

Strengthening customer retention in the service sector: Can value co-creation help?

A case study

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Abstract

Purpose

The goal of this research is to explore possible ways and strategies to implement co-creation in the service industry to support companies with their customer retention. Here, value co-creation process of the service dominant logic is taken into account. Thereby, actions are investigated in order to strengthen the customer retention in the service sector. The focus lies on advertising agencies which act as the service provider in this research.

Methodology

In order to get an overview of the theoretical principles service dominant logic and co-creation in the service sector, a structured literature review is conducted. Advertising agencies are selected as the focus is on service providers and for the case study an agency from Münster, Germany is chosen. The case study of an advertising agency from Münster is carried out not only by means of semi-structured interviews with employees, but also with clients belonging to the existing customer base of the agency.

Findings

The findings reveal that in today's business environment customer value co-creation is increasingly important. Digitalization enables easier ways of communication between service providers and their clients. Due to that, customers want the special feeling of being in good hands at any touchpoint with the company. Nevertheless, current customer relationships with existing customers lack the relevant attributes. To keep the existing customers and to maximize the loyalty towards the company, co-creation can be integrated wisely to a certain degree.

Theoretical implication

From the academic perspective, this research complements existing literature on customer retention in the service sector. Even if the existing theory implies actions for integrating co-creation in the service sector, this research further presents suggestions for customer retention within advertising agencies. Moreover, the service dominant logic acts as the main pillar in order to strengthen customer satisfaction and thereby customer retention.

Practical implication

The resulting possibilities to integrate co-creation in the customer retention progress and recommendations to strengthen the customer retention should help service companies to keep existing customers more efficiently and to redefine their customer marketing strategy. The in-depth analysis of the chosen agency provides insights on to what extent value co-creation can help in maintaining existing customers or why the co-creation process is not applicable for some customers.

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List of Abbreviations

SDL	-	Service Dominant Logic
SME	-	Small and Medium sized enterprises
B2B	-	Business-to-Business
B2C	-	Business-to-Consumer
CVCC	-	Customer Value Co-Creation

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1. Introduction

Nowadays, with the development and increase of the digital world and continuous advancements in technology, customers are seeking for more and more valuable services and products. They are seeking for added value. Service providers in general try to deliver the best possible products and services to their clients. This research focuses on a special type of service providers, namely advertising agencies. Advertising agencies are constantly in contact with its clients, who expect high quality services and products at any time.

A case study, which is an advertising agency from Münster, North-Rhine Westphalia, has been chosen due to its problems with its customer retention. The chosen advertising agency provides branding, digital marketing solutions, illustration purposes as well as marketing communication services. As the number of service companies in Münster is steadily increasing¹, it is of great importance for advertising agencies to distinguish themselves from its competition in terms of service and quality. Thus, a possible reason for the customer dropping is that competitors lure the clients away. For this reason, it is of great importance to keep already existing clients as it is a main function of the business activities of advertising agencies. Moreover, acquiring new customers is suggested to cost up to five times as much as it does to retain existing clients (Christopher & McDonald, 1995).

However, the services offered by advertising agencies are not considered to be cost-effective and therefore clients demand only the best and high-quality products and services. Clients search for agencies that work professionally, supply best quality and value at an affordable price. This is not always viable and clients terminate the business relationship. Another reason for losing customers is an attitude of indifference on part of the service provider. Clients look for a good and valuable relationship in which they feel appreciated and being in good hands.

Additionally, customers may terminate the business relationship with the existing service provider due to the influence of friends. Good word-of-mouth and recommendations expressed by friends can lead to the shift towards another service provider.

Even if there are many reasons for customers to quit a business relationship, there are new advantages within the communication between clients and service providers. The way service providers can communicate with their clients has changed in the last decade. More and more possibilities to communicate arose. In the past, the communication was rather one-sided (Hettler, 2012). Due to the advancing technologies, communication has moved to another level. As a result, this can have an impact on the strategies and actions that the service providers carry out. Exchanging information between customers and companies has become easier these days due to smartphones, e-mail and social media networks. Moreover, the wealth of information leads to a decrease in the information asymmetry between the agency and customers (Prahalad & Ramaswamy, 2004). Furthermore, this digitalization enables companies to respond to rapidly changing customers' needs. (Füller, Mühlbacher, Matzler, & Jaweck, 2009).

¹ Enterprises Münster by economic sections retrieved from https://www.stadt-muenster.de/fileadmin//user_upload/stadt-muenster/61_stadtentwicklung/pdf/jahr/Jahres-Statistik_2016_Wirtschaft.pdf

This research focuses on customer value co-creation (CVCC) in the service sector. Co-creation implies shifting the focus from the company to the customer. Customers should take a more active and more relevant role in the value creation (Prahalad & Ramaswamy, 2004). The term co-creation goes along with the theory of the service dominant logic (SDL) as proposed by Vargo and Lusch (2006). SDL describes a shift from the traditional view of goods-dominant logic to a service-centric perspective. The business growth and survival are determined by customer experiences and of course by value propositions which are delivered via products and services (Bryman & Bell, 2011). Moreover, as a determinant of customer retention, customer satisfaction is often mentioned in the context of relationship marketing (Hennig-Thurau & Klee, 1997). Kotler (1994) underlines this by adding that “The key to customer retention is customer satisfaction” (Kotler, 1994, p. 20).

Overall, this research examines the possible involvement of co-creation in order to maintain already existing customers in the field of advertising agencies with the help of a case study. Therefore, the following problem definition with corresponding research questions was developed.

1.1. Problem statement

Customer retention in the service sector is a widespread issue for marketers (Hennig-Thurau & Klee, 1997). Especially for advertising agencies, which are dependent on its customers, it is necessary to find ways to keep existing customers. The chosen case study for this research is **wueins concept**. The company has fifty existing customers who are tried to be attracted again after a service has been performed. The turnover made by existing customers is of great importance for the firm, but the recovery rate on following services and products is quite low. As proposed by Christopher and McDonald (1995), retaining existing customers has many advantages in comparison with acquiring new customers. They see the possibility that existing customer who are satisfied customers are more likely to place bigger purchases with the company. As a result, satisfied and loyal customers become easier to sell to. Moreover, retained customer are often less price sensitive and less inclined to switch suppliers (Bain and Company, 1995). Existing literature further argues that the higher the level of customer satisfaction, the higher the level of customer retention (Ranaweera & Prabhu, 2003).

Nonetheless, the corresponding employee of wueins concept has problems to attract these existing customers again and to create **customer retention**. Possible reasons for that greater decrease as mentioned by the corresponding employee of wueins concept are the weakening quality of the services and products, the high pricing, less demand for advertising agencies and shifts in the contact persons. Wueins concept tries to maintain the existing customers with the help of small gifts during Christmas time and with regular newsletters. Nevertheless, the clients do not seem to be attracted by the company any longer and do not reply to different mailings. In this context, the employees of wueins concept did not think of integrating the *co-creation process* yet even if this is a huge area in the *service dominant logic*, in which intangibility, exchange processes and relationships are central (Nigam, 2014).

Co-creation is expected to provide a solution for the customer retention problem due to several reasons. The integration of the customer more in the conception process can lead to a more satisfied customer. Since the customer feels more appreciated when his or her own ideas and suggestions are incorporated, a joint value creation also has a positive impact on the long-term relationship between the supplier and the customer.

1.2. Research question

Therefore, the research goal is to explore possible ways and strategies that can support wueins concept with its customer retention efforts and can create value for both, the service provider and the customer. In order to give wueins concept advices for its future, a central research question is developed: **To what extent can value co-creation help in strengthening customer retention in the service sector?**

Sub-questions that help for the purpose of answering the central research question:

- What are potential ways of maintaining good B2B relationships in the service industry focusing on the service dominant logic and co-creation?
- How can co-creation lead to higher value creation in the service sector?
- What types of value proposition can attract existing customers again and again?
- What are pitfalls in service dominant logic of businesses and how can these be avoided?
- What are key challenges in maintaining customer retention?

1.3. Outline of the thesis

In order to answer the research question and to give recommendations, this study is structured as follows: First, the case study is introduced with an in-depth description of the company including the results of its internal and external analysis. In the next chapter an overview of the theoretical framework with a review on the concepts of customer value, co-creation, SDL and customer retention is granted. Here, gaps in the literature are identified. Followed by the methodology chapter which includes the research design, data selection and trustworthiness of the study. Afterwards, the results of the conducted interviews are presented. An analysis which puts the theory in relation to the conclusion from the interviews follows. In the end, conclusions and advices for wueins concept complement the research. Within the discussion part, theoretical and practical implications as well as limitations and suggestions for further research conclude this research paper.

1.4. Theoretical and practical contribution

This research paper has important theoretical implications for the concept of value co-creation in B2B markets in the service industry and identifies possible gaps in the literature.

Most articles solely present the definitions of SDL, co-creation and customer retention (Aarikka-Steenroos, Grönroos, Vargo & Lusch) but do not offer exact implementation actions applicable to the service sector, especially in the case of advertising agencies.

The results of this research can further be used in courses of the Business Administration specialization at the University of Twente. Additionally, the results of this study are academically relevant because it combines previous studies in the scientific literature and already available concepts regarding co-creation and customer retention with the results of the case study. This results in new conclusions regarding concepts for customer retention strategies and co-creation and its applicability to organizations.

