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MANAGING ADVERTISING AGENCY CLIENT PARTNERSHIPS FOR VALUE CO-CREATION: CHARACTERISTICS, CATEGORIES AND CHALLENGES

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Abstract

This paper examines the role and characteristics of professional client partners in the value co-creation process. Previous literature has studied the role of clients in the co-creation process however, the effects of different characteristics of clients on co-creation of value are less clear. This study examines these through a research design comprising depth multiple case studies of client relationships with professional service firms (PSFs). Empirical primary data was collected from *in situ* in-depth interviews with senior account managers in leading advertising agencies in Spain. Our initial results suggested that the type of clients and their characteristics was important for determining the potential and approach to managing their relationships for positive value creation. Further analysis identified key client characteristics and a classification of four types of clients: low involved novice clients, highly involved novice clients, control-concerned expert clients and integration-concerned expert clients. We also found that not all client relationships resulted in positive value creation because some eventually produce detrimental or negative value consequence. We conceptualize this as the *value depletion circle* (VDC) and discuss the practical and theoretical implications of this phenomenon. Finally, alternative service relationships scenarios are described which can help institutions understand success and failure in their value creation relations and practices with clients and partners of different types. The contribution of this paper is threefold. First, it analyses theoretically the role of client in the service co-creation process. Second, our multi-case study develops a classification of PSF clients into four categories. Third, we explain how dealing with called complex clients may generate a vicious circle, the value depletion circle, which in the long run can seriously damage the sector image.

Keywords
Value co-creation, advertising agencies, professional services, client characteristics typology, value depletion circle.

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Introduction

Value co-creation by customers and clients is a well-established concept in the marketing literature (Normann and Ramírez, 1993; Hirvonen and Helander, 2001; Ulaga and Eggert, 2006; Gummesson, 2008; Mele, 2009; Grönroos and Ravald, 2011; Mele and Polese, 2011; Frow et al., 2014, inter alia). The concept of co-creation of value redefines the long established view of the roles of provider and client and their behaviour. This paper examines these constructs in the context of professional services in order to understand how specific characteristics of clients affect the co-creation process and its outcomes.

In recent years our understanding of value co-creation has been heavily influenced by Vargo and Lusch (2004) seminal work on service dominant (S-D) logic and Service Science (IfM and IBM, 2008; Maglio and Spohrer, 2008). S-D logic has developed in various directions, including many subsequent articles that elaborate on value co-creation within the S-D logic conceptualization by its originators (especially Vargo and Lusch, 2008a, 2008b, 2016; Nenonen and Storbacka, 2010, Ravald, 2010, Ballantyne et al., 2011, and Brodie et al., 2011). According to S-D logic, firms compete with customized solutions derived from the integrated resources of all those involved and performed through interaction in networks of relationships. On its part, Service Science studies "the creation of value within and among service systems, which are complex adaptive systems, integrating resources and interacting with other service systems via value propositions which may form stable relationships in extended service networks" (Mele and Polese, 2011, p. 37).

Although the system service approach argues that a phenomenon cannot be fully comprehended unless a global vision is applied. It also supports to start from the analysis of the elementary components of that phenomenon (Mele et al., 2011). In this work we explore the phenomenon of advertising professional service value co-creation process by focusing on the dimension "clients" analyzed from the supplier perspective. In this sense, we find the theoretical framework described encounters some difficulties in practice because while an organization is responsible for its willingness to collaborate and therefore to co-create, it has little or no control on its clients' willingness to engage in co-creation or their effectiveness. This represents an important shortcoming to successfully implement value co-creation approach since actor-to-actor collaboration is considered the means to co-create value according to S-D logic (Prior and Marcos-Cuevas, 2016). In this regard, some studies have been conducted looking at the clients' perspective in the co-creation process: for example, the relation between service performance and type of relationship (Schertzer et al., 2013); the objectivization of the service according to the stage of the relationship (Lindberg and Nordin, 2008); the activities in the service process constituting value co-creation (Aarikka-Stenroos and Jaakkola, 2012); the suppliers and clients' competences required depending on which value-strategy type they pursue (Möller, 2006);the customer engagement styles in the context of value co-destruction (Prior and Marcos-Cuevas, 2016); customer participation typology (Dong and Sivakumar, 2017) or how the level of customers' involvement influences value co-creation behaviour (Ida, 2017).

However, the existing literature provides very little research on how different types of clients affect the co-creation process. For instance, the stage and length of a client-supplier relationship may affect the value co-creation process but does not determine it. Indeed, there are specific services where it is evident that co-creation does not depend solely on *relationship* characteristics but also on the *"clients'" characteristics*. In an education professional service for example, a lecturer may teach the same subject to a group of students but, crucially, research has found that not all of them get the same value from the same service at the same relationship stage and the same relationship length (Díaz-Méndez and Gummesson, 2012). According to this study, one factor which account for is the students' different individual characteristics. When

facing a new group of students it is paramount that the teacher has sufficient knowledge to identify the different types of students he or she is teaching in order to adapt the learning experience to the characteristics of the members of the group. We propose that a similar logic may apply in a business to business service context. It is recognized in the literature that distinct participation roles in service need certain clarity efforts to avoid conceptual confusion (Ranjan and Read 2016; Dong and Sivakumar, 2017). In this sense, the study of clients behaviours in diverse service context would contribute to increase conceptual clarity (Homburg et al. 2016; Mustak et al. 2016).Therefore *the purpose of this paper is to examine the role of clients and their characteristics in value co-creation process in the context of professional service firms.*

