

# Value

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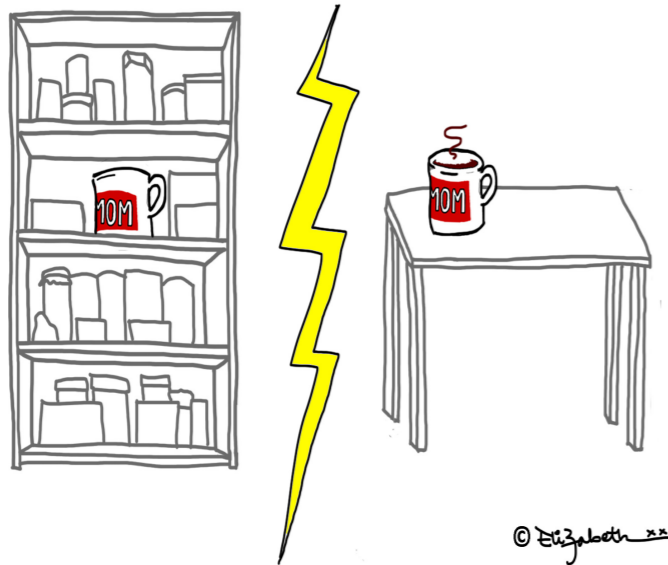


# Atomistic Value (Plato, Dewey)



- Intrinsic
- Extrinsic
  - Systemic
  - Logical
  - Practical
- 'Essence'

# Atomistic Value



- The intrinsic or extrinsic properties of a mug are not natural properties of the mug but are bestowed upon the mug by the person perceiving it
- Subjective
- perceiver attributes goodness to it, and not necessarily because it is naturally good



# Atomistic Value

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- is an 'essence' of an object. Yes, it may be subjectively perceived differently by different people but such perceptions are the subjective perceptions of the essence

# Phenomenological Value (Heidegger, Husserl)



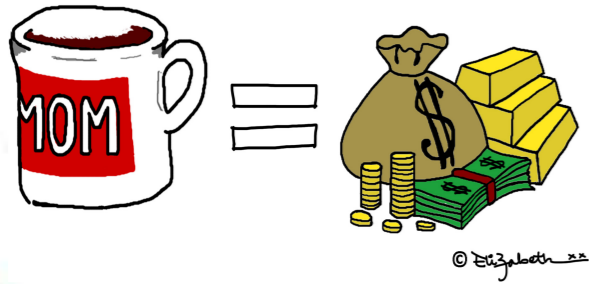
- value of an object such as a mug arises from a person's experience, interaction or relationship with the object
- not the 'essence' of the object that is of value. Value is created only when the object is experienced in some way.

# Atomistic v Phenomenological



- Atomistic value means value resides in an object as an *essence*, and so value is created when the object is created
- Phenomenological value means value resides in the *interaction* between the individual and the object and so value is created when the object is *experienced (used)*