Moreover, the results of this research have some practical contributions. Valuable recommendations and advices will be given to the company which can lead to future beneficial results and business performance improvements. For CEOs of service provider companies, it is essential to know how to maintain existing customers best. Co-creation can help in some instances and thus the recommendations of this study can be of practical relevance. Managers can benefit from the results of the interviews since the results vary from a positive thinking of co-creation for customer retention to a negative opinion of co-creation in the business relationship in the service sector. For advertising agencies, it is crucial to know to what extent value co-creation can be a positive way to keep their current customers and to deliver them even more value.

2. Case Study

This chapter starts with a short introduction of the company, with its main operations and values. Then, the situation and complication are outlined in more detail. Afterwards, the company's internal and external analyses are investigated resulting in a description of the company's strong and weak points.

2.1. Company description

Wueins concept is a small but smart advertising agency with seven employees located in the middle of Münster, North-Rhine Westphalia. Founded in 2005, wueins concept operates in the service industry and focuses only on B2B customers. Their main customers are small and mid-sized companies (SMEs) that come from all industries, associations and organizations in Germany.



As presented on the website of wueins concept, the clients come from the retail, automobile, consulting, gastronomy, tourism, manufactory, architecture and insurance sectors. Moreover, institutions such as public utility, parish and other registered associations are part of the customer base.

The customer base of wueins concept includes 180 businesses from which 50 can be described as existing customers. Strategic planning as well as operational implementation are the main services of wueins concept. Thereby, the agency delivers concepts that make their customers more attractive and profitable. The services and products that wueins concept delivers vary from the creation of a slogan up to deepening marketing activities like the development of a corporate identity for its clients. The agency brochure outlines three key activities which are displayed in Table 1.

1) Strategy	2) Traditional media	3) Digital media
<ul style="list-style-type: none"> • Communications consultancy • Corporate identity • Idea finding • Marketing support • Branding 	<ul style="list-style-type: none"> • Corporate design • Campaigns • Packaging design • Point of sale (POS) • Direct marketing • Ambient media • Sales promotion • Trade fair concepts • illustration • Public relation and press communication • Copywriter • Photography 	<ul style="list-style-type: none"> • Web design • Online advertising • Newsletter • Shop & e-commerce systems • SEO/SEM optimization and marketing • Content management systems (CMS) • Responsive web design for mobile devices

Table 1: Key activities wueins concept (wueins concept brochure, 2018)

Working in close collaboration with the clients, the employees of wueins concept align all services according to the clients' budget. The agency stands for creativity, efficiency and short reaction times. Depending on the industry of their clients, different marketing tools are of importance. Wueins concept seeks to put their clients in the right light.²

“The organizational climate is very pleasant and familiar here at wueins concept. We call each other by the first name and have funny company events”.³ Every employee of wueins concept has his or her own responsibilities and is specialized in a different area. Further, every person in this company has an own role and this complies with the role culture as mentioned by Handy

² Jan Biermann, wueins concept, 2015

³ Leonie Huber, wueins concept, 2018

(1999).⁴ With the help of weekly meetings, the employees can exchange the newest developments within their projects. Thus, they can gather new ideas from their colleagues which can be helpful for their own conception and implementation. However, employees can exchange information and knowledge so that their roles can be enlarged to support the company even more. The organizational chart can be found in Appendix A.

2.2. Description of situation and complication

Even if the company description sounds quite positive, the agency is still suffering due to difficulties to keep existing customers. In order to give them recommendations for the future to strengthen their relationships with their clients, the current relationship with its clients is investigated.

Wueins concept has around fifty existing customers which are other German SMEs. For the acquisition of new customers, the company regularly sends special boxes to potential customers who should be attracted. This list of potential clients is regularly adjusted and kept in mind of the employees. Within this promotional box, a personal cover letter, a post card and a gift can be found.⁵

For instance, in order to attract a new target group, namely architects, an initiative called “arceting” is developed which only focuses on architects in whole Germany and is supported via an own Facebook page and a flyer. Gaining new customers is not a big problem for wueins concept. Their main focus lies on maintaining good relationships (which of course includes generating revenue) with already existing customers. Delivering one service as for instance creating a responsive website is for some clients already enough. Many clients do not seek for any more help from the agency. To create value and thereby loyalty from the customer is the main goal of wueins concept. Long-lasting B2B relationships would be favorable. The problem that the company is facing these days is that there is no response from existing customers for next actions, marketing steps or other services that wueins concept delivers. Potential reasons for not recurring to wueins concept may be the high costs and also the clients’ way of thinking that they can do their promotion and marketing themselves from now on. Employees of wueins concept are working hard for creating new concepts for their clients which should in turn lead the clients to a more successful business. Clients ask for new concepts and strategies and wueins concept offers them many possible ways to do that; but the feedback is missing.⁶

⁴ see Appendix A

⁵ see ²

⁶ see²

2.3. Internal analysis

In the following, some elements of the internal analysis are presented in order to gain insights into the operating principle of wueins concept.

Wueins concept differentiates themselves from its competition by offering unique products which are innovative and of high quality. This is supported by their mission “against the arbitrariness” (wueins concept, 2018). Thereby, the agency does not focus on offering the best prices but on offering unique products which perfectly fit to the clients demands. Further, the agency does not target a special group of customers, every SME in Germany can be client of wueins concept; no matter in which business the client operates. Thus, the agency does not concentrate on only one market segment. Its target scope is rather industry wide.

Considering these factors, wueins concept makes use of the differentiation strategy as proposed by Porter (1980). A high product uniqueness and broad target group are indicators for the differentiation strategy.

Target scope	Advantage	
	Low cost	Product uniqueness
Broad (Industry Wide)	Cost leadership strategy	Differentiation Strategy
Narrow (Market Segment)	Focus Strategy (low cost)	Focus Strategy (differentiation)

Figure 1: Generic strategies (Porter, 1980)

Wueins concept further has a strong customer focus. Delivering customized services and products which are perfectly matched to the clients’ needs and demands is of great importance. Customer satisfaction, customer relations and services provided are therefore the core values of wueins concept and is underlined by a quotation of wueins concepts’ CEO: “It is our daily mission to recognize your needs with curiosity, creativity and talent to provide the greatest possible value.” Knowing these core values, wueins concept concentrates on customer intimacy as its main value discipline as proposed by Treacy & Wiersema (1993).



Figure 2: Value disciplines, Treacy & Wiersema (1993)

For the customer marketing, wueins concept uses *Base*, a CRM system. *Base* enables all employees of wueins concept to open contact cards of clients and thereby knowing all necessary information about the corresponding customer. This is helpful when the corresponding employee is not available. Moreover, the system can store call records, recordings, notes and e-mails between the company and the client.

As the turnover made by advertising agencies is expected to grow constantly, the market growth can be classified as high which means that wueins concept should definitely make use of this trend for themselves. Figure 3 represents the change in turnover of advertising agencies in Germany in contrast to the previous year.

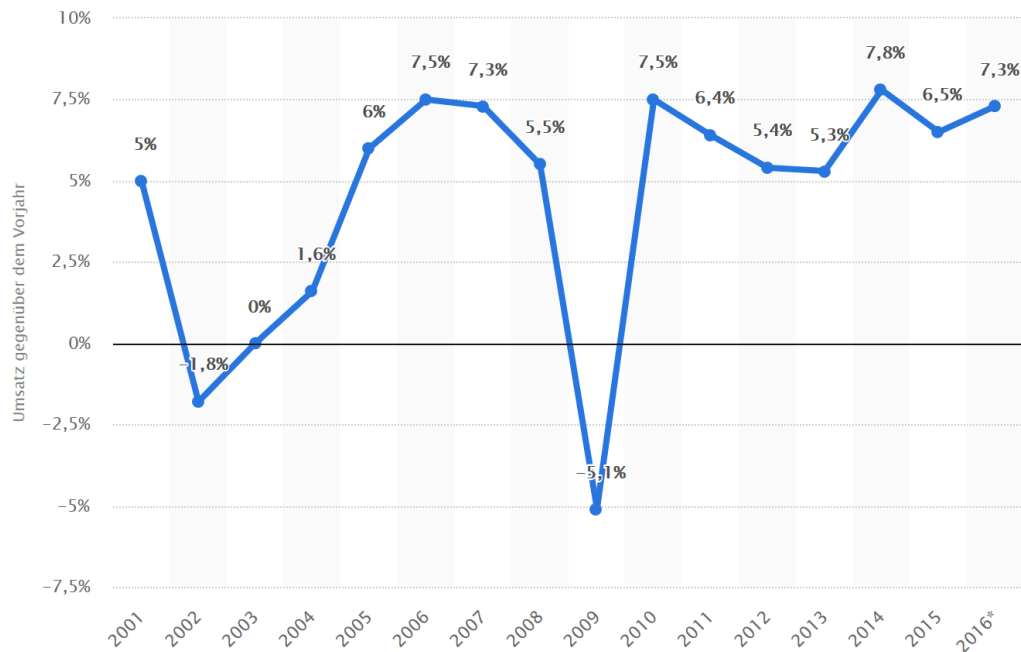


Figure 3: Change in percentage turnover advertising agencies Germany (Statista, 2017)

The total amount of advertising agencies in North-Rhine Westphalia is 289. The total amount in Germany is 1013 (Werbeagentur.de, 2014). North-Rhine-Westphalia represents by far the largest share of advertising agencies in Germany. Regarding the market share of wueins concept, no financial information is given. However, based on an interview with the CEO, the agency has a high market share in the region Münster. The agency can therefore be classified as a star according to the BCG Matrix (1970). Here it is important to mention that this classification is based on the competition in Münster. “Stars are the leading products and are classified by a rapid market growth and a towering market share. Stars need a lot of investment to keep their position, to support further growth as well as to maintain its lead over competing products. This being said, star products will also be generating a lot of income due to the strength they have in the market. “ (Professional Academy, 2015).