Professional service firms (PSFs) were chosen because their market offering – or 'value propositions' in the vocabulary of S-D logic – has intrinsic characteristics that are clearly conducive to value co-creation (Schertzer et al., 2013; Hughes and Vafeas, 2014). We define professional service as one that is predominantly intellectual consisting of analysis, advice, opinion and action performed by a professional or a team who hold appropriate qualifications. It is further characterized by a high degree of customization and a strong relational component where active client participation is needed, by asymmetrical information, by the difficulty for the client to assess the value of the service even in retrospect, and by the client's high perceived risk (Gummesson, 1981; Van Doren and Smith, 1987; Brown and Swartz, 1989; Lapierre, 1997; Stewart et al., 1998; Thankor and Kumar, 2000; Nätti and Ojasalo, 2008; Aarikka-Stenroos, et al., 2009). The complex nature of this type of service raises many unresolved questions regarding our understanding of the role of different types of clients in the value creation process (Payne et al., 2008; Aarikka-Stenroos and Jaakkola, 2012).The subject of this study is a specific type of professional service, i.e. advertising agencies. Although the focus is on agencies and their clients we are well aware that both are members of a service system with other actors who influence outcomes (Gummesson, 2006; Barile and Polese, 2011).

The paper is structured as follows. First from a theoretical perspective we look into the role of clients in the service co-creation process, specifically for professional service. The next section of the paper contains discussion and conceptualization of the multi-case study findings. The final part consists of a summary and implications for theory and practice.

Role of clients in the service co-creation process

Clients' participation has been highlighted in the literature as a requirement to enable successful service delivery translated most times in terms of client satisfaction. Their participation is more necessary in some service types than others. We can find in the literature different service classifications. According to Lusch and Vargo (2014) clients' participation behaviors are service exchange activities to integrate resources and create value thus the "who" exchanges and the "what" is exchanged would determine the type of service. These two dimensions have been considered by different authors (Lovelock, 1983; Bolton and Saxena-Iyer, 2009; Kozlenkova, 2014; .Dong and Sivakumar, 2017). On their part, Büttgen and Ates (2009) classified service types according to the extent of clients' participation and the level of interaction required - see Figure 1:
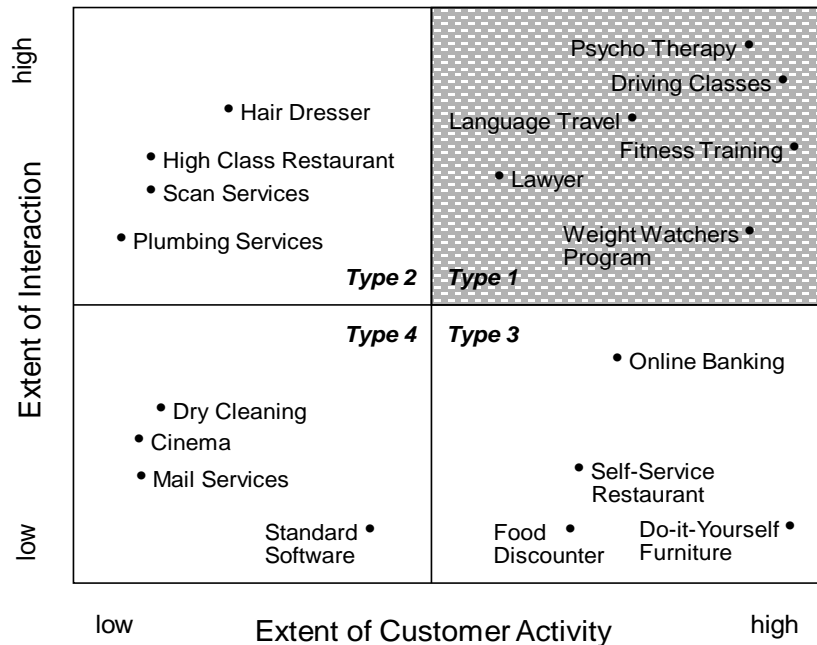
Extent of Interaction

Psycho Therapy •

Driving Classes •

Language Travel •

• Hair Dresser

Fitness Training •

• High Class Restaurant

• Scan Services

• Lawyer

• Plumbing Services

Weight Watchers •
Program

Type 2   **Type 1**

Type 4   **Type 3**

• Online Banking

• Dry Cleaning

• Cinema

• Mail Services

• Self-Service
Restaurant

low

Standard •
Software

Food •
Discounter

Do-it-Yourself •
Furniture

low   Extent of Customer Activity   high

Figure 1. Typology of service based on extent of customer participation (Büttgen and Ates, 2009)

According to this classification, professional service would fit in *Type 1* where a high level of both customer activity and interaction are needed. This group embraces all service where clients' satisfaction depends highly on their own input to the process. Taking education service as an example: successful outcomes have been found to depend on teachers' performance, students following teachers' instructions and the quality of the inputs (resources) such as the skills of students (Díaz-Méndez and Gummesson, 2012; Díaz-Méndez et. al. 2017).