# Money changes everything (Smith etc.)

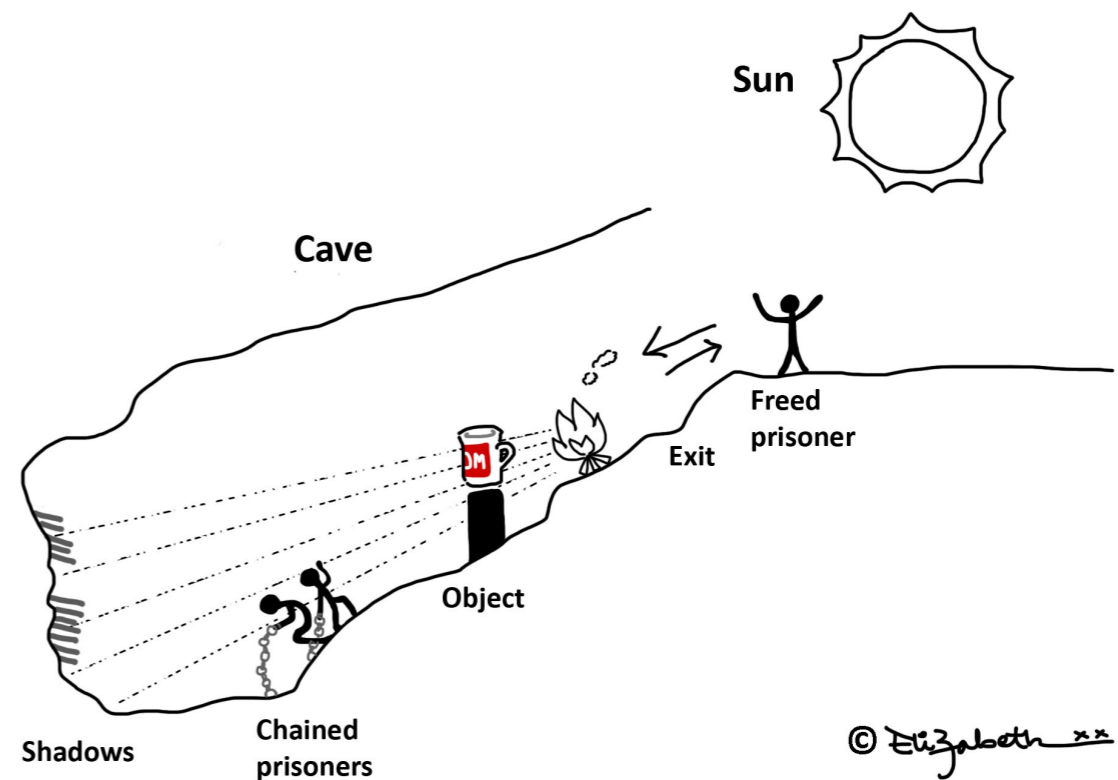


- Oh those Economists!
- ‘value-in-use’ as the goodness of an object’s use, and ‘value-in-exchange’ as the object’s power of purchasing other objects (WORTH)
- develop an economic science around the processes or purposes of exchange that contributed to the wealth at that time
- focused on what are “productive” activities; those that contributed to exchange value through the manufacturing and distribution of tangible goods.



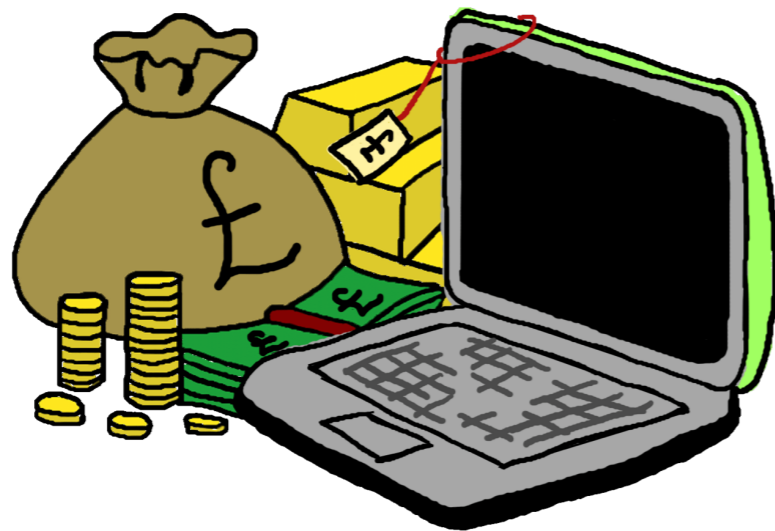
# VALUE & WORTH

- BUT... we needed to BUY before experiencing – so industry focus is still on buy (WORTH) even while design focus is on experience (VALUE)
- Worth and Value is separated in concepts but also in *time/space*





# More than 200 years of Goods dominant logic: Value as WORTH



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But it wasn't exchange that made us happy. It was experiencing what we bought that gave us the outcomes we wanted



We buy because of the service of the object, even if it was an emotional 'service' i.e. things are **service avatars**\*

Mike Kuniavsky, 2010

# Something is happening.....

- Exchange used to be in further in advance
- With digitisation and connectivity, exchange can now be closer to contexts of use e.g. Music
- i.e. worth is getting closer to value creation - e.g. Rolls Royce, linen





# Something is happening.....

- For offerings that could be digitised, collapse of **buy** (potential) and **use** (kinetic) into the same time/space
- VALUE has become more relevant again in determining WORTH
- With some new business models, VALUE **is** increasingly determining WORTH (due to collapse of buy and experience time/space)
- New ways to serve, new ways to buy

# With digital connectivity, markets are now possible to be formed in context

- Digitisation results in “digital backwash” of the offering
- Serving contexts increases worth! But now objects are connected to other objects - worth of one includes its connectivity to others
- New business and economic models emerge
- So how should we think about *value* now in terms of how it might be related to worth and markets?