Figure 4: BCG Matrix

2.4. External analysis

The following extracts from the external analysis consist of a customer analysis, the sector analysis and the competitors' analysis for wueins concept.

As mentioned already in the company description, wueins concept has only B2B customers from diverse industries and branches. Moreover, the customers are to some extent geographically segmented; all clients are located in Germany. Nevertheless, the customers are not segmented by their industry, size, location in Germany, buying patterns or their technology at their disposal. Due to the fact that the customers are not clearly segmented, the possibility that those customers are also not targeted and positioned correctly could also be a reason for the customer retention problem. The agency has many inactive customers who are not seeking any service or product at the moment. Customers of wueins concept look for individual high quality and professional products and services that fulfill their demands. Theoretically, every B2B company in Germany can be a potential client for wueins because nowadays every company makes use of advertising agencies. The services that clients want from wueins concept vary from the creation of a slogan up to deepening marketing activities like the development of a corporate identity. North-Rhine Westphalia is economically very strong and the amount of retail businesses in Münster is very high as figure 5 displays (Stadt Münster, 2018). In 2016, Münster counted 13175 enterprises in total which is an increase of 124 enterprises in contrast to 2015.

10.2.2 Unternehmen nach Wirtschaftsabschnitten

Jahr	Unternehmensregister (URS 95) in Münster - Unternehmen nach Wirtschaftsabschnitten						
	Ins- gesamt	darunter nach ausgewählten Wirtschaftsabschnitten (WZ 2008)					
		Q Gesund- heits- und Sozialwesen	G Handel, Instandhal- tung und Reparatur von Kraft- fahrzeugen	C Verar- beitendes Gewerbe	N Sonstige wirtschaft- liche Dienst- leistungen	K Finanz- und Versiche- rungsdienst- leistungen	M Erbringung von freiberuf- lichen, wis- senschaft- lichen und technischen Dienst- leistungen
Anzahl der Unternehmen							
2006	12 697	1 159	2 367	587	610	253	2 277
2007	13 031	1 176	2 361	575	628	286	2 423
2008	13 166	1 188	2 351	592	652	289	2 444
2009	13 318	1 209	2 269	582	693	271	2 498
2010	13 539	1 217	2 291	578	706	284	2 603
2011	13 612	1 217	2 265	563	703	294	2 666
2012	13 702	1 247	2 213	573	732	294	2 721
2013	13 759	1 250	2 241	582	747	305	2 738
2014	13 746	1 252	2 203	575	753	286	2 736
2015	13 051	1 259	2 159	561	765	297	2 751
2016	13 175	1 277	2 151	544	769	305	2 767
2017

Figure 5: Enterprises Münster by economic sections (Stadt Münster, 2018)

Particularly because the market increases, it is important for decision makers in these competitive markets to look for new ways to generate sustainable growth. Wueins concept offers already existing products to new markets, no matter which market the client operates in. Of course, the agency is always striving for new innovative ideas but the main services and products do not change often. Having a potential client list with B2B customers from all industries and institutions, wueins concept taps into new markets on a regular basis. Therefore, the Ansoff Matrix (1965) can be used to classify the company according to the market and product growth. The matrix distinguishes between existing products and new products and existing markets and new markets. The products that wueins concept delivers already exist on the market. Nevertheless, the agency tries to adapt the products and services according to the needs and demands of the clients and strives for innovations. Thus, wueins concept uses the market development strategy.

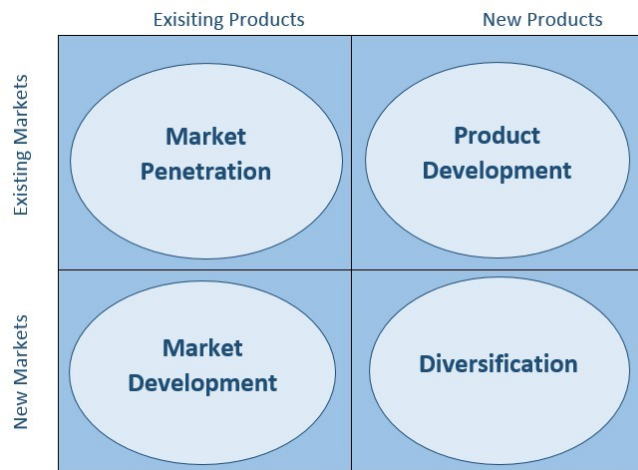


Figure 6: Ansoff Matrix (1965)

Referring to the interview with the CEO, market development is the most logical growth strategy due to the increase of competitors in Münster. Münster has more than 80 registered advertising agencies (Google, 2017). The rivalry can be estimated as high. Most of the competitors are also full-service agencies, so their product portfolio is almost the same as the one from wueins concept.

Figure 7 provides an insight into the marketing communication and advertising agencies in Münster. Identified as the strongest direct competitors in Münster by the CEO of wueins concept, *living concept* and *Team Wandres* are mentioned.

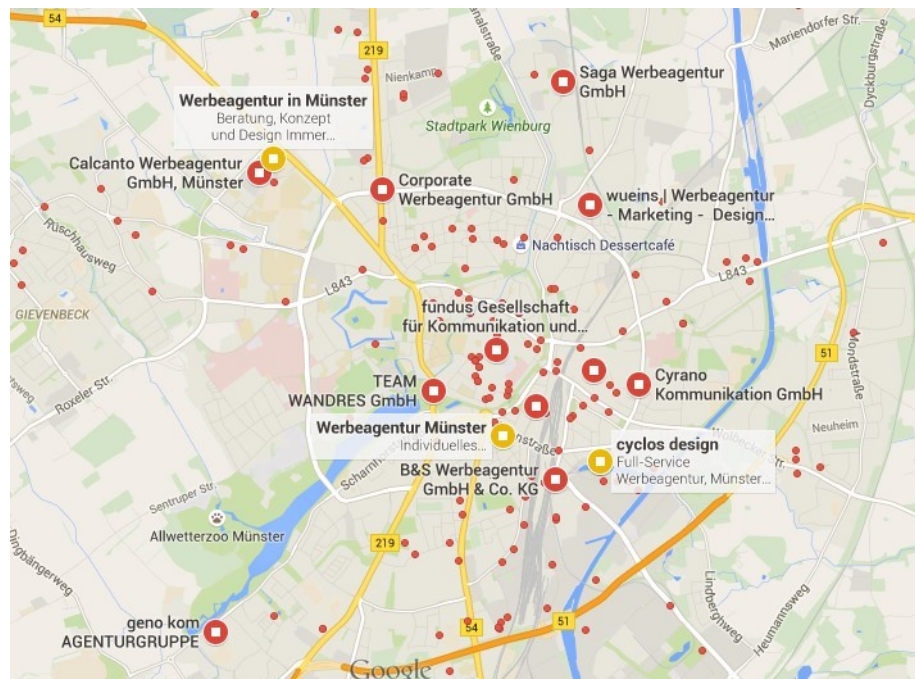


Figure 7: Competition Münster

2.5. SWOT analysis

The results gathered from the internal and external analysis of wueins concept reveal some strengths and weaknesses as well as opportunities and threats. Also, the introductory conversation with the responsible employee of wueins concept discloses some strong and weak points. Table 2 demonstrates the main aspects.

Strengths	Weaknesses	Opportunities	Threats
Customer orientation	Segmentation and targeting of customers	High market growth	Strong rivalry in Münster
High quality	Staff turnover	Purchasing power of customers	No need for advertising agencies any longer
Unique/innovative products	Small team in comparison with competitors	Münster as economic strong and liveable city	
CRM system	Few promotion activities		
Young professionals	Customer relations		

Table 2: SWOT results

To conclude, wueins concept can improve its business activities much in order to achieve a better stance. Even if the strong aspects as of example a strong customer orientation, supply of high quality and unique and innovative products, a good CRM system and young experts are apparent, there are some weak points combined with threats which should be converted into a more positive outcome. As a potential reason for the customer retention problem at wueins concept, the non-existent segmentation of the current customers can be mentioned. Moreover, strong competition in Münster makes it difficult to stand out from the other advertising agencies. A high staff turnover and a relatively small team impedes a good relationship marketing and consequently customer retention. In addition, the agency should underline its added value to its customers in order to retain these.

3. Methodology

This methodology chapter is divided into two parts: (1) literature review and (2) qualitative study. The qualitative study section will focus on the overall research design, including the research strategy, intended data collection methods with the subjects of study and the sampling strategy. In the end, the trustworthiness of this study is presented.

3.1. Literature review

First, a structured literature on the topic of customer retention, value co-creation within a B2B context and strategic dominant logic is executed to see which literature already exists.

For the literature review, several online databases for academic articles are used. The main sources for this research are Elsevier, Web of science, Scopus and Google scholar. Furthermore, different journals such as the Journal of the Academy of Marketing Science are used to gain more insights into that topic. The key words that were used for the literature review are for example *customer retention*, *service dominant logic*, *value co-creation*, *value-in-use*, *customer value* and *value co-creation*. As the topic of co-creation is discussed already for years, literature from the 1990's is also investigated.

For more recent literature, blog posts and nonacademic articles are used to look for more information on customer retention.

3.2 Qualitative study

As the most important part of this research, a case study is executed. The case study is outlined by field-research and of qualitative nature. It implies an explorative research design due to the fact that exploratory research helps to have a better understanding of the problem when exploring the research questions. As mentioned by Singh (2007), the exploratory research is “the initial research, which forms the basis of more conclusive research” (Singh, 2007). Advantages of that design are the flexibility and adaptability to changes.