For a successful service experience, clients' activity in *Type 1* is not only a matter of quantity. The outcome of the service depends mainly on the quality of that activity. For example, in a psychotherapy service, the greater the frequency with which the patient talks to the professional does not necessary result in a positive outcome. Although frequency may be important it is the quality of such encounters that critically affects the patient's experience and the outcome of the interaction. This quality will depend on the professional's quality together with the patient's attitude and disposition to collaborate and engage in the service. In addition to clients' attitude, for clients classified in *Type 1* value co-creation success also depends on the knowledge the client has about the professional service. Such clients frequently lack the knowledge to understand the professional's performance and this phenomenon is known as 'information asymmetry.

Clients' attitudes

There has been little attention to client attitudes in marketing literature, although it has been studied in other related fields such as engineering or information technology projects (e.g. Walker, 1998; Soetanto and Proverbs, 2002; Karlsen et al., 2011). Following LaPiere (1934:

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230) we assume here that for empirical purposes the relationship between attitudes and patterns of behavior suggest that people's expected behaviour can be taken to be indicative of their attitudes. Thus we understand that in a business relationship parties' attitude can be deduced from their *collaborative* behavior patterns. Collaborative attitude is widely accepted to be a necessary (but not sufficient) prerequisite for value co-creation. In this sense, S-D logic aims to define the necessary conditions to generate a collaborative framework between service actors by stating that actor-to-actor collaboration involves the establishment of a series of social norms that apply to the exchange process which will act as rules governing actor activities and used as evaluators of their behaviors (Lusch and Vargo, 2014; Prior and Marcos-Cuevas, 2016). In practice - especially in professional service where client participation is needed - attitudes can be allocated on a scale where one extreme represents a non-collaborative client and the other a collaborative client. Williams (1987) classifies clients' roles in an organizational relationship into controlling and collaborative roles and argues that both, controlling and collaborative attitudes can be considered to be positive in the course of a relationship as long as a controlling attitude could be related to giving directions and policing the professional and a collaborative attitude to providing advice, access and resources. As well as providing advice, access and resources a collaborative client would also give directions and explain his/her company policy to the professional; for this reason, and mainly based on our research results, we consider a controlling attitude to be essentially *non-collaborative,* where clients reject the professional creativity and limit the application of the professional's specialized knowledge. So in our study attitudes will be allocated on a scale where one extreme represents a controlling client and the other a collaborative client. Our empirical data suggest that this controlling/non collaborative attitude usually takes place when the client considers him/herself as skilled as the professional, thus hindering the value co-creation process (Løwendahl, 2005).

Clients' knowledge

Clients frequently lack the expertise required to assess the quality of a professional service even after it has been delivered, which may create a sense of insecurity for the client (Gummesson, 1981; Mitchell, 1994; Halinen, 1997; Thankor and Kumar, 2000; Díaz-Méndez, 2010). This risk gets intensified for two reasons: a professional service usually entails an important investment and the results from the service may involve crucial consequences.

In this context, although value concept depends to a great extent on industry-specific characteristics (Saarijärvi et al., 2013) PSF clients usually expect a specialized solution to their particular problem with clear added value from their provider. This assumes an interactive process in which the client briefs the PSF properly to provide the necessary information for starting the value co-creation process. Client's influence on the value co-creation process is based on the degree of expertise and specialized knowledge the clients have about the professional service they are purchasing. "As operant resources are heterogeneous and individual, the amount and quality of customer skills and knowledge affects the way value is created" (Saarijärvi et al., 2013: 8). Therefore, we examine this dimension of information symmetry-asymmetry where clients have a high or low level of knowledge about the professional service in relation to the provider.

Information asymmetry

When PSF clients lack the knowledge to identify and describe their problem the provider must interfere or those clients will ask the PSF to do so (Gummesson, 1981; Howden and Pressey, 2008; Aarikka-Stenroos et al., 2009). This transfers responsibility onto the provider with potentially detrimental consequences for client satisfaction. PSFs often find that clients are not willing to pay for a restatement of their needs but expect the PSF to deliver the solution to what they believe their problem is. The clients' lack of awareness of their actual problem gives rise to insecurity. It gets intensified by the fact that clients rarely have the knowledge to assess whether

what they are buying is worth its cost – even after the purchase (Howden and Pressey, 2008; Ploetner, 2008).

Information asymmetry arises as a particular problem in the value co-creation process of PSFs since the unbalanced positions of the provider and the client make the involvement of the latter as an active participant in the service system difficult (Wilkie and Moore, 2006; Aarikka-Stenroos et al., 2009). Asymmetrical information causes reluctance of clients to provide the PSF with the resources needed to elaborate a proper value proposition and the lack of specialized knowledge may imply a lack of trust. "If customers are not aware of their own needs and best options, they are also unable to communicate reliable information about their problem" (Aarikka-Stenroos et al., 2009: 4). Asymmetrical information stands out as an inherent feature of professional service. Hence, the PSF has to learn to manage asymmetry in order to reduce negative effects.

