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Practices as markets: Value co-creation in e-invoicing

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A B S T R A C T

This article proposes that a practice-based approach, accompanied by ethnographic methods, contributes to S-D logic by enriching our understanding of how resources are integrated, how value is formed, how markets ‘work’, and how firms can enhance value co-creation. The embeddedness of value creation implies that firms should focus on the practical relations between socio-cultural resources, available in the market space called everyday life. As a conclusion we suggest that S-D logic could incorporate practice-based viewpoints: (a) practices are fundamental units of value creation – value is created as actors engage in practices, (b) practices are resource integrators – value is created as customers integrate socio-cultural resources, (c) firms are extensions of customer practices – customers are not extensions of firm’s production processes; value co-creation happens as firms participate in customer practices, (d) value propositions are resource integration promises – firms enhance value creation by providing resources that ‘fit’ into customers’ practice constellations.

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1. Introduction

Service-dominant (S-D) logic suggests a need to re-define the neo-classical view on markets that is built around the notion of exchange value (Lusch and Vargo, 2006). Vargo and Lusch (2008) argue that markets become spaces for economic activity in terms of value co-creation or resource integration (Vargo, 2007) instead of being places where demand and supply meet and reach equilibrium as neo-classical economics suggests.

Venkatesh and Peñaloza (2006) propose that a market should include both the concept of exchange value and use value. As a consequence, the ‘size’ of the market cannot be measured only by the value of products exchanged in a product market, but also by the value generated in the customers’ value-creating processes: in the activities and processes in the customers’ everyday practices (Grönroos, 2008). It can, for instance, be argued that the practices of gaming is a larger ‘market’ than the products called games, simply because there are many forms of play and gaming that are not tapped into by commercial offerings. Nintendo, for example, has been able to increase their accessible market by focusing on ‘family time and togetherness’ practices, and created the Wii home video game console that is easy for all family members to engage in. Similarly, Nintendo has targeted older people, who did not use game consoles, with their Brain Age edutainment video game that employs puzzles and mini-games, developed to improve the user’s cognitive capabilities.

Vargo (2009) discusses the embeddedness of value creation in business ecosystems and suggests implications for two of the foundational premises (FP) suggested by Vargo and Lusch (2008). The resource integration pointed out by FP 9 (all economic and social actors are resource integrators) implies that a provider needs to understand the customer as ‘just another node in the larger ecosystem’ (Vargo, 2009), and understand how the provider’s resources can be combined with other resources – including the customer’s resources. FP 10 (value is always uniquely and phenomenologically determined by the beneficiary) pinpoints the contextual, emergent and temporal nature of value determination that Vargo and Lusch (2008) explains by arguing that “value is idiosyncratic, experiential, contextual, and meaning laden”.

This article explores these FPs and proposes that a practice-based approach can be used as a conceptual tool to describe resource integration and value creation. Practices are formed as the resources of customers and providers interlink with different contextual elements (Reckwitz, 2002) – these interlinks define value co-creation. A practice-based approach turns attention to the processual aspects of usage and consumption rather than to the outcomes of the exchange of goods. We suggest that the concept of practices contributes to the further development of S-D logic’s view on how resources are integrated through interaction. Practice theory, accompanied by ethnographic methods, provides an
operational way of conceptualizing and studying value co-creation as a complex societal process and presents a framework for understanding value creation in practical and socio-cultural terms.

In a practice-based approach, a market would not be presented as the meeting of demand and supply of homogenous products in a product market, but be represented by the practical dynamics of everyday life, and by circumstances in which economic exchange is embedded. Potential in the market would be embedded in the improvements of practices in socio-cultural terms.

We suggest that a practice-based approach has the potential to contribute to S-D logic by enriching our understanding of how resources are integrated, how value is formed, how markets ‘work’, and how firms can enhance value co-creation. Hence, the purpose is to (a) develop a conceptual argument for using the practices approach for defining and understanding markets, and (b) illustrate a practice-based approach to market definitions by describing the development of the market for e-invoicing practices in Europe.

This article is structured as follows. First, we discuss the practice construct from a resource integration and value co-creation perspective. Second, we propose a practice-based approach as a way of conceptualizing the market in the spirit of S-D logic, and describe the opportunities to use the practice-based approach using illustrative examples. Third, we present e-invoicing as a case of intervention into the practices of sending, handling, and paying invoices. Finally, we draw conclusions for further research avenues and managerial implications.

2. Practices as resource integrators

The practice approach views phenomenon as practical constellations (Reckwitz, 2002). Practices can be defined as “more or less routinized actions, which are orchestrated by tools, know-how, images, physical space and a subject who is carrying out the practice” (Korkman, 2006, p. 27).

Our practice-based approach, derived from practice theory and S-D logic literature, is founded on the following interrelated assumptions: (1) practices are contextually embedded, (2) practices are doings (rather than cognitions or emotions), (3) practices are path dependent, (4) as practices integrate resources they are fundamental units of value creation, and (5) practices describe use value in processual terms. We will next describe these foundations briefly.

2.1. Practices are contextually embedded

The practice-based approach argues that actions and value creation are socio-culturally embedded, and that practices can make it possible to understand the market as an undivided part of everyday life. A practice is embedded in a context of interlinked subjective and objective elements in practical terms, in our ways of eating, listening to music, relaxing, being. Practices are thus contexts where actions are carried out (Schatzki, 2001).

The practice-based approach is not interested in who is doing what, what these subjects think about, or what they are like. Rather it is interested in the processual aspects – what is done, how is this doing constituted, how are resources used, and how has the doing developed over time. Reckwitz (2002, p. 250) defines a practice as “a routinized type of behavior which consists of several elements, interconnected to one another: forms of bodily activities, forms of mental activities, “things” and their use, a background knowledge in the forms of understanding, know-how, states of emotion and motivational knowledge. A practice [...] forms [...] the ‘block’ whose existence necessarily depends on the existence and interconnectedness of these elements, and which cannot be reduced to any of these elements.”

A practice-based approach could be categorized as an anti-individualistic stance (Schatzki, 2002). Everyday practice is not only what the customer thinks, feels, and decides to do, but also something that the customer takes part in. A practice is neither determined by the customer, nor by context alone, but more specifically happens in the integration of resource elements. This does not imply that mental processes would be excluded; rather it refers to these as being a part of practices (Barnes, 2001).