With the inductive reasoning, the interpretation of the collected data is encouraged and a new theory emerges from observations and findings (Bryman, Bell, Mills & Vue, 2011). The inductive approach is generally associated with qualitative research which is also applied in this research project because it rather generates theory compared to quantitative research which uses a deductive approach where theory is tested (Bryman et al. 2011).

A qualitative research strategy is chosen because it rather emphasizes words than quantifications in the collection and analysis of data. For the company, qualitative data and findings about the possible strategies for existing customer marketing are more important than quantitative data. Therefore, semi-structured interviews are used. An advantage of semi-structured interviews is that there is room for picking up on things said by the interviewee and arising questions in the mind of the interviewer can be asked. Further, this way of asking questions in qualitative interviews is very flexible.

The results should help the company to maintain their current customers and will answer the main research question.

Due to the fact that only one case study is involved, the results are not completely generalizable.

3.2.1. Data collection

The customers were selected with respect to their time period of being a customer of wueins concept. Thereby, clients who are categorized as established customers, which means that they have a retention period of at least 2 years were approached. For the interviews, only the responsible persons who are in contact with wueins concept were requested. To also have more insights from wueins concept as the firm having problems with the customer retention, 2 employees have been asked to answer questions on that problem. In total, 8 clients of wueins concept were willing to participate in this study.

In the first instance, the researcher contacted the clients via e-mail to thank them for their willingness to participate in this research. Furthermore, they were introduced to the topic and the purpose of interviewing. 5 of these 8 interviews with clients were conducted via Skype and telephone because the clients were from Hamburg and Munich. The other three clients were so kind to invite the researcher to their company. In total, eight interviews were conducted in a time period of 4 weeks. The longest interview took 30 minutes and the shortest one (via telephone) only 15 minutes.

Employees of wueins concept do not know which companies agreed on the interviews to get honest answers from the interviewees. The interview guide was created with the help of Bryman and Bell (2011) as they offer tips and skills to conduct semi-structured interviews and provide a scheme for formulating an interview guide. The interview guides for the employees of wueins concept as well as for the existing customers are provided in Appendix B. It serves as a guideline for conducting the interviews. To have all information given during the interview, the interviewees have been asked if they agree recording. As the clients are German firms, the interviews are transcribed in German.

3.2.2. Subjects for study

For this study, **8 interviews with existing clients of wueins concept** are the main sources of qualitative data collection. After discussing the research project in detail with wueins concept, the CEO got in touch with his clients as a first step by introducing his reason for contacting them and asked them to do an interview with the researcher. He introduced the topic to them and asked for their permission. 8 clients responded and were willing to answer the interview questions. As a next step, the researcher contacted these 8 clients by introducing the purpose again and asked for scheduling an appointment for the interview. Here, the person who is in contact with the agency has been interviewed. The interviewed clients come from all different branches and industries. In order to keep the anonymity of the interviews, the branches are not further described.

3.2.3. Interview structure

The goal of this study is to get to know to what extent value co-creation is useful in order to maintain already existing customers of an advertising agency. Therefore, eleven questions on the topic of value co-creation have been asked to existing clients. The interview questions were developed and constructed according to the emerging sub questions for this research project.

The interview starts with a general question on attributes that agencies should encompass in order to get a first impression of what the interviewees regard as important. Other questions are about the duration of the business relationship with wueins concept and reasons for choosing the agency. This gives an overview about how new customers are attracted. Afterwards, questions on the business relationship with wueins concept are asked. These include the services and quality of services and products that the agency delivers. Moreover, reasons why customer retention does not work properly at the agency are discussed with the interviewees. The current strategies of customer retention are elaborated and the actual need has been investigated. In addition, all interviewees grade the company from 1 which is the best grade to 6, which is the worst. This represents an overall view of the cooperation between the clients and wueins concept.

3.2.4. Data Analysis

“Qualitative data analysis is the range of processed and procedures whereby we move from the qualitative data that have been collected into some form of explanation, understanding or interpretation of the people and situations we are investigating. “(Taylor & Gibbs, 2010) The inductive approach in data analysis is used to group the data and then look for relationships in the end. In order to analyze the results from the interviews, open coding is used. Open coding includes “labeling concepts, defining and developing categories based on their properties and dimensions.” (Khandkar, 2009). Thereby, each sub question is matched with the corresponding interview question/s. Table 3 shows the sub questions matched to the interview questions again.

	Sub Research Question	Interview Question
1	What types of value proposition can attract existing customers again and again?	<ul style="list-style-type: none">- What do you expect from a professional advertising agency in general? Can you name 4 main aspects?- What do you expect from a service company in order to build up a good and durable relationship?
2	What are pitfalls in service dominant logic of businesses and how can these be avoided?	<ul style="list-style-type: none">- What are current methods/strategies for customer retention and reasons for failure?
3	What are key challenges in maintaining customer retention ?	<ul style="list-style-type: none">- What can the firm do in order to retain their existing customers in your opinion?
4	What are potential ways of maintaining good B2B relationships in the service industry focusing on the service dominant logic and co-creation?	<ul style="list-style-type: none">- What do you expect from a service company in order to build up a good and durable relationship?

		- What would make the relationship between the firm and you more valuable?
5	How can co-creation lead to higher value creation in the service sector?	- In what way is co-creation a possible way for sustaining good B2B relationships in the service sector?

Table 3: Data Analysis

3.2.5. Trustworthiness of research

Regarding the trustworthiness of studies, it should be emphasized that in qualitative research other criteria are investigated than in quantitative research (Golafshani, 2003). As Patton (2002) proposes, “qualitative methods are highly personal and interpersonal, because naturalistic inquiry takes the research into the real world where people live and work, and because in-depth interviewing opens up what is inside people – qualitative inquiry may be more intrusive and involve greater reactivity than surveys, tests, and other quantitative methods.” (Patton, 2002, p. 407). Within quantitative studies, the terms validity and reliability are often investigated. However, in qualitative research, there are some other criteria that better reflect the underlying assumptions and the trustworthiness of the research. These criteria are the *credibility*, *transferability*, *confirmability* and *dependability* of the findings as proposed by Lincoln and Guba (1985). The *credibility* is the extent to which the interpretations can be validated as true, correct and dependable. *Transferability* refers to the extent to which the results can be applied to other settings and/or situations. *Confirmability* refers to degree of neutrality in the research study’s findings (Statistics Solutions, 2018). The *dependability* is concerned with whether the findings can be duplicated and/or repeated or not.

To start with the *credibility* of this research, this is quite high. The study’s findings are true due to the honest answers from all interviewees. Honest answers were given due to the anonymity of the results. Furthermore, the qualitative research methods enable a "real world setting [where] the researcher does not attempt to manipulate the phenomenon of interest" (Patton, 2002).

If this research has been carried out in another setting, that means that it is *transferable*, other findings could occur. It is not known if the work of advertising agencies differs a lot in the south of Germany for example. Moreover, if other clients had been chosen for the interviews, the results could have been different. This could be overcome with a larger sample size. However, the research clearly states that it is based on a case study from Münster, Germany.

The *confirmability* of the findings is given due to the neutrality of the researcher. The results are totally based on the participants’ responses.

As a last factor, the *dependability* needs to be investigated. This research can be carried out again by other researchers and similar findings would be obtained. Reading the methodology chapter would give another researcher the same basics to execute this research.

4. Theoretical framework

In order to give an answer to the research question, it is interesting to investigate what has already been studied by others. To do so, the main concepts of customer retention, customer value, service dominant logic and co-creation are reviewed in the following.

4.1. Customer retention

Acquisition of new customer is often ten times costlier than focusing on the existing customers (Marketo, 2018) which can be restated as “acquisition of new customers costs money but existing customers bring money” (Sicking, 2010). Many authors claim that in the B2B environment it is indispensable to strengthen the customer service in order to maintain the existing customers.

An advantage when doing business with existing customers is the period that the firm is already dealing with the customer. The longer the client and the client advisor know each other, the more efficient is the communication and collaboration. But it is important to know that this routine can also lead to the threat of not taking enough time for existing customers and consequently disappoint them. Possible reasons for losing customers are shown in Figure 8.

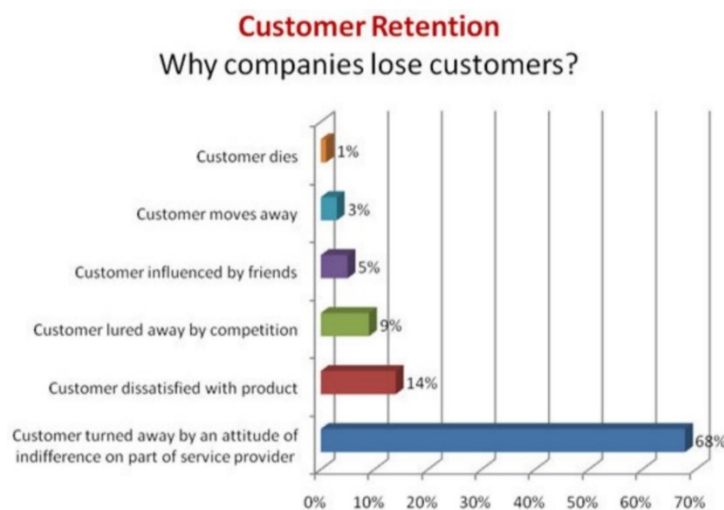


Figure 8: Customer Retention (Kulbyte, 2018)

Existing customers want to be treated as new customers and feel idolized; they do not want changes in the level of interaction and communication with the firm (Sicking, 2010). Haden (2012) further claims that companies should not change their sales people when a strong relationship with the customer is desirable. According to him, customers do not buy from companies, they buy from people. Linnell further found that in many industries, a drop in loyalty of 25-35% is common when the customer has experienced a problem within the business relationship (Linnell, 2018). However, there are many ways of retaining existing customers. The most important aspects are loyalty and trust (Barchewitz & Armbrüster, 2004). Hennig-Thurau & Klee (1997) add that commitment is another factor having an influence on the customer retention and customer satisfaction.