Information symmetry: expert clients

The expertise of clients has not been treated as a value-creation issue in the marketing literature so far. Løwendahl (2005: 41) argues that "…professional services may be bought by highly qualified professionals, and this is particularly true of professional business services, as firms often develop their own in-house expertise as buyers to match the expertise of the suppliers." Information then is more or less symmetrical. Such clients have the ability to collaborate closely with the PSF in a joint problem solving effort at a high level (Løwendahl, 2005). Although this is seemingly ideal, we suggest that it may become a threat if the client does not share a value co-creation approach. The expert client may wish to take charge of the professional decision making thus consigning the PSF to a mere provider of recommendations instead of a partner in value creation. The PSF then faces a difficult scenario since its potential as a highly skilled PSF is not being appreciated and effectively exploited. As an example it resembles a construction company with resources to raise high buildings but is assigned only to make small alterations. In a hypothetical extreme situation where all clients were experts, PSFs would be useless for them. In this sense, Løwendahl (2005: 41) warns that PSFs should "make certain that they remain one step ahead of their clients with the necessary competence to continue to deliver value added."

At the briefing stage the PSF faces different types of clients and the provider should develop an appropriate client strategy in each individual case. In order to do this, Løwendahl et al. (2001) argue that the PSF must gather and manage information about their clients, and categorize them based on their experience. More empirical research is needed to better understand the effects that different types of clients produce on relationships and value creation processes in different professional service contexts.

Research design

In order to investigate the role played by clients in the joint value creation process we adopted a multi-case study approach. Case study research is a suitable methodology when investigating complex phenomena and their contextual interdependency from which to generate theory (Eisenhardt, 1989; Dey, 1993; Gummesson, 2000, 2017; Yin, 2014). The empirical data are limited to a single substantive area, the professional service sector, and within it to advertising agencies and a single country, Spain. In-depth case study research can however uncover mechanisms that may be found in other professional service sectors as well as in service management and marketing in general (Plakoyannaki et al., 2008). Another reason for the multi-case study research design is because advertising investment in the population of Spanish agencies is concentrated in a small number of firms. Our sample comprises 20 large advertising agencies operating in Spain of which 14 are multinationals and 6 are local; together these comprise around 60% of the controlled advertising investment (see Appendix 1). As our sample, accounts for more than half of the total investment in the advertising market, this provides external validity through the logic of replication characteristic of multi-case study research (Yin,

2014).We are interested in the relationship with clients, therefore Senior Account Managers (SAM) were selected as informants because they are the formal link between the client and the agency.

In case study research it is paramount to describe the research protocol and procedures followed so that reliability can be checked. In our particular multi-case study research, the protocol we followed involved three stages:
(1) One week of *in situ* interviews and observation by one researcher in a leading agency in Barcelona in order to get to know the daily work of agencies.
(2) A 2.5-hour focus group consisting of three academic experts in advertising agency management and one manager of a high ranked multinational advertising agency and another of a small agency. This helped to develop a semi-structured guide for the conduct of subsequent in-depth interviews.
(3) 20 in-depth interviews lasting an average of 1.5 hours performed *in situ* in Barcelona, Madrid and San Sebastian. All were tape-recorded and later transcribed. The interview guide themes included how the advertising sector is perceived, description and assessment of the interviewee's position, internal agency relationships, service quality attributes and client satisfaction, advertiser-agency relationships, descriptions of the clients, expectations management and compensation system. The interview guide was designed to maximize interviewee freedom to answer and make sure all themes were discussed. In most cases the interviewees provided the researcher with additional secondary information, such as printed internal reports, company presentations and press reports.

Analyzing and interpreting data is a most critical part of theory generation in both quantitative and qualitative research. Among the strategies recommended for qualitative research (Eisenhardt 1989; Gummesson, 2000, 2017; Corbin and Strauss, 2009) we selected the following. We take both an inductive and a deductive approach, by which we mean that extant literature and theory have been compared with our empirical data but we did not force the data into preconceived categories and concepts and the inductively derived data have been given priority. Each advertising agency is treated as a separate case and we made both within-case and cross-case comparative analyses of similarities and differences between the data. Data collection, analysis and interpretation are in part simultaneous and tentative conclusions are drawn underway; therefore we prefer the designation data generation as the actual theory generation process starts at an early stage. In presenting the conclusions we have defined concepts and categories, in part as structures such as matrices and graphs.

Findings and analysis

This section reports and analyses the results of our empirical research. It is structured around two main findings: (1) Classification of clients and (2) The value depletion circle.

Classification of clients

SAMs were asked to describe their clients through open-ended questions and could express themselves freely with no time constraints. They were further asked some specific questions about their clients.

