B2C view. Further, having an A2A perspective it is possible to include all kinds of actors that contributes to the network. Hence, the network-dominant logic refers to all actors that in any way contribute to the network and co-create value together. When speaking of network-dominant logic we speak about value creation as *value-in-common*. We define value-in-common as value created through interactions between all actors in a given network; meaning the value is co-created and co-consumed, in-common. Thus, value cannot be restricted to time, space and transactions since it is an integrated holistic experience for every actor within the network. For instance, in the future car companies will not sell as many cars as they do today, rather they will sell access to the car. Clearly, this will reduce sales, but it will also reduce production costs. Whatever is lost for the firm will be gained through new ways of doing business (subscribing services, sharing services etc.). Not only does this benefit the consumer, it also benefits the firm in the long-run since it extends interaction with customers. In other words, a network is created between the firm, partners and its customers where value is in common and holistic.

Network-Dominant Logic

Goods-Dominant Logic	Service-Dominant Logic	Network-Dominant Logic
<i>Value-In-Exchange</i>	<i>Value-In-Use</i>	<i>Value-In-Common</i>

(Batkovic & Gunnarsson, 2017)

As stated in our analysis from the second discourse (the power of networks) there seems to be a quite big focus on the technology itself. In order to survive you have to be digital and you have to transform within the near future. Thus, looking back to literature it is rather about networks and using technology as an enabler to engage in these networks with multiple actors. Networks have the advantages of multiplying value since more actors are extracting and co-creating value. This is only possible when companies release some of their control and let third party actors co-create with them. Naturally, when there is a bigger openness for various actors to get involved, constant improvement will occur, which ultimately creates value for all actors within the network. In a bigger context this has major societal implications. For instance, rather than only selling products, companies have the possibility to add a service on provided products, which means that the interaction, or relationship between the firm and the customer will be longer lasting. Rather than having the traditional approach by being a 'seller' to the consumer, companies will instead act as facilitators by solving certain problems for the consumer. This extends the lifespan on the created value for all the involved actors. In contrary to value-in-use where focus is on the consumer, value-in-common puts focus on all involved actors

within a network since they are mutually dependent on each other.

CONCLUSION

In conclusion, digital transformation has changed the perception upon value creation in the business world in several ways. Firstly, as this paper points out, there are discourses regarding value creation. One discourse is that while firms recognize value by co-creating it with consumers, they at the same time want to take the lead. For instance, companies are very keen on stating that they are working from an outside-in perspective, however, in practice that is not the case. Clearly, firms today recognize benefits and the potential of creating value when interacting with other actors. However, at the same time they are not completely comfortable opening up. The second discourse that is identified within this article is a digital hybrid regarding digital transformation. As literature states, digital transformation is much about identifying value in a constantly changing world. Currently, this changing world has the form of networks where the main strength is interaction between different actors on the market place. In the business world, the focus seems to be on the technology itself, believing that once you transform you will automatically find your control points. Taking all the compiled literature within the field of value creation, it was clear that the service-dominant logic needed an extension in order to capture the changed perception on value. Thus, coming across the two discourses discovered in this study, a new dominant logic was proposed - network-dominant logic (NDL). The purpose of the NDL is to go beyond previous limitations when defining value creation and to compare the perception of value in literature with how it is perceived in practice. What distinguishes the NDL from previous literature (S-D logic) is the unlimited view on involved market actors. In contrary to a traditional view where only firms and consumers are taken in

consideration, the NDL embrace all potential actors. Businesses can benefit from this study by looking beyond their traditional way of doing business and implement a more sustainable approach regarding their value creation process. Due to digital transformation networks are taking a lead towards competitive advantages and long term survival - changing the perception on value creation. Further research is needed in order to confirm the proposed network-dominant logic and to extend its managerial and theoretical implications. Additionally, we request this study to apply a discourse analytical approach.

REFERENCES

- Barnes, S. J. (2002) "The Mobile Commerce Value Chain: Analysis and Future Developments," *International Journal of Information Management*, (22), pp. 91-108.
- Bharadwaj, Anandhi et al. (2013) Digital business strategy: toward a next generation of insights. *MIS Quarterly*, 37(2), p.471.
- Bitran, G., Bassetti, P. F., Romano, G. M. (2003) Supply Chains and Value Networks: The Factors Driving Changes and Their Implications to Competition in the Industrial Sector. *Working Paper, MIT Center for eBusiness Research Brief, Massachusetts Institute of Technology*.
- Bitran, G., Gurumurthi, S., and Sam, S. L. (2007) The Need for Third-Party Coordination in Supply Chain Governance, *Sloan Management Review* (48:3), pp. 30-37.
- Bjerrisgaard SM, Kjeldgaard D. 2013. How Market Research Shapes Market Spatiality: A Global Governmentality Perspective. *Journal of Macromarketing* 33: 29–40.