2.2. Practices are doings (rather than cognitions or emotions)

The concept of practice refers to ‘a way of doing’, instead of a “way of thinking”. The practice-based approach puts emphasis on interlinks between objects, images and skills, and defines reality as emerging from “doings” in which these elements integrate into specific forms of practices (Shove and Pantzar, 2005). Empirical accounts of practices are described in the “doings” of people rather than the perceptions of these people according to the tradition of ethnography (Swidler, 2001).

Korkman (2006), for instance, suggests that taking a holiday cruise on a ship is a collection of practices comprised of specific tools, know-how, images and physical space. These practices are not dependent on the families cruising, but rather related to cruising as such. These practices are dependent on the elements in the physical configuration of a cruise vessel (e.g. certain practices of dining have developed in the context of cruising). Earlier, Holt (1995) made similar studies of the practices of consuming baseball as a spectator.

Practices can range from objective to subjective. Hence, some practices are the results of imitation and widely shared, whereas others (such as the practices of arts) can by their nature be creative and innovative from a practical point of view. The conformative practices have become stable ways of doing as consumers perform and imitate them. New variations of existing practices can occur as people start to do things in new subjective ways. Other people may or may not start to imitate these behaviors. This means that practices should not only be viewed as contextual, but consumers have the power to make subjective decisions about changing their way of doing, and naturally also decisions regarding which practices to engage in.

Korkman (2006) shows that practices carried out by families with smaller children on-board a cruise vessel are very conformistic – there were no significant deviations in families’ ways of consuming a cruise. Hence, the acts of resource integration are widely shared in this context. The explanation for this was that the cruise vessel, the physical space, of the practices could not allow for many different ways of integrating resources. The vessel guides people to act as “one is supposed to act”, and does not allow for people to do acts of subjectivity and originality. As a cruise ship will carry other types of customers than families, the design of the vessel may need to support many different kinds of practices.

2.3. Practices are path dependent

Vargo and Lusch (2008) argue that value is always uniquely and phenomenologically determined by the beneficiary, and is idiosyncratic, experiential, contextual, and meaning laden in its nature (ibid., p. 9). The practice-based approach studies this phenomenon from a slightly different viewpoint, especially as to ‘experiential and idiosyncratic’, which entails the idea of the inherently subjective experiences of a person - experiences which are not observable by an external observer.

A practice-based approach does not study the subjective experience, but the integration of objective elements to certain practices, and the value and meaning emerging from this process. For instance Shove et al. (2004), and Shove and Pantzar (2005) have...
studied the emergence of practices related to new forms of sports. The emergences of these practices are practical and not a matter of subjectivity. Practices are developed as a result of changes in any/some element/elements that can influence the practice in one way or the other. For instance, new technology in itself can have a crucial role in developing new forms of practicing everyday life. Consider, for instance, the impact of SMS, an application for sending short messages between mobile phones. SMS first dramatically changed the forms of social life that adolescents in the Nordic countries engaged in. This practice of easy, and arms-length communication has later been adopted by entire populations. It is obvious that the practice in itself is not very subjective – it can be said to be generally used by a population. The establishment of a SMS practice has later on been instrumental in creating many exchange markets – consumers use SMS messages e.g. for ordering ring tones, participating in TV shows by voting, booking flights and taxis.

In other cases, a practice may evolve as images and skills that are required for the practice are modified or developed. Tools, images, skills and even the physical spaces for carrying out a practice are historically developed and this development is path dependent. This means that there are opportunities to historically analyze the “archeology” of resource integration. This suggests that value and meaning can, according to a practice-based approach, not be studied as ‘experiential and idiosyncratic’, but the emphasis would be on the historical, practical and socio-cultural nature of everyday life. The “sensory” experiences are, according to the approach, outcomes, and embedded in the practical processes of resource integration.

2.4. As practices integrate resources they are fundamental units of value creation

The debate about S-D logic focuses on the need to apply the concept of use value in marketing. Use value implies that value does not (only) happen in situations of exchange but predominantly in the use of services and products or, as S-D logic would state, in the use of the resources of the provider. Use value is determined by how well resources fit into the customers’ practices, and how much these resources improve the practices of the customer.

The practice view proposes that value creation happens when actors do practical things in their life. The practice-based approach stresses resources, but foremost how resources are put into practice as a part of everyday life. Practice theory gives an empirical base for understanding the use of resources in the situations of value creation – i.e. use value. Holt (1995) has studied how spectators use various artefacts in their practices of supporting their teams. Shove and Pantzar (2005) has studied the use of poles and other objects in Nordic walking, a physical activity consisting of walking with poles similar to ski poles that has attained widespread popularity in the Nordic countries. Korkman (2006) describes twenty different dominant practices on board cruise ferries (among them “fine dining rituals”, “must-do shopping”, “ensuring the child experience”, and “exploring merchandise”). The focus in all these accounts has not been in exchange value, but in the understanding of what is “valuable” as a part of everyday life.

A practice-based approach does not change Vargo and Lusch’s (2008) claim that a firm can only propose value but not provide it. Value propositions are, however, not restricted to propositions of firm resources and the possible value of them, but extended to the integration of all types of market resources in practices of everyday life. In most cases, market actors have access to various resources (in this article: tools, know-how, images, physical places) that allow value to be formed; drawing on Vargo (2009) we argue that ‘market resources’ can also be said to rely on the integration of ‘non-market resources’ for value formation. Hence, the responsibility of the firm goes beyond finding users who need the resources of the firm. This is particularly true for new technology – the technology needs to be integrated into certain doings for the customer. A firm wanting to be valuable to customers needs to take a systemic view on the market; to cover a multitude of interdependent market actors, and generate insight into how their practices are connected in time and space (Storbacka et al., 2008).

2.5. Practices describe use value in processual terms

The practice-based approach advocates a contextual and processual view on value and meaning creation. The argument is that value or meaning is not “created” by the consumer but formed in practical constellations, contexts in which actions are carried out and resource elements are integrated (Schatzki, 2001), e.g. skills and images related to practices. A practice-based approach can function as a theoretical starting point for discussing the integration of places, tools, images, physical spaces, and actors into specific “markets” of practices.

A practice is not synonymous with action – it expands the unit of analysis to the system that fosters action (e.g. Dourish, 2001). Hence, a practice-based approach differs from a process view in that processes are a part of practices, i.e. processes happen in a context. According to a practice-based approach there is a need for a more systemic view than linear descriptions of work flows of actions in order to understand how different elements are integrated. For instance, driving as a process is systemic in the way resources are integrated, and would be hard to define as an activity map. The driver simply does not do driving, but engages in an active systemic integration of resources in which value is formed (e.g. the driver steers actively to move from a place to another, but also becomes guided by objects in the surroundings).