Based on these theory-guided interviews we identified four basic types of clients according to clients' attitude and service knowledge dimensions, with whom SAMs reported that their agencies deal: (a) the low involved novice client, (b) the highly involved novice client, (c) the expert wishing to take control of the service, and (d) the expert looking for a partner willing to integrate resources. More details of the characteristics of each type are shown in Table 1 below. This classification of clients is illustrated in the matrix in Figure 2.
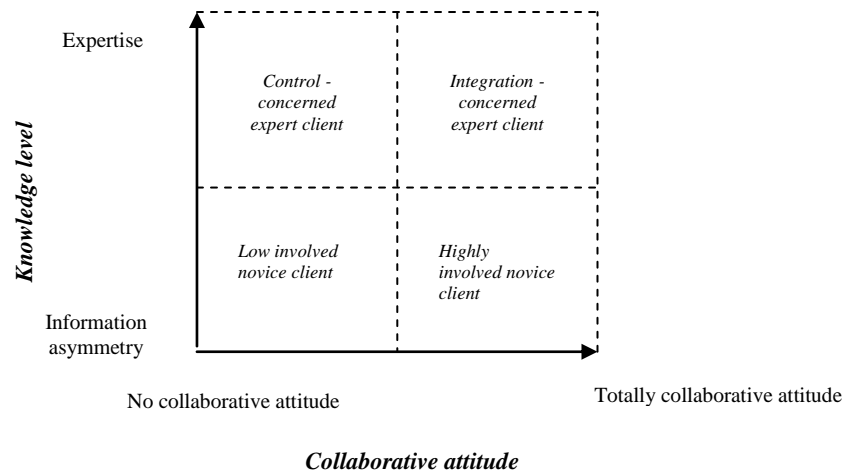
Figure 2. Classification of clients by knowledge level and collaborative attitude. Source: the authors.

Client attitudes were highlighted by all SAMs to be paramount in order to achieve the service aims, make the relationship work and generate client's satisfaction, that is, in order to co-create value in the S-D logic sense. The attitudes they reported ranged from a fully collaborative to a fully controlling attitude. In a marketing context, according to our previous explanation, a controlling attitude could be defined *as a behavior pattern leading to make all the decisions of the service process with no room for creativity and professional advice*. Thus, controlling attitude has a negative effect in this study.

Clients can also be positioned on a scale with an expert client at one extreme and an unknowledgeable client at the other. There can be many intermediate levels between these which increase the likelihood of asymmetry between the professional's knowledge and that of the client. Table 1 shows some indicative quotes from informants which provide the basis for our classification of client characteristics.

Table 1. Comments about clients from interviews and characteristics of the different types of clients

SAM quotes on novice clients	Novice clients' characteristics
"Lately we are dealing with some brand managers very young. Age is not a problem as long as they can do their job but in general they feature a lack of experience which is a shortcoming for a smooth relationship" *"Sometimes I found myself discussing subjects I usually do not discuss about with a junior advertiser representative. I have even felt desperate"* *"Juniorization is becoming a big issue. Many times our clients send their juniors because the manager is too busy. Clearly they do not give much importance to our work"* *"Implicit expectations in my view apply mainly to junior managers and to very experienced seniors. The former due to their lack of experience in the sector and the latter*	**Low involved** - Vulnerable to information asymmetry. - Incapable to brief the professional properly. - High degree of implicit and fuzzy expectations. - Pretend self-confidence in decisions making. - Higher possibility in making wrong decisions. - Weak criteria when assessing the offering. - Inflexible attitude towards professional creative advice. - Failure responsibility mainly vested on the professional.

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due to their massive experience. This type of senior tends to consider we charge for more than we can do. Compensation subject underlies along the relationship"	
"Many junior managers are very easy-going. You can notice their eagerness to learn what is fantastic. Although it is not a big problem I prefer to deal with experienced managers. There are many things you do not need to stop to explain" *"The so-called juniorization is a shortcoming in the flow of advertiser-agency relationship since dealing with juniors requires in general to double efforts regardless their predisposition to collaborate. Sometimes they seem insecure to our advice. I do not think it is because they mistrust us but maybe because they lack a bit of self-confidence in making decision"* *"Lack of experience is many times behind fuzzy expectations but when there exists an openness to dialog it is not a big thing"* *"I have worked more at ease with some juniors managers than with certain seniors (...) it depends on the professionality, manners and relationship style of the person him/herself. Some juniors seek actively a successful relationship while for some seniors interpersonal relationship is a second order priority"*	**Highly involved** Vulnerable to information asymmetry. - Incapable to brief the professional properly. - High degree of fuzzy expectations. - Lack of confidence in making decisions. - Higher possibility in making wrong decisions. - Weak criteria when assessing the offering. - Search for resources integration. - Collaborative and flexible attitude. - Active participation in the co-creation of value
SAM quotes on expert clients	**Expert clients' characteristics**
"Implicit expectations in my view apply mainly to junior managers and to very experienced seniors. The former due to their lack of experience in the sector and the latter due to their massive experience. This type of senior tends to consider we charge for more than we can do. Compensation subject underlies along the relationship" *"(...) Some juniors seek actively a successful relationship while for some seniors interpersonal relationship is a second order priority"* *"Sometimes we find marketing managers that want to direct our work."* *"Unfortunately, there is a tendency in the sector where some clients just require our*	**Control-concerned** - Straight forward briefing. - High degree of implicit expectations. - Inflexible attitude towards professional creative advice. - Professional deemed as a simple provider of ideas. - Failure responsibility mainly vested on the professional.