- Carú, A., & Cova, B. (2003). Revisiting consumption experience: a more humble but complete view of the concept. *Marketing Theory*, 3(2), 267–286.
- Edvardsson, B., Tronvoll, B., & Gruber, T. (2011). Expanding understanding of service exchange and value co-creation: a social construction approach. *Journal of the Academy of Marketing Science*, 39(2), 327–339.
- Eriksson, Päivi & Kovalainen, Anne (2008) *Qualitative Methods in Business Research*.
- Fitchett, J., & Caruana, R. (2015). Exploring the role of discourse in marketing and consumer research. *Journal of Consumer Behaviour*, 14(1), 1-12.
- FitzPatrick, M., Varey, R.J., Grönroos, C., Davey, J. (2015) "Relationality in the service logic of value creation", *Journal of Services Marketing*, Vol. 29 Issue: 6/7, pp.463-471, doi: 10.1108/JSM-01-2015-0038
- Gronroos, C., & Helle, P. (2010). Adopting a service logic in manufacturing. Conceptual foundation and metrics for mutual value creation. *Journal of Service Management*, 21(5), 564– 590.
- Gronroos, C., & Voima, P. (2013). Critical service logic: making sense of value creation and co-creation. *Journal of the Academy of Marketing Science*, 41(2), 133–150.
- Heinonen, K., & Strandvik, T. (2009). Monitoring value-in-use of e-service. *Journal of Service Management*, 20(1), 33–51
- Lusch, R., & Nambisan, S. (2015). Service innovation: A service-dominant logic perspective. 39(1), 155
- Matt, C., Hess, T. & Benlian, A., 2015. Digital Transformation Strategies. *Business and Information Systems Engineering*, 57(5), pp.339–343.
- Merlin David Stone & Neil David Woodcock, (2014)," Interactive, direct and digital marketing A future that depends on better use of business intelligence ", *Journal of Research in Interactive Marketing*, Vol. 8 Iss 1 pp. 4 - 17
- Orlikowski, W. 2009. "The Sociomateriality of Organisational Life: Considering Technology in Management Research," *Cambridge Journal of Economics* (34), pp. 125-141.
- Pagani, M. (2013). Digital business strategy and value creation: Framing the dynamic cycle of control points.(Special Issue: Digital Business Strategy)(Report). *MIS Quarterly*, 37(2), 617.
- Peppard, J., & Rylander, A. (2006) "From Value Chain to Value Network: Insights for Mobile Operators," *European Management Journal* (24:2), pp. 128-141.
- Jørgensen, M., & Phillips, L. (2002). *Discourse analysis as theory and method*. London: Sage Publications.
- Pigneur, Y. (2000) "An Ontology for m-Business Models," Working Paper, Ecolé des HEC, University of Lausanne, Lausanne, Switzerland.
- Prahalad, C.K., & Ramaswamy, V., (2004). Co-creation experiences: The next practice in value creation. *Journal of Interactive Marketing* 18, no. 3: 5–14.
- Rülke, A. Chiasson, G., Iyer, A. (2003) "The Ecology of Mobile Commerce: Charting a Course for Success Using Value Chain Analysis," in *Mobile*
- Sabat, H. K. (2002) "The Evolving Mobile Wireless Value Chain and Market Structure," *Telecommunications Policy* (26), pp. 505-535.

- Sánchez-Fernández, R. & Iniesta-Bonilla, Á. M. (2007). The concept of perceived value: a systematic review of the research. *Marketing Theory*, 7(4), 427–451.
- Sheth, J. & Parvatiyar, A. 2000. “Relationship Marketing in Consumer Markets: Antecedents and Consequences,” in *Handbook of Relationship Marketing*, J. Sheth and A. Parvatiyar (eds.), Thousand Oaks, CA: Sage Publications.
- Per Skålén. (2010). A discourse analytical approach to qualitative marketing research. *Qualitative Market Research: An International Journal*, 13(2), 103-109.
- Srivastava, S. & Shainesh, G. (2015) Bridging the service divide through digitally enabled service innovations: evidence from Indian healthcare service providers. , 39(1), p.245.
- Stone, M.D. & Woodcock, N.D. (2014), "Interactive, direct and digital marketing A future that depends on better use of business intelligence ", *Journal of Research in Interactive Marketing*, Vol. 8 Iss 1 pp. 4 - 17
- Vargo, S. L. & Lusch, R. F. (2004) Evolving to a new dominant logic for marketing. *Journal of Marketing* 68(January), 1–17.
- Vargo, S. L. and Lusch, R. F. (2006) Service-dominant logic: What It Is, What It Is Not, What It Might Be. In *The Service-Dominant Logic of Marketing: Dialog, Debate and Directions*, (eds) R. F. Lusch and S. L. Vargo, pp. 43–56. M.E. Sharpe Inc., Armonk.
- Vargo, S. L., Maglio, P. P., & Akaka, M. A. (2008). On value and value co-creation: A service systems and service logic perspective. *European management journal*, 26(3), 145-152.
- Vargo & Lusch (2008) From goods to service(s): Divergences and convergences of logics. *Industrial Marketing Management*, 37(3), pp.254–259.
- Vargo, S.L. & Lusch, R. F, (2016) Institutions and axioms an extension and update of service-dominant logic. *Journal of the Academy of Marketing Science*, 44(1), pp.5–23.
- Zwick, D. & Cayla, J. (2011), *Inside marketing: practices, ideologies, devices. Oxford: Oxford University Press.*