# Value<sup>+</sup> and Service-dominant logic<sup>\*</sup>

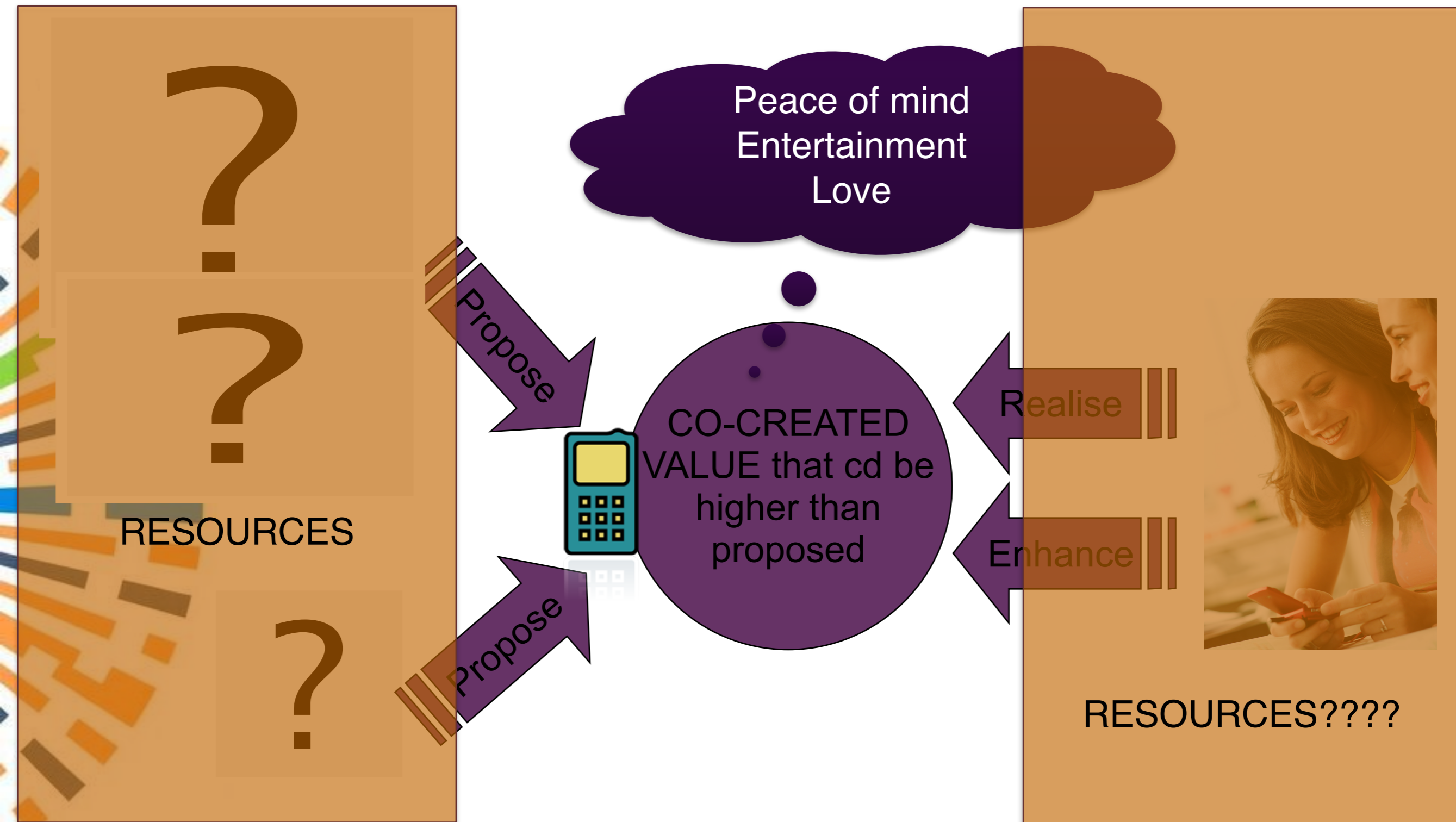
- *value is the 'goodness' we create out of the experience with something or someone in context, and that experience/interaction is the enactment of our social and cultural values*