S-D logic pinpoints the active nature of the actor, whereas a practice-based approach would suggest that “the resource” can also be “active” or guide the actor towards action. Certain resource elements invite the actor to action, and the actor merely follows the predefined path of resource integration (e.g. a football “invites” a boy to kick the ball, or the tax free shop on a cruise ship guides the customer to purchase tax free goods). The practices, a certain way of doing, becomes the outcome of the integration, i.e. certain elements come together and makes a certain practice possible. For instance, the car as a tool, the know-how of driving, the images of driving (e.g. freedom, mobility), the physical space for doing it, and a subject that is willing to integrate the resources makes it possible for the practices of driving to occur.

The integration of the elements is ‘the process’ in which value or meaning is formed. There are still very few attempts within S-D logic to understand the actual practical process of resource integration, and how value stems from this integration. Some attempts to expand the process view are presented by Payne et al. (2008) who combine the value-creating processes of customers and providers though activity mapping. A practice-based approach provides an opportunity to understand and empirically study value creation in processual terms without regressing to mechanistic thinking (Payne and Holt, 2001). The practice view opens up opportunities to understand socio-cultural engagements, without ascribing work-like characteristics to human activity, typically used in firm-related process thinking. In many cases customers are described in terms that would imply that customers participate in the work earlier carried out by the firm (e.g. Normann and Ramirez, 1993). In the practice view it is more appropriate to describe firms as taking part and supporting the everyday life of people than vice versa.
3. Practices as markets

Callon (1998) has been a pioneer in developing thinking about markets as practices, i.e. what practices and expertise evolve in order for a market to exist, and how the market is performed by the cognitions, technologies and actions by market actors (cf. Araujo et al., 2008). Kjellberg and Helgesson (2006) have identified three distinct and interconnected market practices that shape the exchange market: exchange practices (activities that are involved in consummating individual economic exchanges of goods); normalizing practices (activities that result in norms and rules guiding the actions of market actors involved in exchange); and representational practices (that portray markets, the way they work, and thus produce shared images of the market).

Our approach follows this thinking, but does not focus on the constitution of markets of exchange. We propose to assess the value of a market by analyzing use value of practices that are carried out in a market viewed as a network of interdependent actors (a value-creating system). Instead of studying market practices we focus on practices as markets.

The alternative market view presented in this paper does not start from supply-side characteristics, such as commonly agreed product definitions and exchange in product markets, but rather from a system-wide configuration of value co-creation. The value created is not based only on exchange value and, as a consequence, the 'size' of the market cannot be measured by the value of products exchanged in a product market, but rather by the value generated by resource integration. Using the constructs of Kjellberg and Helgesson, we claim that understanding the total value of a market will require a redefinition of the representational practices in the market.

Normann and Ramirez (1993) and Storbacka and Lehtinen (2001) have concluded that offerings are in the final analysis only opportunities to enable or remove “doings” for the customer. It is, however, notable that the ways to conceptualize these “doings” has not been the focus of contributions in this field. A starting point for this is to be able to map the value creation processes involved. Payne et al. (2008) suggest tools for this in a dyad context, which could be expanded to a network context. These mapping tools are, however, based on linear thinking and do not provide an understanding of how social practices of everyday life would constitute a source of value. A practice-based approach turns attention to the processual aspects of usage and consumption, and argues that value creation is embedded in the socio-cultural improvements of practices.

Firms can enhance value creation by providing resources and help the customer to integrate these resources with other socio-cultural resources at hand. The role of the company is to support customers in their value creation by providing resources that “fit” into the practices of customers. As the practices happen in social and cultural settings, there will always be resources available in these settings (e.g. tools, established acts, environments, other actors, shared meanings). One fundamental and important task of the company is to help customers improve their own practices, and help them understand how to integrate new forms of operant and operand resources (provided by the firm or existing in the socio-cultural setting of the practice) into their extant ways of doing. Value is created as the practice is improved.

This suggested change of perspective alters the interrelation between providers and customers in the market. The questions do not relate to who the customer is, or what kind of customers the firm should serve. How the customer engages in a market is not primarily up to individuals. The individual is rather influenced by interlinks between different elements in specific practices, by the development paths of these practices, and by the contextual interlinks to other practices performed by other actors in the market.

The task of the firm is to be and become embedded in processual happenings in the market, by actively attempting to introduce or improve different practice elements. Consider, for instance, how Google has introduced different kinds of elements that make it embedded into the process of fact finding in many different contexts (finding definitions, finding synonyms, translating words, finding a place on a map, finding your way to this place, etc.). The embeddedness of value creation means that firms should not focus on economic exchange per se, but on the practical relations between elements in our everyday life that function as pre-requisites for current and future consumption. An analysis of economic exchange gives a “rear-view mirror” perspective to the market, whereas a practice-based approach enables an understanding of emerging economic exchange, as practices are path dependent and consist of elements whose developments can be objectively described.

In the case of e-invoicing, which we shall explore shortly, the question is whether the practices of handling and sending invoices can be made more easy, convenient and efficient, or totally automated. The relevant focus for a provider would be to become embedded in these practices, and be able to prove the value potential that changes in the practices entail. Firms wanting to understand the potentials of e-invoicing will need to have a systemic view of the interlinked practices of many market actors.

Analogies to the e-invoicing case are found in any industry or market. Instead of looking at the market for MP3 players in the consumer electronics industry, the market actors would benefit from looking at the market as composed of practices of listening to music, and other entertainment practices. The aggregated value of this market would be far larger than the exchange value of the product market for MP3 players. The careful ethnographic analysis of different practices related to listening to music would reveal market opportunities, and help gain insights of how to develop services that allow firms to become embedded in consumers' current and future ways of listening to music. The approach would help companies to understand how the practices of listening to music (the market) would develop, and, hence, to identify opportunities for the economic exchange of different product and service categories in the future. As economic exchange is an univided part of customers’ overall value creation, products need to fit into the practices of the everyday life of customers. This creates a situation where the industry boundaries get blurred: device manufacturers, recorded music owners, network providers, and musicians are active in the same market. Consider the digital music service Spotify, which has managed to create a ‘music listening service’ that frees the customer from ownership of specific resources for music listening. Customer do not need ‘ownership of’, only ‘access to’ music. Furthermore, by applying a systemic view they are attempting to change the earnings logic, by offering ‘free’ services to customers who accept advertising inserts.