Not only trust and loyalty, but also commitment is an aspect which strengthens the B2B relationship (Kumar, Hibbard and Stern, 1995) and therefore facilitates the establishment of productive collaborations (Gounaris, 2005).

As mentioned by Kulbyte (2018), there are three easy and affordable techniques to strengthen the customer service: (1) get in touch with the client regularly, (2) advertise the client, (3) give your client a VIP feeling. These indicators can help in avoiding dropping customers and can further lead to higher value creation for both parties - the firm and its clients. As mentioned in an article by Karadeniz, there is a study from Harvard University which confirms that an upkeep of 5% of the business relationships can lead to an increase in the turnover of the company by 25-29%.⁷ She also mentions that acquisition of new customers is more expensive than concentrating on the existing ones. Furthermore, after-care of the transaction is essential because customers should feel absolutely satisfied.⁸ Analysis and support during the after-care stage should be focused on. Mansfield (2016) further presents some statistics on customer retention. Lowering the churn rate by 5 % can lead to an increase of the profitability by 25 to 125 % which is consistent with Karadeniz (2018). Further he found that 68 % of customers terminate the business relationship because they perceive the service provider as indifferent.

To sum it up, there are many ways to strengthen customer retention in the service industry. Nevertheless, literature claims that not only good service quality is important for customer satisfaction; but rather trust, commitment, and loyalty are of great importance. Disappointed customers can very rapidly change into lost customers. Building durable business relationships does not have to be complicated. The service provider should keep in mind that customer retention is much more feasible and cost-effective than customer acquisition.

⁷ Karadeniz, 08.01.2018 in Mainzer-Manager, <http://mainzer-manager.de/customer-retention-warum-bereits-bestehende-geschaeftsbeziehungen-wichtig-sind-und-wie-sie-diese-aufrecht-erhalten/>

4.2. Customer value

The value that customers perceive is of great importance in the service sector. Opinions differ regarding the meaning of customer value. Different opinions about what exactly customer value is, exist.

According to the benefits-sacrifice framework, the “Perceived value is the consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given” (Zeithaml, 1988). This framework focuses on trades offs between the benefits and costs that a customer has to incur over time.

Another framework, the means-end framework, proposed by Woodruff in 1997 focuses on the product attributes and its consequences in use. According to him, value is “a customer’s perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer’s goals and purposes in use situations” (Woodruff, 1997).

A third concept, the value-in-use concept focuses on the value that derives from using products and services. Helkkula et al (2012) state value “is directly or indirectly experienced by service customers within their phenomenological lifeworld context” (Helkkula et al., 2012).

4.3. Co-creation

Nowadays, customers want to have an impact on the product or service they are pursuing from any business. Other reasons for customers striving for interaction with the service provider is the technological complexity that is increasing and therefore seeking for innovative products and services is indispensable (Wieland, Polese, Vargo & Lusch, 2012). In business-to-business markets, the interaction between the supplier and the client is the key according to Lindgreen (2009). Grönroos (2008) and Payne et al. (2008) support this view by adding that this interaction facilitates value creation. Therefore, customers want to interact with the firm and at the same time create value, which can be defined as a process, called co-creation (Prahalad & Ramaswamy, 2004). Aarikka-Steenroos (2016) underlines that this interaction is crucial and both parties can influence each other’s actions in an active way (Grönroos, 2011; Aarikka-Steenroos, November 2016). Accomplishing a co-creation process, Aarikka-Steenroos and Jaakkola (2012) identify five collaborative activities that need to be executed: diagnosing needs, designing and producing the solution, organizing the process and resources, managing value conflicts and implementing solutions. Figure 9 visualizes the five activities more in detail.

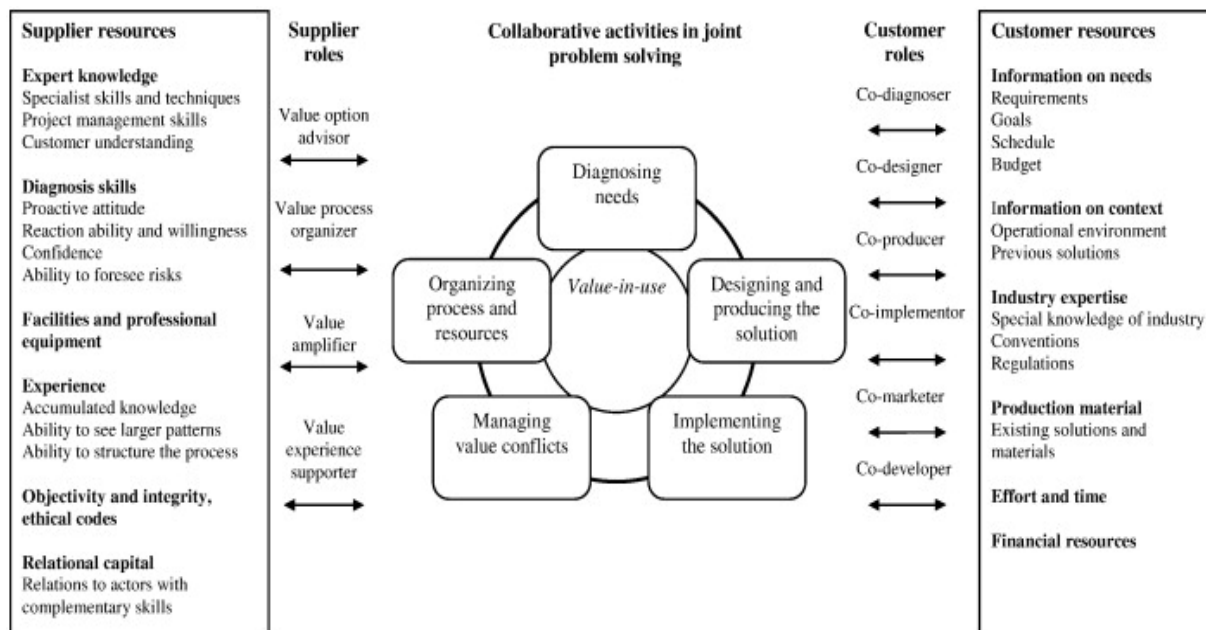


Figure 9: Value Co-Creation (Aarikka-Steenroos, 2016)

Focusing on the needs of the customers is essential and therefore the first step of implementing co-creation of value in business-to-business markets. This can further lead to a joint value creation process as demonstrated by Grönroos (2011).

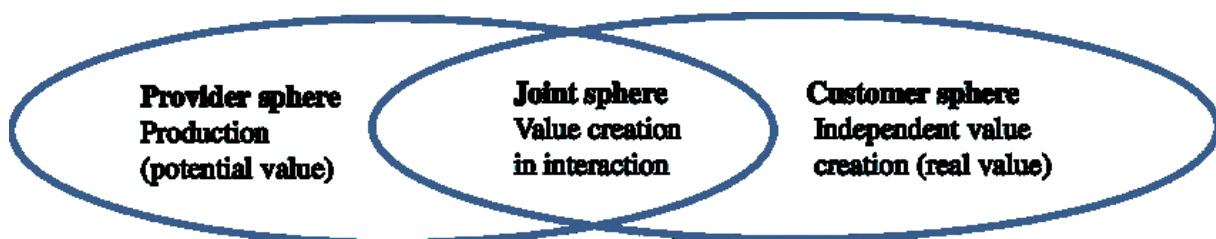


Figure 10: Value creation spheres (Grönroos, 2011)

Although the concept of value co-creation is used quite often and can serve as a tool for value creation, it is not always understood correctly (Wieland et al., 2012). However, the concept does not explain the roles of the firm and the customer in that co-creation process. Grönroos (2011) has a critical viewpoint towards the description of the roles. The phrase by Vargo and Lusch (2004) “The customer is always a co-creator of value” indicates that the firm is not the main creator of value if the customer is able to co-create as well. There seems not to be only one creator of value and it is not clear which role the firm plays (Grönroos, 2011). Chumpitaz (2010) admits that co-creation through interaction has high potential, but also emphasizes the possible co-destruction by saying that “co-creation of value may not be the only possible outcome of interactions in service systems.” It is therefore of great importance to take into consideration possible co-destruction a priori.

4.4. Service dominant logic (SDL)

When it comes to the term co-creation, the term service dominant logic automatically accompanies. The logic of marketing changes from a good- dominant perspective to a service-dominant perspective. Value in the SDL is further generated by the co-creation process with the customer embedded in output. Vargo & Lusch (2004) developed the SDL approach which puts the focus away from only selling products to customers to the exchange of services. This service-centered view is customer-centric (Sheth et al., 2000). This is supported by the collaborative exchange as mentioned by Vargo & Lusch. Further, the SDL is market driven (Day, 1994) and the growth of the market emerges through simultaneous and continuous processes according to Chandler & Vargo (2011). Successful firms moved from a “make-and-sell” strategy to a “sense-and-respond” strategy (Haeckel, 1999). The term value-in-use comes along with co-creation and SDL and is defined by MacDonald et al. (2011) as “a customer's outcome, purpose or objective that is achieved through service”. This supports the definitions made by Vargo & Lusch (2004), Woodruff (1997) and Woodruff & Flint (2006). In this case, service means the “provider's process of using its resources for the benefit of the customer”. (Vargo & Lusch 2004, 2008a). The following figure illustrates the 9 premises of the SDL.