++ Ng and Smith (2012)

\*Vargo and Lusch (2004, 2008)



# Value is co-created for outcomes/benefits/value-in-use



This camera is available so it is a resource in context



# VALUE IN CONTEXT



This camera is not

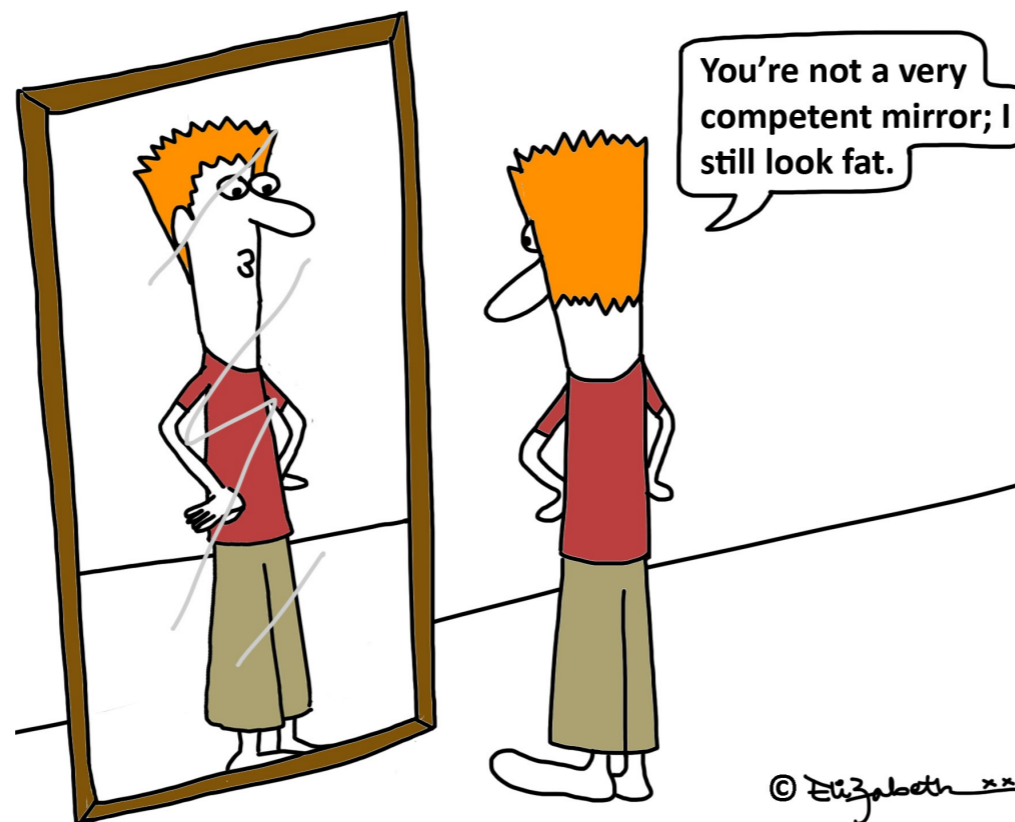


Value created is Contextual. Resources are therefore also Contextual.

Things become more valuable *in context* because they enable resources for value creation



Two functionally the SAME cameras but not the same value for the user in context. Because one camera is less **competent** in context, one is a lesser service avatar (or is just simply not around!)



COMPETENCY OF  
OFFERING IN  
CONTEXT IS KEY  
TO NEW MARKETS

(Linking value back  
to worth)



# Competency in Serving Contexts (the kinetic)

- Current market platforms - tablets and mobiles
- More platforms for context-based markets now need to be created e.g. Internet-of-Things at home, in buildings
- markets are now wanting to be in the same space as creatives, sociologists, interactive designers - looking at contexts and lived lives
- For non-digital things, linking supply chains to home market platforms essential for new business models
- Every 'thing' has several value constellation in different contexts - so the iPod exist in different constellations that impact on its worth

# Once upon a time, our contexts were rather homogenous

- Where/when we ate meal
- Where/when we listened to music
- Where/when we exercised

- \*Technology liberates us from constraints of

- time, when things can be done
- place, where things can be done
- actor, who can do what
- constellation, with whom it can be done