An industrial example could be the case of firms producing and selling truck-mounted cranes. These companies are in the market of ‘lifting things’, and would perhaps benefit from viewing their markets not as the market of the product category of cranes, but as the market of the practices of lifting, in which for instance lifting done by manpower is a potential market for utilizing machinery as a resource. This thinking is not far from the classical notion by Levitt (1970) that “people don’t want to buy a quarter-inch drill; they want […] a quarter-inch hole”. The difference is, however, that the practice-based approach provides a robust theoretical paradigm and methodology for studying ‘drilling’ and understanding the ontological status and development of practical constellations such as drilling. In a practice-based approach, the market would not be the ‘hole’, but the practice of creating the hole.

This thinking is directly built upon the legacy of Normann (2001, p.105) stating that “the offering is a reconfiguration of a
whole process of value creation, so that the process – rather than the physical object – is optimized in terms of relevant actors, asset availability and asset costs”.

4. The research process and case study development

The practice-based approach stresses the practical ways customers and providers participate in value creation. The approach calls for specific research methods: studying practices should focus on understanding the processual aspects of the market, i.e. how actions are carried out and emerge as a part of everyday life, what the contextual parameters are, and the development paths of the practices.

The research process used in the development of the case study that follows can be characterized as market-oriented ethnography (Arnould and Wallendorf, 1994), and functioned as a learning process for the researchers. As Hammersley and Atkinson (1983) propose, ethnographic research cannot be defined in the pre-field stage, but must remain open. The urge to learn is more important than a predefined research design. The research focused on understanding a phenomenon, and used mostly elements of auto-ethnography, meaning a study of oneself (introspection) in relation to invoicing (Holbrook, 2005).

The involvement of a subject matter expert in the writing process made the research process a fruitful dialogue between the researchers, the expert, and secondary data on e-invoicing practices. The research could be continued by giving more consumers a voice, as many consumer researchers have done for studying, for example, bikers (Schouten and McAlexander, 1995), swap meets (Belk, 1988), thanksgiving (Wallendorf and Arnould, 1991) and flea markets (Sherry, 1990).

Our case study has been developed using three different research techniques. First, the authors have analyzed (collected and utilized as empirical data) a set of reports (published and unpublished), created by firms engaged in the e-invoicing business and by the Expert Group on e-invoicing appointed by the EU-commission.

Second, the authors have, as a part of their everyday life, reflected on their own and their families’ practices regarding receiving, handling and paying invoices. We gave voice to ourselves and family members in our attempt to understand the citizen perspective on invoices. This was done on a regular basis during the research process, in connection with paying invoices. Holt (1995) used a similar process for documenting, analyzing and writing about the spectatorship of baseball games.

Finally, the research has involved a subject matter expert, Mr. Bo Harald, who is chairman of an Expert Group on e-invoicing appointed by the EU-commission, and has over 30 years of experience from e-banking in a societal, bank and service provider context. This expertise has been used by conducting several structured discussions between the authors, and by co-writing the case study using the expert’s competence as a source of information. This process can be characterized as a creative process with the objective to create an illustration of the use of practice theory in understanding markets and value creation, rather than an objective and undisputably descriptive account of e-invoicing.

In combining these three research techniques we followed a purposive sampling approach (e.g., Eisenhardt, 1989; Patton, 2002; Wallendorf and Belk, 1989), where the content of each discussion was built on the basis of previous outcomes. This allowed us to gradually build the framework as the discussions and auto-ethnography progressed. After each set of interviews the data was categorized according to the data analysis process of Spiggle (1994), and Strauss and Corbin (1990).

Similar mixes of techniques ranging from historical and current material in forms of reports, expert opinions, and self study have also earlier been used in practice research on studying the practice of floor ball, digital photography (Shove et al., 2004), and Nordic walking (Shove and Pantzar, 2005).

5. Practices in e-invoicing: a case study

E-invoicing is a service which has been developed in order to automate invoicing processes and, hence, increase the productivity of firms, banks and society, and also create value for consumers in terms of improving practices around handling and paying invoices.

In our analysis we focus on a network view on e-invoicing. In this view an invoice sender can send all his invoices in a file or individually to an e-invoice service provider who passes on e-invoices in the needed format to other enterprises or other service providers fronting them, passes on e-invoices in the needed format to consumers’ e-banking service, or passes on e-invoices to printers for receivers who prefer them on paper. Invoice receivers can, with the help of an e-invoice service provider, receive all invoices as electronic in needed format, or have incoming paper invoices scanned into electronic format. This model assumes that e-invoice service providers form networks emulating the payment business – one service contract is enough to reach all payment receivers globally – with the difference that this network also includes non-bank service providers. This view means that it is not enough to send invoices in electronic channels: they have to be sent in a structured format enabling payment, procurement, value chain integration, and automation of accounting. Invoices sent as e-mails or other public formats are, hence, not classified as e-invoices in this context.

E-invoicing is good example of dematerialization (Normann, 2001), specifically liquification, referring to the separation of information from the physical world, allowing it to be easily moved about in order to reconfigure value-creating systems. In Europe alone, there are approximately 30 billion invoices sent every year, which, according to several studies, constitute a cost of over 200 billion euro yearly, counting only costs for the work force and material involved in the practices (Association of Corporate Treasurers, 2007; Leinonen, 2008). E-invoicing does not only represent potential cost savings for the firms involved in activities around invoicing, but also other types of value (e.g. convenience) for citizens, and opportunities to redirect resources in new ways in companies, and introduce new work practices.

Invoices constitutes a number of practices that involve the work force in companies receiving and sending invoices, banks handling invoices, and citizens paying invoices by visiting banks, using various “machines” and internet services. Current practices for sending invoices to enterprises are predominantly based on printing and mailing paper. The receipt, approval and execution of payment are in most cases time-consuming and manual processes involving a long chain of actors. Consumer invoices (bills) are issued in paper format, also when payments are executed automatically with direct debit.

Invoicing is a complex collection of practices that represent habits, customs, professions (invoice handlers), and everyday routines of citizens collecting their mail, opening up invoices, collecting them, and finally paying them – or, building up anxiety of not being able to pay the invoices in time.