services for us to provide them with a creative idea for their campaign. The strategic work is already in-house done and our capacity as marketing consultant is not required.” *[In the context of a very successful advertising campaign in Spain] “The client congratulated us, but we did not get any extra reward for it. Obviously, the result of the campaign was unexpected, as you know, it was a 'tremendous hit' but the client just told us that that was what they paid us for…But for us, it was a very motivating experience. (…)* On the other side, if the campaign does not achieve its goals they 'penalize' us even by finishing the relationship”.	
“It is much easier to deal with experienced people that really know our profession instead of acting like they know.” *“Each client is different and there are many factors to take into account when describing them; but I can say I prefer open dialog with clients with high marketing knowledge as long as they allow us to make our job.”* *“The briefing stage is crucial for the proper development of the campaign and, according to my experience, an experienced brand manager-usually- can make this task easier”* *“When working with experienced and integrative senior managers it is a 'premier league' experience. As always we provide the most of us in the service rendering but meantime we are learning from our counterpart. Let us say it is a co-created service that makes both companies grow”*	**Integration-concerned** - Proper briefing capability. - Search for resources integration. - Collaborative and flexible attitude. - Professional deemed as a partner. - Active participation in the co-creation of value.

Novice clients, whether they hold a collaborative attitude or not (clients *a* and *b*), are vulnerable because of information asymmetry. It makes them incapable of briefing the professional properly, instead offering fuzzy expectations (Ojasalo, 2001), which in the long term will cause dissatisfaction. Novice clients are more likely to make counterproductive decisions and they usually lack the experience required to make a reasonable assessment of the provider's service quality. Both types of novice clients are difficult clients for professionals to deal with. Informants claimed the main characteristic novice clients featured was basically their limited knowledge regardless their attitude. They admitted that those collaborative ones made the processes more fluent but still lack the knowledge to assess properly the offering. *Novice clients* were found to be very common in the advertising sector. This phenomenon was called *juniorization* by the professionals. The SAMs agreed that in general it was difficult to work with such clients regardless their attitude. Løwendahl (2005) contends that PSFs may specialize according to the expertise of their clients. Dealing with novice clients requires high pedagogical

skills. Those specialized in expert clients could accomplish joint problem solving at a high level but even the most successful agencies find all four types among their clients.

Control-concerned expert clients (c), represent those who feel confident to control the service process considering the PSF just as a provider of a routine service. They usually make straightforward briefings, have a high degree of implicit expectations, show an inflexible attitude toward the advice of the professionals, and have a tendency to blame failure on the PSF. Finally, *integration-concerned expert clients (d)* are those whose profile fits the ideal client for genuine value co-creation since they embrace all characteristics required for a collaborative and fruitful business relationship. They see the professional as a partner instead of a mere provider, they search for resource integration, and base final service assessment on the joint work done. Expert clients were preferred by 90 per cent of the informants but in this category the respondents also met some difficulties.

Control-concerned expert client does not allow the agency to deploy all its resources for successful problem solving, hence hindering the value creation process. The expert client is usually found in big companies with a highly developed marketing department with resources to build up their own global marketing strategy. According to our study these clients brief the agency to make a small and quite straight contribution to their already defined marketing or communication strategy. Although they purchase an agency service they also want to take control of it and thus their involvement in the service system consists of leading the process. On the other side, client type (d), *integration-concerned expert clients*, represent the ideal client to accomplish co-creation of value as they contract advertising agencies in order to integrate resources and make the most of the professionals' skills. They fit the *resource integrator* as expressed in the ninth foundational premise of S-D logic (Vargo and Lusch, 2016: "All social and economic actors are resource integrators." A resource integration view underpins the value co-creation approach (Baron and Warnaby, 2011). In the professional service context, this client type possesses the two main resources considered in this article to be required in a client for value co-creation: knowledge and a collaborative attitude.

Thus clients' characteristics have implications for their involvement in the value co-creation process. Even if the agency pursues a joint value creation objective, novice clients (a and b) and control-concerned clients (c) may impede the process. The former may do it mainly because of lack of specialized knowledge and the latter because of lack of collaborative attitude. We will refer to these clients as *complex clients* and could be defined according to the S-D logic lexicon as those clients who do not integrate or misuse operant resources.

Complex clients consequences: The value depletion circle

All of the advertising agencies expressed concern about how their clients perceive the value of their service, tracking down this issue as the main problem of the advertising sector.

"Advertising agencies are not what they used to be. In previous times, when the agency's representative visited the client's company it was like a party. Nowadays this has changed and we have become a common supplier…Advertising used to be full of glamour and now it is practically the other way around."