	Premise	Explanation/Justification
FP1	Service is the fundamental basis of exchange.	The application of operant resources (knowledge and skills), “service,” is the basis for all exchange. Service is exchanged for service.
FP2	Indirect exchange masks the fundamental basis of exchange.	Goods, money, and institutions mask the service-for-service nature of exchange.
FP3	Goods are distribution mechanisms for service provision.	Goods (both durable and non-durable) derive their value through use – the service they provide.
FP4	Operant resources are the fundamental source of competitive advantage.	The comparative ability to cause desired change drives competition.
FP5	All economies are service economies.	Service (singular) is only now becoming more apparent with increased specialization and outsourcing.
FP6	The customer is always a cocreator of value.	Implies value creation is interactional.
FP7	The enterprise cannot deliver value, but only offer value propositions.	The firm can offer its applied resources and collaboratively (interactively) create value following acceptance, but can not create/deliver value alone.
FP8	A service-centered view is inherently customer oriented and relational.	Service is customer-determined and cocreated; thus, it is inherently customer oriented and relational.
FP9	All economic and social actors are resource integrators.	Implies the context of value creation is networks of networks (resource-integrators).

Figure 11: Assumptions of service dominant logic (Vargo & Lusch, 2008)

4.5. Conclusion

Based on the literature review, value co-creation can be of relevance for strengthening customer retention in the service sector. The co-creation literature points out how the service provider and the customer behave in order to come to a solution that is valuable for both, but especially for the customer. The co-creation literature can further be of advantage to investigate customer retention strategies more detailed.

In various facets and many circumstances, the integration of co-creation can have a positive impact on the B2B relationship and consequently can strengthen the customer retention. As the indifference of the service provider is mentioned as a crucial reason for customers to quit the relationship, co-creation could be helpful. Therefore, the 5 steps proposed by Aarikka-Steenroos (2016) could be used for determining the problem of indifference. Moreover, both parties can diagnose their needs and produce a solution hand in hand. Indifferences should be avoided in business relationships due to the high potential of losing the dissatisfied customer.

For this research, it is obvious that co-creation could be as useful tool in order to strengthen the customer retention for wueins concept.

5. Results

In total, 10 interviews were conducted whereby 2 of them were conducted with employees of wueins concept itself. The other 8 interviews were conducted with existing customers of wueins concept as already mentioned in the subjects for study section.

5.1. Results interviews with employees of wueins concept

Due to the high amount of staff turnover in the last months, it only made sense that only two employees of wueins concept could have been interviewed. In total, seven questions were asked. The questions will be processed one by one presenting the results from both interviews.

5.1.1 Customer relations in general

The interview guide starts with the request to describe the relationships to their clients in general. Interviewee 1 divides the clients into 4 groups of different stages of relationships. 20 % of the relationships are considered to be very good, which means regular contact and regular orders; 40 % as considered to be good, which reflects irregular orders and contact. Other 20 % of the relationships to their clients are considered as average which indicate little contact and the last 20 % are considered as bad relationships, which means no contact. Interviewee 2 describes the relationships in general quite good. Figure 12 represents the classification of existing clients according to interviewee 1. Nonetheless, this classification of customers does not seem too bad.

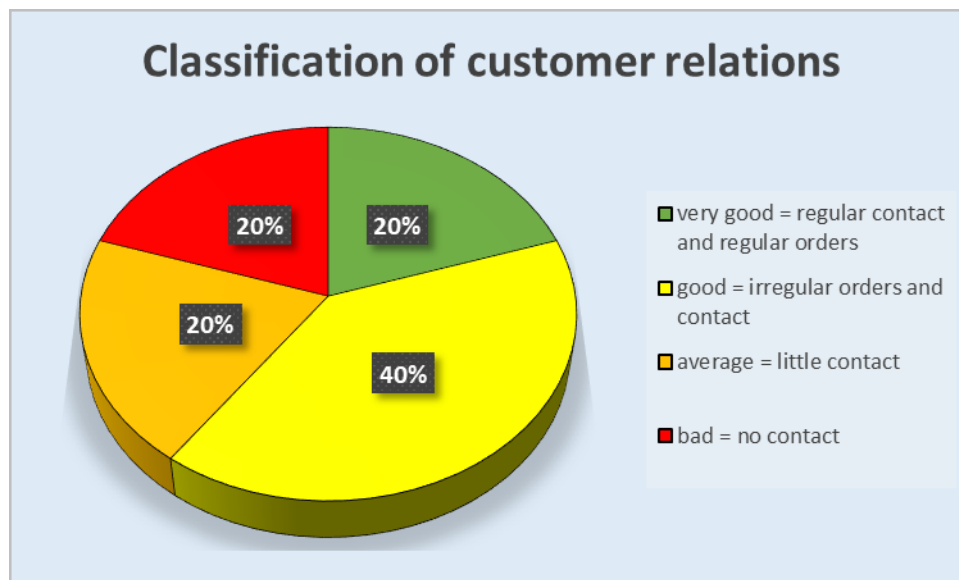


Figure 12: Classification customer relations

Moreover, many existing customers who are satisfied with the services wueins concept delivers for years say what they appreciate. An advantage of this is that the communication is much easier when something is not running properly according to the interviewee.

5.1.2. Attributes and values for customer retention

The next question is about the main attributes that wueins concept should keep or should develop in order maintain their current clients. Interviewee 1 emphasizes a strong and regular communication with the clients. Moreover, proactive conception without having received an order before would be of advantage. Delivering very good performances to keep existing clients are another attribute that wueins concept is using right now. The good performance entails short and punctual reaction times. Moreover, executing the correct implementation and delivering above-average results and thereby having a good price-performance ratio as compared to competitors are other attributes. Interviewee 2 agrees on the short reaction times. As an example, he further explains that e-mails are always replied on the same day. He further emphasizes the strong communication. Clients are informed on a regular basis about the current status of their projects. In order to give their clients a feeling of being in good hands, wueins concept tries to be as transparent as possible. In addition, the interviewee adds the aspect that the agency should work on a better structure in the working method which can, in turn, reduce irritations. If all employees use the same structure for their projects, the work can be understood easier by all employees. Another advantage of a clear and common structure within the company is the support in cases of illness or vacation replacements. This would help a lot in satisfying the clients requests even if the responsible consultant is not at the company.

5.1.3. Longest relationship with customer

The third question is about the long-term clients and the products and services wueins concept delivers to them.

Interviewee 1 works for the agency since its foundation in 2005. Three clients are part of the wueins concept group for 10 years now. For those clients, the major products and services are the corporate design with brochures, advertisements and business papers. Moreover, the web design and social media activities are of importance.

Interviewee 2 is working 6 years for the agency and mentions one other client for whom the agency is doing print advertisements in form of flyers, brochures and business cards. Also, the conception is a main component of their services. Finding the right company name, developing a company logo for new projects and consultation are the main operations for that client. Recently, the Facebook page, Instagram set-up and installation of other new technologies are also of interest for the client.

5.1.4. Process of customer retention

As a fourth question, the employees should describe the process of customer retention of already existing clients. Interviewee 1 puts emphasis on the regular contact. Giving existing clients new impulses from time to time is another action that should keep the clients. Interviewee 2 speaks verbosely and describes the process more in detail. Due to changing technologies which are developing quickly, the design and technology are checked every 2 to 3 years. If the design and technology are outdated, a new concept is developed and suggestions

to get more attention are given. These suggestions can be a new landing page with special topics or hints for fairs.

5.1.5. Activities to regain customers

The fifth question belongs to the customer retention in question 4 but asks for special measures to regain clients. Both interviewees focus on this question on the proactive conception of new projects and actions.

5.1.6. Existing customer marketing rather than customer acquisition

Question 6 is about the focus on existing clients: Why does the company concentrate on existing customer instead of acquiring new ones? Interviewee 1 explains that the acquisition of new clients is much more expensive than maintaining the “old” clients. The process is also very time-consuming. Interviewee 2 adds that existing clients are more open-minded towards new suggestions. Those clients are addressed more often.

5.1.7. Reasons for losing customers

The last question entails reasons for losing customers from the agency’s perspective but also from the clients’ perspective. From the agency’s perspective, interviewee 1 lists the following reasons for losing existing clients: incorrect implementation, only average or bad results, too expensive in relation to the performance. Further, it could happen that the reaction time is too long for the client. Interviewee 2 explains the reasons from the agency’s perspective as follows: the client is not willing to pay for performances or does not see any added value. Possibly, something went wrong in the past and he is dissatisfied. From the clients’ perspective, the following aspects can lead to the termination of the business relationship: no direct value measurable, dissatisfaction of the product or high costs.

5.1.8. Conclusion

To conclude, employees of wueins concept assess the quality of customer service value in general good but the overall performance can still be improved. The company stands for high quality and professional products and services. Short reaction times, strong communication and proactive conception of new ideas are significant attributes which are highlighted by the employees.

Nevertheless, the employees recognize some shortcomings which result in dissatisfied clients which can further lead to losing those in the end. Based on the interviews, co-creation can be useful to strengthen customer relations and therefore to keep existing customers. On the one hand, a joint value creation process enables the agency a better insight into the clients’ needs and demands to fully satisfy them in the end. On the other hand, for the customer, the co-creation process can give them a better feeling of being valued by the firm.