Invoice handling for consumers is a part of our everyday life that is judged by most people as inconvenient, unpleasant, time-consuming – a necessary evil. Paying invoices is based on social norms and can be seen as “practicing adulthood”, and an essential part of being a “good” citizen in many countries.

Invoicing practices in firms are related to administrative tasks that are seen as a necessary cost and do not provide competitive
advantage or differentiation for the firm. Similarly as for citizens, invoices represent certain customs or routines, and the activities represent certain professions or expertise that are usually organized into separate departments or work place communities.

Invoicing also has a societal impact, as the current paper-based invoices contribute with significant environmental loads in terms of trees cut down for paper, and fossil fuels used for the transportation of paper.

E-invoicing can improve practices related to invoicing. We suggested that the value of the e-invoicing market cannot be understood through the demand and supply of the existing “services” of automation, but must be understood by analyzing the practices performed in a larger network or business ecosystem. This approach allows us to build an understanding of the impact e-invoicing could have on current practices. These insights can help us, not only to describe the potential exchange value embedded in practices, but also to understand how various actors move towards dematerialized invoice practices.

We will next discuss the different actors and related practices, and conclude at the end in a discussion of the value emerging in practical terms, and the opportunities for exchange value embedded in this.

5.1. Invoices for citizens

Consumers do not usually send invoices. Even if payment proposals sent to friends and relatives, for example when collecting money for gifts, could be classified as invoices, this analysis focuses on incoming invoices from enterprises and the public sector.

Electronic banking is in many countries the most frequently used transaction service on the internet (cf. Leinonen, 2008: 300 e-banking transactions per capita per year in Finland, closely followed by the Netherlands). The most used feature is manually entered payments. The practice of paying invoices usually relates to certain routine (weekly or monthly) practices of running through a pile of invoices, and determining which invoices to be paid. After invoices are manually transferred into a payment form, they are accepted, and transferred via the internet to the bank and onwards. There is, for instance, evidence from Finland that invoice practices are carried out during Sunday evenings; banks report a clear increase of traffic in e-banking services during that time. From a practical point of view, this is usually seen as a “must do”, and a nuisance taking time away from relaxing with the family, or maybe working in order to prepare for the work week.

E-invoices provide opportunities to change this practice by making it a continuous practice of quick approvals. In e-invoicing, consumers are presented with invoices in a structured electronic form, with a ready payment proposal for the electronic banking service used. Alerts of received invoices are sent to consumers via SMS-messages. Clicking the payment row (line?) shows the detailed bill with further links into respective service providers’ customer history, manuals, new offers etc. Payment is effected with one click approval, or automatically with standing orders for invoices from chosen senders (e.g. standard amounts like monthly rents) or for amounts lower than a self-set limit (e.g. child’s mobile phone bill when under 30 euro). E-invoicing can be integrated as a resource into other everyday life practices, instead of being its own independent practice.

There are several possible benefits from the improved practice. One-click, or standing approval of payments, saves time and is a more convenient and less error prone than having to enter account numbers, reference numbers, amounts and due dates. The entering of long number series into e-banks fosters uncertainty – there are many times doubts as to whether the payment has been sent to the right receiver. Standing approval gives the same automation as direct debit but improves control as it is easy to switch on and off. Invoices do not get as easily lost and are saved for later viewing, even after payment, in presentment and archiving services. Direct access to the invoice sender’s services, via the invoice, improves the quality of the information, and SMS alerts for received invoices removes risks of e-mail alert being lost in spam or stopped by spam filters.

E-invoicing practices are beneficial for citizens, but are also demanding as they call for specific and partly new resource constellations such as, for instance, the availability of certain resources (mobile phone, computer and internet), and skills for using these resources (e.g. to use mobile phones’ SMS applications). The first phase of adopting e-invoicing services is likely to involve citizens using electronic banking as most of the resources are already familiar for users of electronic banking.

5.2. Invoices for small enterprises

Out of Europe’s 24 million companies, 95% are classified as micro-enterprises: fewer than 10 employees (European Commission, 2008). Small and medium companies (SMEs) are in practical terms similar to consumers, but are involved in accounting practices, and naturally also send invoices themselves.

5.2.1. Receiving invoices

Over 40% of the European enterprises have only one employee, and in these cases the receiving, handling and paying of invoices are carried out in similar ways as a consumer. Although the practices are related to work for these individuals, there are similar problems, routines, and opportunities to improve the practices via e-invoicing. It could, hence, seem like that they will be made as similar as possible to the practices people engage in during their free time. This would require less learning and adoption to the service, regardless of whether the entrepreneur has first started to use e-invoicing services in his private life, or vice versa.

Although the practices are similar, there are small variations as entreprenuers may carry out the handling and documentation of invoices in a more professional manner, and also use tools that are specific for these work practices, such as spreadsheet applications. Entrepreneurs are required to do proper accounting that involves certain routines, and involvement of other people (accountants), and specific tools. These “professional” tools are also used for free time activities, indicating that the difference between consumption and production activities in this respect is narrowing. According to our experience, it is not uncommon that spreadsheet applications are used for making all sorts of lists and plans for everything from cooking to working out.

The improvement in current invoicing practices is the one-click, or standing approval: it saves time and is much more convenient and less error prone than having to enter account numbers, reference numbers, amounts, and due dates. Automated posting – enabled by using structured data and widely used standards – speeds up reports on financial status. The practical value of e-invoices are in the possibilities to decrease the time spent on administrative, non-valuable tasks, and increase time wise the possibilities to engage in practices that would help the business to be more successful, such as product and service development, marketing, and sales. Invoices would be integrated as a resource into other practices and not constitute a practice of its own. This may even re-define the practical nature of everyday life; invoicing could be automated in a similar way, as ‘heating the house’ is seldom a practice of its own in time-automated heating systems.

5.2.2. Sending invoices

The tools and skills of entrepreneurs are seldom specialized for the purpose of handling and sending invoices. Hence, the
improvements of the practices should take into account the lack of interest in extensive learning, or investments in making invoices digital. The practical constellation of SMEs would allow a service that preferably does not require IT-investments and IT-skills.

SMEs key in invoice data in a standard form in the e-banking services or in a separate portal, and send it to defined receivers – both organizations and consumers. If the receiver prefers to receive the invoice on paper, it is printed by the service provider. Invoices can be uploaded from finance administration programs allowing the entrepreneur to stop doing transfer of data from a separate file to the e-banking services. Duplicates of invoices can be sent to receivers’ accounting services. Invoices can be routed to a receiver via finance institutions for approval, and subsequent return to an automated financing process.