In this sense, advertising agencies often reported that dealing with complex clients as defined here could generate a vicious circle of value depletion. This phenomenon is related to the concept value destruction which has been found in other marketing studies (e.g. Plé and Chumpitaz Cáceres, 2010; Echeverri and Skålen, 2011; Smith, 2013; Prior and Marcos-Cuevas, 2016; Vafeas, et al. 2016; Farquhar and Robson, 2017). We call this the value depletion circle (figure 3)*, which in the long run may change the service nature from a partner-like relationship to a mere buyer-seller transaction.
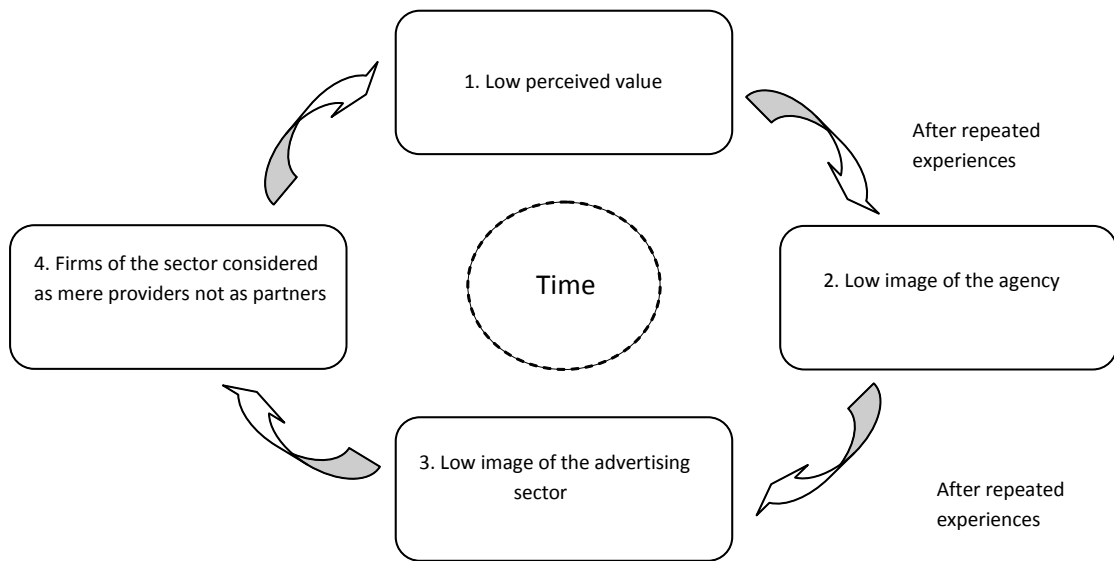
Figure 3. The value depletion circle in PSF. Source: the authors

This depicts the process by which repeated low-value service experiences in the long term can generate detrimental consequences, not only for the companies involved in unsuccessful service deliveries, but also for the sector as a whole. Once this circle starts the advertising agency begins to be considered as simple providers and it is difficult to recover a status of being original consultants. Clients who do not collaborate or misuse resources, often perceived the service to be low value, thus not co-creating value and contributing to value depletion.

Client types (a), (b) and (c) are those with the lowest value perception of advertising agencies. The interviewees explained that, as the client's marketing departments were becoming more and more specialized, the role of advertising agencies in their marketing strategies was being consigned to a *staff* status rather than the original *partner* status, as expressed in this quote*:*

"We notice that more and more clients do not see us as full service agencies, as we used to be; instead they come to us as if we were standard component providers of an industrial sector. However, they still expect from us more than what agreed and paid for."

The perception of low value of advertising service is a general problem for the sector. Its declining image has long been recognized in the literature (Bloom, 1984; Van Doren et al.*,* 1985; O'Donohoe et al., 1991; Kotler et al., 2002) and it prompted us to investigate its origin from the agency perspective. Specific reasons given from the interviewees were basically related to the consistency of the outcome of advertising and client expectations: saturation, lack of effectiveness, and lack of tools to measure the results of the advertising service and wrong expectations (see further Table 2).

Table 2. Possible causes of the value perception problem

Causes	SAM quotes
Advertising saturation	*"...advertising saturation has contributed to a large extent to the loss of prestige of everything related to advertising"*
Lack of advertising effectiveness	*"I think the tendency nowadays is that companies tend to trust again more and more on advertising potential but this tendency is still in its premature stage. Lately advertising effectiveness is being very questioned (...)"* *"Advertising added value is not understood by the market yet. The fact that in crisis periods advertising budget is the first to be cut down is an evidence of that"*

Lack of tools to measure results	*"We can measure results, there are tools to do so although not 100% reliable"* *"There is no way to quantify advertising outcomes accurately"*
Wrong expectations	*"Clients must know we are not the only responsible of the service success"* *"…(clients) still expect from us more than what agreed and paid for"* *"I think our service remains undefined in clients' minds nowadays"*

According to the supplier perspective our study underlines the difficulty in measuring service outcome as the main cause of the agencies declining image largely influenced by the fact that big advertisers are developing highly professionalized in-house marketing departments. The inaccurate quantification or specification of the output is an intrinsic characteristic of professional service, as Aarikka-Stenroos et al. (2009: 5) state: "in many professional services, the service offering may be rather unspecified, at least in terms of exact output." If the unspecified nature of the outcome is an intrinsic feature of most professional service, measures should be applied to counteract its undesirable effects. As a consequence of the repetition of this scenario of the clients' low value perception along time and in most firms, the global image of a professional field may be gradually damaged through this value depletion circle which is difficult to break.