5.2. Results clients interviews

In total, 8 clients of wueins concept were willing to participate in this research.

Due to the anonymity of the results, the existing customers cannot be further described. The companies are small to medium sized enterprises (SMEs) and therefore the job descriptions cannot be pictured in order to keep their background confidential. As for the employee interviews, the interview guide starts with general questions and is further specified by questions about the business relationship with wueins concept. A table comparing the answers from all respondents is presented in Appendix C due to its size.

5.2.1. Main attributes of advertising agencies

Starting with the first interview question “What do you expect from a professional advertising agency in general? Can you name 4 main aspects? “, offers similar answers from all 8 interviewees. Table 4 displays the mentioned attributes and the number of sayings.

As one can see, the *know-how* and *empathic skills* are for many clients very important aspects of a marketing agency. Most of the interviewees mention that they want the feeling of *being in good hands* because they do not have the knowledge and skills that the agency has. Also, the agency should focus on the clients’ needs and demands and satisfy them as *professional* and *creative* as possible. This is supported by mention the *professional skills* as well as the *verbal and non-verbal communication skills*. Nevertheless, also *transparency of costs* and *good price-performance ratios* were mentioned and are of importance. The *medial timeliness* as mentioned by only 1 interviewee can be put together with the *state of the art aspect*. Being on the pulse of the times is necessary these days. Accessibility and good communication are indispensable attributes of marketing agencies in order to build customer relations.

Aspect/attribute of a good marketing agency	Number of mention
Know-how	5
Empathy	4
State of the art – pulse of the times	2
Professional skills	3
Medial timeliness	1
Verbal and non-verbal communication skills	2
Feeling of be in good hands	2
Concepts fits to the clients demands and needs	2
Transparency of costs	2
Accessibility	1
Excellent reliability	2
Good Price-performance ratio	1
Fast communication and implementation	2
Creativity	1
Professionality	2

Table 4: Important attributes of marketing agencies

5.2.2. Duration of the relationship

In order to have a better overview, the results of questions 2 until 5 are shortly summarized in Table 5.

Existing customer	Client since:	Work with an agency beforehand?	Became aware of wueins concept through:	Grade for overall performance wueins (1 (best) – 6 (worst))
1	2016	No	Online presence (website)	1+
2	2012	No	Online presence (website)	3
3	2009	Yes	Good price performance ratio (as heard by a huge competitor)	1+
4	2011	Not applicable	Contact existed already	1
5	2016	No	Personal contact to an employee	1
6	2008	No	Recommendation of business partner	3
7	2015	No	Website of competitor was made by wueins	2-
8	2011	No	Personal contact to an employee	1

Table 5: Summary interview results questions 2-5

The amount of years being a client of wueins concept varies from 2 years to already 10 years. The longest interviewee is a client since 2008.

5.2.3. Cooperation with advertising agency

For 6 of the interviewees, it was the first time to work together with a marketing agency. For interviewee number four, the relationship with wueins concept was already existent when he started his work at his company in 2011. He took over the responsibility to work with wueins concept from his predecessor. Interviewee number 3 already worked with an agency beforehand.

5.2.4. Decision for wueins concept

The way how the clients became aware of wueins concept (question 4) and ultimately chose this agency differs a lot. Two interviewees were attracted by the professional online presence of wueins concept. The design was fresher and more innovative than the websites from competitors. Thereby, they also mentioned that the first meeting with wueins concept was the decisive aspect to enter a business relationship. The interpersonal level was positive and the chemistry was right from the beginning on. Two other interviewees were in contact with one employee of the agency which was the crucial factor to enter this business relationship. Based on recommendations, two other interviewees were attracted by the agency. The last interviewee has checked the website of one competitor and perceived it as quite positive and modern. Therefore, he contacted the agency who created that website; wueins concept.

5.2.5. Grading wueins concept

Regarding question 5, the grading for the overall performance of the agency, it is remarkable that the grades are widely spread. The best grades are given by five interviewees. The worst grades come from 3 interviewees. One interviewee said that he would have given a better grade a few years ago. He mentions the following reasons for the grading: a huge staff turnover complicates the smooth running of the projects and communication is not that fluent. Moreover, he misses the creativity that wueins concept usually stands for and thinks that this is decreasing more and more.

The next three questions are about the techniques, aspects and strategies a marketing agency can use in order to build and maintain good and durable customer relationships.

5.2.6. Expectations for a good and durable relationship

Answering the question 6 reveals similar results as the first questions on the main attributes. Nevertheless, some other elements are mentioned here. For interviewee 1 the personal level should be right. Empathy, kindness, sympathy and trust are other elements that ensure a good relationship with a service provider. Moreover, professionalism and good results are essential. Interviewee 2 focuses on the joint growth. The agency should always ask for developments of the client and based on that make new offers. For interviewee 3 the appreciation regardless of the volume of the offers is of great importance. A contact person who knows the client and his/her products very well strengthens the relationship. Furthermore, kindness in combination with humor, and sometimes talking about personal things is a positive attribute. Uncomplicated communication and very good comprehension of the clients' needs and the creative implementation of those are basics for a good relationship. Additionally, appointments that are adhered and sometimes recommendations for the clients' products are desirable. Transparency of costs and fair prices are other elements of a good and durable relationship. As mentioned by another interviewee, the accessibility, fast reaction times and good ideas in combination with high quality cooperation strengthen the relationship even more. For interviewee 4, having products and services that are 'eyecatcher' and innovative services are also supporter for a good relationship. Staff turnover should be lower in order to ensure a good communication and to build up a good relationship with the agency according to another interviewee.

5.2.7. How to retain existing customers?

In reference to question 7 "What can the firm do in order to retain their existing customers in your opinion?" the results of the interviewees were similar. Some respondents mentioned that the competition also delivers good products and services. Therefore, the agency should focus on maintaining good relations to its clients. Taking enough time for the clients giving them a good feeling and delivering new ideas can ensure maintaining existing clients in their opinion. Regular contact is of huge importance for all interviewees. This demonstrates the interest of the agency. Moreover, the attributes mentioned in question one are already factors that help in retaining existing clients.

5.2.8. Current customer retention strategy & reasons for failure

In question 8, clients indicated current methods for customer retention and possible reasons for failure. A current method wueins concept is using for the customer retention is that they are delivering everything from one provider. This is very comfortable for the clients because they do not have to look for other providers such as printing companies and copywriters. Keeping the clients up-to-date is another method to maintain the existing clients better. Checking the clients' concept on a regular basis together with the clients also strengthens the customer retention. The agency is always flexible and tries to satisfy the client completely. Thereby, the agency is not pushy. Inversely, the initiative comes from interviewee 1 but the agency directly intervenes and elaborated the ideas professionally. Another method to retain customers that was mentioned by all interviewees is the small gift box during Christmas time. Moreover, sending newsletter on a regular basis aims at staying in contact with the clients and keeping them interested in the agency. Reasons for failure were also mentioned by the respondents.

Delays in the execution of strategic steps are mentioned as well. Some processes take too long and are not coherent to the schedule. Also, unreliability is indicated. Moreover, missing feedback on requests are mentioned. This contradicts the results from the interviews with wueins concept employees. A possible reason for this is the huge employee turnover.

5.2.9. A more valuable relationship

Question 9 is about the possible ways to make the relationship between the agency and the client more valuable. All interviewees mentioned some points that could help in strengthening the relationship. Interviewee 1 states the following "I think that in the coming years, the implementation of new concepts will show how the relationship develops. Successful joint projects widen the trust". He further hopes that the interpersonal relationship stays as positive as it is at this moment. "Wueins has already created a very valuable service for me because the agency has developed my own existence and created a great image, which I identify strongly with. Because of this satisfactory result, a very precious product was created for me, which makes the relationship in itself very intimate." Another interviewee mentions that a better communication could help in creating more value. The waiting times during the implementation of planned projects should also be shortened. Several respondents mention that the pricing is important for customer loyalty. A very personal opinion about the customer value was mentioned by interviewee 3. A strong relationship with one employee of wueins concept which results in a friendship, delivers as much value as possible. Nevertheless, the employee is not working at the company anymore. Regularly checking the website and new suggestions for improvement would be of advantage and would give the client a more valuable feeling. In addition, the quality of the products should always be on the high level. Other answers described the cooperation already as very valuable.

5.2.10. Can co-creation help?

The second last question deals with the process of value co-creation. Interviewees were asked in what way the co-creation could be a possible way to sustain good B2B relationships in the service sector. Hereby, the opinions differ a lot. On the one hand, there are 3 interviewees who think that the co-creation process can have a positive impact on the overall business

relationship. Clients are willing to get involved into the process of conception with the company and to introduce own ideas. This would give the client a better feeling that their own contribution is also valuable for the firm. A personal connection to the agency will occur. A positive aspect of the co-creation process is the fact that the client is much closer and included in everything. Through the participation, a self-efficacy can be experienced and creates a special relationship with the agency. The interviewee also sees the point of missing the special effect when he/she is included in the design process for example. Furthermore, the co-creation process takes some time and the client could do other important things within that time. The other 5 interviewees had another opinion about the co-creation. Due to the fact that the employees of the agency are experts in their field and have the appropriate professional skills, the clients do not want to be in charge of their marketing. This is the job of the agency. Of course, clients express their needs and wishes but the main concept should be made by the agency as proposed by interviewee 3. Interviewee 2 sees some advantages of co-creation when it is about the coding of the website. Being in regular contact with the programmer could be an advantage; non-binding interaction can be helpful so that every party involved is up-to-date.