These changes in the practices of sending invoices in SMEs have practical value in terms of time savings and the possibilities to redirect resources. Staff save time by not having to type up and take invoices to the mail that still in many firms requires people to separately walk to a mail box. The use of basic accounting programs or services will automate further and free up resources from administration to business development, sales, and customer services. Time saved by the entrepreneur, his employees and costs saved in accounting processes has in one case study been evaluated to 3 825 euro per year for 150 incoming invoices. An additional 465 euro was saved on outgoing invoices lifting the total to 1% of the turnover (Penttinen, 2008).

5.3. Invoices for large organizations (enterprises and public sector)

Large organizations have, due to large numbers of both outgoing and incoming invoices, systematic ways of handling invoices, but also the largest costs invested in invoicing infrastructures, in terms of people, software and invoice handling processes. The practices, and related tools, images and skills are specialized to carry out invoice handling in an efficient way. Hence, there is a certain rationale of efficiency behind the practice – implicating certain receptiveness to alternative, more efficient models.

5.3.1. Receiving invoices

Large organizations are, as a part of their procurement, handling large numbers of incoming invoices from a network of suppliers. The traditional model of invoice handling involves specific persons that are trained and hired to handle invoices. The process of receiving, handling, approving and paying the invoices are associated with significant costs as invoice handling processes require engagements of a network of people, due to compliance procedures in the companies.

E-invoicing implies that the invoices are electronic and in the format needed – reformatted by an e-invoice service provider or directly in a new planned UN/CEFACT/ ISO-standard. The invoice part of the material is sent for electronic approval by designated staff members and later connects to waiting ISO 20022 payment proposition. The data elements and references used in the entire procurement process can be the same, saving costs and improving quality when automating request-for-proposal (rfp) processing, reconciling invoices against orders and invoices against payments. Once trading partners from the SME sector have moved to e-invoicing it is relatively easy to for them to move from paper practices also in rfp, offering and ordering phases, if the same service can also be used for these. Benefits from less cost from fraud and fraud prevention can also be achieved, as the service providers involved have to evaluate their customers’ business standards before they are signed up.

The practical changes relate to automation, and process orientation - directed towards an ideal of rationalizing administrative tasks in order for staff to focus on more demanding and motivating practices. This would, of course, in some cases mean that the firm does not need the personnel, and at least require the company to provide the personnel with training for other tasks.

5.3.2. Sending invoices

E-invoicing, can especially in the context of sending invoices, imply significant changes to the current firm set-ups. Non-automated invoicing requires a substantial workforce for data input, data checking, and error correction, not only in invoicing and payments but also in the previous document exchange phases.

Numerous large organizations have made calculations focusing on cost-saving potentials achievable by demanding incoming invoices and other documents as structured data. The Finnish State Treasury arrived at a cost of 30 euro per incoming paper invoice versus 10 euro for an e-invoice, and 1 euro for a fully automated e-invoice (State Treasury). Finnair, the Finnish flag carrier, concluded that the cost for an incoming paper invoice is 40 euro (Penttinen, 2008), while Electrolux, the Swedish consumer electronics company, arrived at close to 50 euro.

The cost savings from moving to e-invoicing on the sending side are smaller as processes in the high volumes have already been automated and special rates have been negotiated with postal organizations. Comparative studies by Koch (2007) put the savings potential for sales invoices in the 3–9 euro range. E-invoicing is, however, a step towards digitalizing and automating the entire procurement chain. The benefits of a total integration and dematerialization of the process have been estimated to range from between 25 euro per cycle in the pharmaceutical industry, to more than 70 euro in the home appliance sector.

Large enterprises can also get part of the benefit when automated invoice financing makes it easier for their suppliers to sell receivables and often obtain cheaper financing. Other benefits from switching to e-invoicing practices include making consolidated behavioral information available to customers via the invoice payment process – thus improving up-selling. Customer services can also be improved and made more cost efficient by linking invoices to user instructions and warranty documentation. In cases where increased interactivity is beneficial, an electronic invoice can provide a wealth of opportunities not available via paper-based invoicing.

5.4. Practices in e-invoicing: some conclusions

This case study represents only a part of all the practices related to invoicing, but pinpoints several practical changes that a seemingly ordinary collection of practices can undergo. The case highlights the need to view the market of e-invoicing, not only as the demand and supply of the “services” of e-invoicing, but from a practical perspective as changes/improvements in the practices of numerous different practitioners in the network related to e-invoicing.

The e-invoicing case highlights the characteristics of value creation embedded in practices discussed above. First, it is clear that practices related to e-invoicing are contextually determined. Firms introducing e-invoicing services must take into consideration not only the service per se and the consumer of that service, but ensure that other contextual elements of e-invoicing (tools, images, and skills) match the proposed new ‘way of doing’ invoicing. This would, for instance, mean that the provider needs to make sure that the necessary infrastructure and resources exists for different actors, and that the images related to e-invoicing would be appealing to all parties (not only cost efficient for companies, but also convenient for consumers).
Table 1

Summary of the e-invoicing market as practices.