Conclusion and implications

The results reported here address some important gaps in the literature. Previous studies have examined the role of clients in the co-creation of value, but have not investigated how the characteristics of clients affect the outcomes. This study contributes two theoretical contributions from our research into this aspect of co-creation. First it provides an empirically-derived classification of professional service clients into four categories from a knowledge and attitude perspective: (a) low involved novice clients, (b) highly involved novice clients, (c) control-concerned clients and (d) integration-concerned expert clients. Types (a), (b) and (c) feature a lack of resource integration or/and a misuse of operant resources and these type of *complex clients* can actually hinder the value co-creation process.

Secondly, from our observation of the process through which value is reduced, we identify the value *depletion circle (VDC).* The VDC is closely related to the concept of value co-destruction, which has been studied in the literature (Plé and Chumpitaz Cáceres, 2010; Echeverri and Skålen, 2011; Smith, 2013) but the depletion circular process differs importantly in terms of the *time frame.* The VDC incorporates a self-reinforcing circular process due to the experiential phenomenon by which actors' dissatisfaction or negative experiences are repeated over time again and again. This repetitive phenomenon would not be observed by previous studies which look at value destruction as a series of one-off events, not a cumulative longer-term process.

Our results have also several practical implications for the management of clients for successful value creation in PSFs. First, taking the dyad client-supplier out from the service system, our study highlights that value co-creation depends on the actions and decisions of both parties in a relationship, not just on the supplier. Our study on suppliers' experiences with their clients reveals that a value co-creation approach can be adopted by suppliers as their working philosophy but results will largely depend on the type of client they have to deal with. This implies that the value co-creation approach may not be applicable to all business relationships because PSFs cannot force a client to get involved in the service process. In our study, informants agreed that is when dealing with complex clients that they mostly encounter the problem related to their clients' perception of value they consider these clients unable to co-create and consequently to properly assess service value. In this regard, their clients must be

convinced that agencies render a valuable service that contributes to their business success and that agencies are not solely responsible for the return of the advertising investment.

Another implication is that although active client participation is needed in order for a PSF to deliver a service, our results highlight that client participation is not sufficient for the smooth running of a business relationship. Specialized knowledge and a collaborative attitude are also required and these factors are out of the PSF's control. Therefore, PSFs can only learn to deal with different types of clients by setting the stage for an optimal value co-creation situation. In this sense, the proposed classification of clients and their characteristics may be helpful for managers to guide the relationship to satisfactory result through the professionalization of expectations management.

Finally, our classification of clients provides managers with advice on how to prevent client dissatisfaction. First meetings are obviously critical to avert potential dissatisfaction but the earlier the provider can identify which type of client they are dealing with, the greater the possibility they anticipate client behavior and to prevent mistakes. This is closely linked to expectations management theory (Ojasalo, 2001). By identifying the type of client the PSF can anticipate what sort of expectations that client is likely to have and evaluate the offering's likely expected outcome at the first stage of the relationship (Lindberg and Nordin, 2008) in order to reduce the risk of low client-perceived value.

The research reported in this paper is necessarily limited in its scope and methods employed, which provides opportunities for further research to fill out these gaps. For example, by taking the supplier perspective on client's behavior, this study could only infer other aspects of clients' attitudes. Further research into the value creation process from the client perspective is required in order to understand more about the micro-processes and psychological aspects of clients' characteristics and experiences. Also, this study has focused on the impact on value of different client characteristics and not on the type and role of the resources which they employ. More research is required into how each type of clients utilize various resources differently in the value co-creation process.

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Appendix 1. Advertising agencies participants' characteristics.

A	1	2*	3	4	5	6*	7*	8*	9	10	11	12	13	14	15*	16	17	18	19	20*
E	60	10	38	60	85	40	24	16	100	150	90	60	100	82	35	115	120	150	-	35
EA	20	2	12	20	30	7	5	5	13	17	28	15	21	25	7	17	40	30	-	8
AG	36	29	38	38	33	32	34	38	34	37	35	40	45	35	32	39	33	50	40	41
EX	14	5	15	14	11	8	8	15	11	18	13	18	20	14	3	18	11	28	17	17
Em	-	2	8	9	4	4	4	9	4	6	8	12	6	4	2	8	3	23	8	9
AC	5	8	4	8	2	4	3	6	2	5	8	4	9	8	6	4	6	3	5	7
TA	-	-	-	-	15	-	12	12	15	15	30	30	14	15	16	20	25	40	-	-
GF	5	4	3	3	4	4	2	10	4	1	5	6	2	4	7	4	19	30	5	6
PP	5	-	60	50	-	-	-	-	-	40	-	60	20	40	-	30	-	-	-	-

A= Agency; E= Agency Employees; EA= Employees in Accounts Department; AG= Interviewees age; EX=Experience years; Em= Experience in that manager position; AC= Number of accounts managed by the interviewee. TA= Total agency's accounts; GF= Number of accounts representing the main body of agency income PP=Percentage of income represented by the previous accounts. * = Spanish capital agency.