- \*Reframing Business,  
Normann, 2001



# Why is this important

- Future digital connectivity for innovation and new markets;
- Understanding how current things should evolve for connectivity (e.g. biopharmaceuticals) to serve us better – new business models, new econ models, exchange & new ways to serve
- Innovating offerings/service that is scalable and replicable in creating value in context - making things affordable





# Technology & Society: where are we going

## UTOPIA



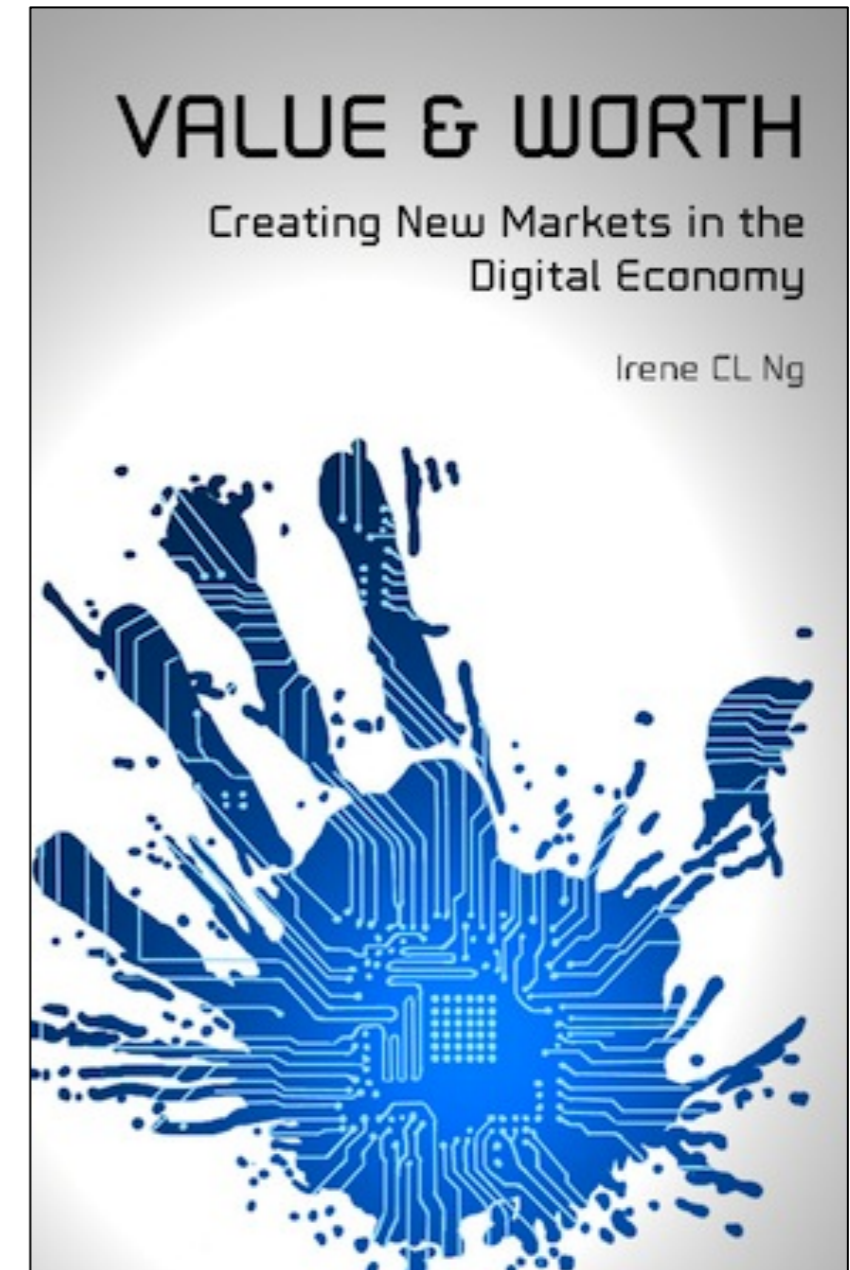
## DYSTOPIA



# More?

Read the book!  
Value & Worth:  
Creating New  
Markets in the Digital  
Economy  
- out January 2013

[www.innovorsa.com](http://www.innovorsa.com)



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# Thank you