<table>
<thead>
<tr>
<th>Practitioner</th>
<th>Practice as it is</th>
<th>Practical changes (use value)</th>
<th>Possibilities for exchange value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Citizens</strong></td>
<td>Picking mail from</td>
<td>New practice: Receiving and</td>
<td>Citizens value for service provider may be embedded in the value of a more convenient and less time-consuming practice. Citizens are, however, in many cases also aware of the cost savings this brings to service provider, and is accustomed to use direct debit for free.</td>
</tr>
<tr>
<td></td>
<td>mailbox. Collecting</td>
<td>accepting invoices electronically and paying with one click (e-bank case).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>invoices (in a pile, stick them to refrigerator).</td>
<td>Practical benefits: Don’t have to key in amounts, payment receivers, dates and reference numbers. Do not have to remind oneself of paying in case of standing order. Do not need to handle paper copies. Do not need to reserve specific time for paying invoices. Can get more detailed information also in graphic form which can be compared to average of other users. Can get link to user manuals and warranty information.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reminding oneself</td>
<td>Do not need to reserve specific time for paying invoices. Can get more detailed information also in graphic form which can be compared to average of other users. Can get link to user manuals and warranty information.</td>
<td></td>
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<tr>
<td></td>
<td>to pay invoices.</td>
<td>New practice: As for citizen role but with duplicates sent to accounting services for automating posting.</td>
<td>Exchange values as for citizen role – in the employee or entrepreneur role the time spent on administrative routines can be assigned value. When including the cost savings from automating accounting entries the total savings per entry has been estimated to be 7 – 45 euro. Additionally, financing costs are lowered as cash flow is improved with more frequent invoicing and faster payments. Credit risks and cost for risk insurance are lowered as receivables are cut moving to higher invoicing frequency. Fraud and fraud prevention costs are lowered. VAT reporting, payments and auditing is more cost-efficient. As savings are substantial it is likely that the service charges can be high enough to cover investments.</td>
</tr>
<tr>
<td></td>
<td>Routines for</td>
<td>As for citizen role + Easier to outsource accounting.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>paying via internet.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Routines for visiting a bank.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SMEs receiving and paying invoices</strong></td>
<td>As for citizen role. + Collecting invoices. Archiving invoices. Sending copies to accounting.</td>
<td>New practice: As for citizen role but with duplicates sent to accounting services for automating posting.</td>
<td>Exchange values as for citizen role – in the employee or entrepreneur role the time spent on administrative routines can be assigned value. When including the cost savings from automating accounting entries the total savings per entry has been estimated to be 7 – 45 euro. Additionally, financing costs are lowered as cash flow is improved with more frequent invoicing and faster payments. Credit risks and cost for risk insurance are lowered as receivables are cut moving to higher invoicing frequency. Fraud and fraud prevention costs are lowered. VAT reporting, payments and auditing is more cost-efficient. As savings are substantial it is likely that the service charges can be high enough to cover investments.</td>
</tr>
<tr>
<td><strong>SMEs sending invoices</strong></td>
<td>Writing or typing on paper, forms or sending e-mail. Dropping invoices into a mail box (if postal).</td>
<td>New practice: Filling in e-invoice form in e-bank or non-bank portal, created in structural form and widely accepted format. Invoice service providers can reformat or provide in print when receivers so require. Invoices can be created also in spreadsheet and low-end ERP programs and sent as file transfer to service providers for distribution in several formats, and in print when preferred. Practical benefits: Same service can be used for sending invoices to consumers and businesses. Duplicates of invoices can be sent to receivers for approval and return to invoice financing provider. Same procedure can be used to automate VAT reporting and payments.</td>
<td>Cost savings, migrating to e-invoices, have been estimated to be between 3 – 9 euro/invoice. Lower credit margins can be achieved by using trading partner’s higher credit rating. VAT reporting, payments and auditing can be more cost-efficient. Cost savings are smaller on the sending side and it is possible that charges will be smaller than for receiving e-invoices.</td>
</tr>
</tbody>
</table>

(continued on next page)
<table>
<thead>
<tr>
<th>Practitioner</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Large organizations</td>
<td>Receiving and paying invoices</td>
<td>Receiving invoices from SMEs on paper. Receiving invoices from large organizations (invoices are to some extent electronic but usually in different EDI formats). Majority of invoices are manually transferred into digital format.</td>
<td>New practice: Invoices received in standard digital format. Automated payments. Automated approvals. Invoices from SMEs will increasingly be electronic and in the coming UNCEFACT/ISO cross industry invoice format and payment automation will be further standardized by using ISO20022 credit standard. Large enterprises will gradually move to the ISO standard. Practical benefits Significantly more efficient handling of invoices. Possibility to redirect resources to more productive work.</td>
</tr>
<tr>
<td>Large organizations</td>
<td>Sending invoices</td>
<td>Inputting data into digital format. Checking data. Correcting errors. Printing and mailing invoices to consumers and SMEs. Invoices to large enterprises are sent in EDI formats.</td>
<td>New practice: Invoices files are sent to service providers who distribute in required formats (including paper) to enterprise and citizens. Other features as above. Practical benefits Do not need to input data separately. Do not need to check data or correct errors. Do not need to print and mail invoices.</td>
</tr>
<tr>
<td>Society</td>
<td>Only 3% of 30 billion invoices in the European Union are electronic and in structural form. Paper and pulp industry produce paper. Transport companies transport paper used for invoices.</td>
<td>Electronic invoicing is foreseen to be the predominant way of handling e-invoices in 2012 as described above. Practical benefits Business will save processing, financing and risk costs substantially – making countries with faster uptake more competitive. The practice of sending and receiving invoices in electronic form will lead to automated accounting and serve as “learning-by-doing” for further layers of digitalization. A environment load reduction potential of 2.800.000 tons has been identified. Challenge to EU growth caused by worsening workforce shortage mitigated as fewer resources will be needed for less value-creating manual work.</td>
<td>Significant opportunities for exchange value through the practical benefits.</td>
</tr>
</tbody>
</table>
Second, there is a benefit from viewing the market and service of e-invoicing as foremost a practice, as the barriers and enablers of e-invoicing are mostly practical in their nature. invoicing is a low involvement activity, which means that the experiential side is primarily limited to less attractive feelings, and that the existing routines hold people back from engaging in new e-invoicing activities. People tend not to be willing to learn about these kinds of mundane services unless they are made to be very easy and approachable in practical terms. Hence, e-invoicing should not be made to appeal only in cognitive terms, but also to focus on removing barriers such as complicated identification and high prices, and on introducing it into applications already used by consumers.

Third, the case illustrates clearly the path dependency of invoicing practices. Our learning from the research process indicates that actors do not benefit from the elements of novelty, but rather from the elements of familiarity. This means that e-invoicing can benefit from having a close link to already existing practices of handling invoices. The development of e-invoicing solutions must be embedded also in historical terms, in the traditions related to invoices. For instance, elements of trust and reliability (identification) should not be removed from new forms of practices.

Fourth, it is obvious that value creation happens only when all resources, including the resources of most actors, come together. Hence, an engagement of citizens would hardly make e-invoicing a success. The network model shows that value creation happens only if all actors can, more or less simultaneously, engage in a system of improved and evolved practices.

Fifth, the practice-based approach provides a useful framework for understanding value creation in processual terms. invoicing has earlier, at least in a business-to-business context, been approached as linear mechanistic work flows, used to identify opportunities for cost savings and efficiency. The analysis showed that invoices are, both for citizens and workers in companies, collections of socio-culturally embedded practices. These insights can be used to shape the market and make exchange value possible.

Sixth, the case shows that value creation emerges from practical changes happening in the lives of citizens and in firm processes. The fundamental unit of value creation becomes the practice, and opportunities for exchange value emerge from the practices, rather than vice versa. The current exchange market for e-invoicing is small in comparison to the potential embedded in the practices (in which this exchange market also is embedded). For instance, the potential cost savings from automatic invoices in large enterprises significantly exceed the current "e-invoicing" product (exchange value) market.

The total value of the "e-invoice market" has not been estimated as the judgment by practitioners and experts in the field has had that benefits are "big enough anyway". It is, however, clear that the market potential described in this case is considerably bigger than the existing "e-invoicing" product (exchange value) market, estimated to be approximately 150 million euro.

The potential value produced by a full migration from manual invoicing to e-invoices with structured data is difficult to judge, as it falls in several domains. Market size estimates can be built on the facts (amount of invoices, cost items, and value improvement areas) that have been established in the different domains: (1) cost of handling, transport and material for approximately 14 billion manual business-to-business invoices has been estimated to up to 243 billion euro per year; (2) cost-saving from digitalizing 15 billion invoices and direct debit advices to consumers; (3) lower financing costs for senders via more frequent business-to-business invoicing leading to lower total of payments receivable; (4) lower financing costs as business-to-business e-invoices generally are paid closer to the due date; (5) lower credit risk costs in business-to-business (credit risk insurance, collection costs, credit losses) as payments receivables are lowered and non-recourse invoice financing is made easier; (6) lower fraud protection and fraud costs as service providers have to check invoice senders credentials; (7) lower IT-costs as global standards lead to more competition amongst service and IT application providers; (8) improved productivity as employees are freed up for more productive tasks; and (9) lower transaction costs in other parts of procurement and sales value chains as the e-invoicing tools can be used also for e-rfps, e-offers, e-orders, and e-confirmations.

The case is summarized in Table 1, in terms of (1) the "traditional" practices related to non-automated paper invoices, (2) the practical changes that automation ("e-invoices") has on the current practices and what the consequent value could be, and (3) how the gap between the "as is" practices and the "e-invoicing practices" can get exchange value representations. In the table we have also indicated potential benefits on a societal level.

6. Discussion

According to S-D logic, neo-classical theories of markets may not be sufficient for understanding how markets emerge and how markets can be defined. S-D logic has focused on understanding the processes of how resources are integrated (Vargo, 2007) in business ecosystems (Vargo, 2009). This paper takes a practical view to the processual understanding of markets (Reckwitz, 2002), and develops a conceptual argument for using practices as a starting point for defining markets. This approach was illustrated by describing the development of the market for e-invoicing practices in Europe.

Andersson et al. (2008), Araujo et al. (2008), and Kjellberg and Helgesson (2006) suggest that markets are performed as actors engage in market practices. Instead of studying market practices we focused on practices as markets: assessing the value of a market by analyzing the practices that are carried out in a market viewed as a network of interdependent actors. The article contributes to S-D logic by: (a) promoting a socio-cultural view to value co-creation, (b) illustrating how resources are integrated and put to use in everyday consumption and work, and (c) describing in processual terms how use value occurs from practical engagements.

The case study demonstrates that e-invoicing is a complex combination of resources related to a heterogeneous set of practices. The case, hence, represents a description of a service category that is difficult to understand as one service, or as one market, at least using traditional market and marketing constructs.

The e-invoicing market was depicted as a collection, and a system of practices that are related to invoicing. As the illustration shows the analysis gives insights into how this market can become an exchange market, by adapting and integrating e-invoicing to already existing forms of living and working. In this perspective, e-invoicing would become a historical improvement of invoicing that would not necessarily be disruptive, but rather a series of significant improvements.

As an exchange market, e-invoicing is still in its immature phases and can only in the future, or perhaps not even then, be described as an equilibrium of demand and supply. As mentioned, only 3% of current invoices in the European Union are handled with an automated e-invoicing process. Using a practice-based approach would have been able to discuss a market that goes beyond current exchange, and show clear and undisputable opportunities for resources to integrate into new, improved practices. Evolving into these practices constitutes massive value potentials in terms of efficiency, effectiveness, and also socio-cultural benefits related to firm processes, citizen convenience, and ecological conscience.
7. Conclusions

The practice approach has not previously been addressed in literature in these terms, and this paper is by no means an attempt to present a complete framework. Hence, the paper is to be viewed as exploratory, offering an illustration of how such an analysis could be carried out. We argue, however, that adding depth with extensive empirical research and a scholarly discussion, the practice-based approach has the potential to contribute to S-D logic in terms of enriching our understanding of how resources are integrated, how value is formed, how markets “work”, and how firms can enhance value co-creation.

As a conclusion of this research we suggest that S-D logic could incorporate the following practice-based viewpoints: (a) practices are a fundamental unit in value creation – value is created as actors engage in practices; (b) practices are resource integrators – value is created as customers integrate socio-cultural resources; (c) firms are extensions of customer practices – customers are not extensions of firms’ production processes; value co-creation happens as firms participate in customer practices; (d) value propositions are resource integration promises – firms enhance value creation by providing resources that “fit” into the practice constellations of customers.

We believe that the practice-based view is a valuable complement to the exchange paradigm proposed by Bagozzi (1975), enabling a market view that includes both exchange value and use value (Venkatesh and Peñaloza, 2006). The embeddedness of value creation means that firms should not focus on economic exchange per se, but on the practical relations between the socio-cultural resources (available in the market space called everyday life) that functions as prerequisites for current and future consumption. An analysis of economic exchange gives a “rear-view mirror” perspective on the market, whereas a practice-based approach enables an understanding of emerging economic exchange.

A future research agenda would entail an engagement in more systematic ethnographic research of invoices practices described in the case. Longitudinal research is also needed into how new practices emerge as technology provides the necessary elements for firms and customers to gradually move towards more automated ways of invoice handling.

The process of applying a practice-based approach needs to be extended into other empirical settings. Interesting settings would be practices related to mature industries, such as groceries, or industries driven by technology disruption, such as the application of communication technology in various practices of everyday life, in home environments and/or in the context of social relationships.

There is also a need to continue the theoretical developments: to develop a better understanding of how customer practices can be used as units of analysis for exploring value creation, and to expand the practice-based approach in a SD-logic context into a more comprehensive theory about value creation as a practical phenomenon happening in the socio-cultural setting of everyday life.

References