5.2.11. Need for wueins concept

The last question is unanimously answered with yes. The need for wueins concept is there due to several reasons. The reason that is mentioned most frequently is the know-how and expertise in the field of marketing. Interviewee 1 states that a modern company should put a part into the self-marketing. He wants to distinguish from his competitors. Therefore, the professionalism of wueins concept is needed. He is further always open for new ideas and good exchange of information. Interviewee 2 and 3 emphasize the implementation of the new data protection guidelines. Interview partner number 4 is looking for a continuous development, especially online with the input of wueins concept by the refurbishment of the online presence. The sixth interview partner affirms the question about the need for wueins concept by saying that the longstanding cooperation gives wueins concept a leap of faith. The professional skills to design, layout and programme is another aspect why the clients still need wueins concept. Overall, all clients recognize the need for a marketing agency that is able to implement new concepts and strategies on a high-quality level with a high degree of professionalism.

6. Data Analysis

In this chapter, the results from the interviews are combined with the theory in order to answer the sub questions which are used to answer the central research question in the end. After the relevant literature has been reviewed and the field research in the form of interviews with clients was conducted, the gained insights are further analyzed. The results are structured according to the five sub questions and matched with the theory. The results gathered from the interviews revealed interesting information about the way marketing agencies should maintain its existing clients.

6.1. Value propositions to attract customers

The results gathered from the interviews present various attributes and value propositions which should be of great importance for wueins concept. Main attributes that a marketing agency should encompass are know-how, professional skills, empathy and good service. These factors can be interpreted as usual ones in the service industry. Being an expert in his field, acting professionally and delivering the best possible service should be the value propositions of every enterprise. Attracting customers again and again is possible through building good relationships. These can be established through different value propositions that an agency offers. As literature proposes, trust, loyalty and commitment lead to customer retention. From the results, clients are attracted by regular contact and having the feeling of being appreciated. The value propositions mentioned by the respondents correspond the those of the clients. Therefore, both parties, the service provider and the client know which values determine a good and durable business relationship.

6.2. Pitfalls in service dominant logic

The second sub question was what pitfalls in service dominant logic of businesses exist and how these can be avoided. From the interviews, the results of question 8 present possible reasons for failures in the customer retention and consequently not delivering the requested service. As a pitfall, losing the intended focus of putting the service in the middle was mentioned. Agencies should not forget to put an emphasis on the excellent service that they want to present to their clients. Goods are no longer the focus in the service industry; outstanding services which create values count more in view of clients. Vargo & Lusch (2004) underpin this view.

When comparing the pitfalls mentioned by the respondents with those from the literature, it can be concluded that the focus should lie on the added value within the services which help to retain existing customers.

6.3. Key challenges in customer retention

The results of the interviews were similar to the information gathered in the theory section. Disagreements or other attitudes are possible challenges in order to keep the existing clients. In line with the theory, the respondents stated that the competition is a challenge for marketing agencies endangering their customer retention. Furthermore, a key challenge for service

providers is to take enough time for the clients and give them a good feeling as well as deliver new ideas. The indifference of the service provider was mentioned by the respondents which demonstrates that strong relationships in which the customer feels appreciated are indispensable. Wueins concept should put the customer first and as an important factor.

6.4. Potential ways of maintaining good B2B relationships

Sub research question 4 “What are potential ways of maintaining good B2B relationships in the service industry focusing on customer value co-creation?” comes along with interview questions 6 and 9. In order to maintain good, durable B2B relationships, the interviewees listed various ways that would also make the relationship more valuable. As proposed by Barchewitz & Armbrüster (2004), trust and loyalty are main values enforcing a business relationship. The interviewees agree on that point and add that regular contact is of major importance as well as having the feeling of being valuable for the agency and in good hands. This is supported by Kulbyte (2018), who claims that the following techniques to strengthen the customer service are: getting in touch with the client regularly, advertising the client, giving your client a VIP feeling. Good B2B relationships in the service sector need these attributes. The interviewees gave interesting insights into their personal perception with wueins concept. In addition, they listed aspects that would improve the B2B relationship even more to create more value. These are building trust in the long-term, reducing waiting times in the implementation and better understanding of clients’ needs and wishes. Moreover, some respondents mention that they would prefer a more personal contact on a friendship basis to create more value.

Regarding table 5, the length of being a customer of wueins concept does not have an influence on the customer retention. Even if the customers are clients since 2008 or 2009, it is not suggested that their grade for wueins concept is the best.

6.5. Co-creation as a provider for higher value creation

The last question in this research asks if co-creation can lead to higher value creation in the service sector. Here, interview question 10 relates to the theory “In what way is co-creation a possible way for sustaining good B2B relationships in the service sector?”. The results from the interviews point out diverse opinions on that. On the one hand, value co-creation can create a win-win situation for both parties involved. Several respondents would appreciate the integration of their own thoughts and ideas in the conception process. On the other hand, as Chumpitaz (2010) proposed, co-creation does not always lead to a positive outcome. The joint creation process can also be comprehended as interference. Advertising agencies stand for creativity and professional skills. Therefore, it should be their task to deliver the best ideas, according to some respondents. What is interesting to mention is the fact that the majority of the respondents does not want to be involved in the co-creation process.

6.6. Conclusion

In order to build durable B2B relationships, clients want a feeling of being in good hands. Co-creation can facilitate this need. Being involved in the processes can strengthen the relationship between the service provider and the client. But also, the client can better identify with his or her own products. On the contrary, co-creation takes much time which the clients might prefer using for their day-to-day operations. Particularly because the agency is an expert for marketing and advertising, the client is not needed. Obviously, rough ideas and wishes should be kept in mind when new projects are discussed with the agency.

Regular exchange of information and status updates could be valuable for all clients. Nevertheless, some respondents do not want to be irritated by an agency that is calling every week for the newest updates. But this depends on the client and his or her relationship with the agency though. **However, the majority of the respondents were not enthusiastic about being involved in the co-creation process.**

Based on the theoretical framework, the in-depth interviews and the data analysis, the main research question can be answered. As discussed in the work of Prahalad and Ramaswamy (2000), co-creation is a holistic approach in which the transformation from a passive customer into a pro-active customer is of great interest. This coincides with the results gathered from the interviews. Co-creation can be useful for strengthening the customer retention of companies. Nevertheless, the extent to which the co-creation process can lead to a stronger customer retention is dependent on the B2B relationship.

7. Conclusion and Discussion

The conducted literature review and the in-depth interviews with wueins concept clients provide useful information for answering the main research question with its sub research questions. This chapter gives an answer to the research question and theoretical and practical implications as well as some limitations of this research are further demonstrated. Moreover, recommendations for the case company are given.

To come to a final overall conclusion, customer value co-creation can be of use for some advertising agencies. This depends upon several factors. The first one is the preference and demands of the clients. Being involved in the co-creation process can be of advantage but can also entail disadvantages as the interference and time-consuming effect. It is recommended that the agency constantly discusses this option with the corresponding client to check if the co-creation process can lead to more customer satisfaction and retention.

7.1. Answering the research question

The purpose of this study was to find an answer to the following research question: **“To what extent can value co-creation help in strengthening customer retention in the service sector?”** In order to answer this question, this study was split into two parts. First, a structured literature review on the topics of customer retention and co-creation was executed. Secondly and most important, in-depth interviews with employees of wueins concept and clients of wueins concept were conducted. The interviews revealed interesting opinions about the customer retention for wueins concept.

Considering the interview results, there are on the one hand some customers who prefer a situation in which the service is fully done by the agency so that the client only receives the final product. On the other hand, there will always be some clients who want to be involved in the process of conception and implementation. Those people want to add some value to the service and products that they will deliver to their customers in the end. These clients are striving for customer value co-creation. In order to keep existing clients, advertising agencies and in general service providers can do much in the field of co-creation and value creation. In the service industry it is of great importance to have less staff turnover. Customer retention is often built by strong relationships between the client and the service provider. Even if all respondents said that they still need wueins concept, the grading for the agency is quite different. Nevertheless, the service provider has to weigh up in every case if the co-creation process is of advantage or not. Due to the fact that the employees of wueins concept know their existing clients for years now, there should be enough information to assess if the co-creation is useful.

7.2. Recommendation

Diverse actions and recommendations can help wueins concept to strengthen their customer retention in the future.

Concentrating on the employees of wueins concept as a first step, it is advisable to keep the staff turnover as low as possible. As the huge staff turnover has been mentioned already by the existing clients, this should be reduced. Customers want to have the same sales person or employee at all times. A huge staff turnover decreases the bond towards the company. Another downside of the huge staff turnover can be the indifference from the service provider. As the clients all want a feeling of being in good hands, it is advisable to focus more on the customers. Regular phone calls, sending newsletter to keep them up to date as well as organizing some more events can enhance the customer retention at wueins concept.

In addition to that, another recommendation for the agency is that employees could visit workshops for customer relationships. Knowing your client best helps in maintaining good relationships that in turn create value for both parties. Nowadays, there are many workshops, seminars and also web-based trainings to ensure that sales people earn the best capabilities to build good B2B relationships on the long-term. Not only regular workshops for handling customers in a better way but also further education in terms of the advertising work will help in delivering the best quality and innovative products as desired by the clients.

Moreover, it is recommended to listen to the client as good as possible. This can be done by regular meetings. Having discussions about the topic of co-creation possibilities should be included in the early stage of the business relationship but should also be on the daily topic list. As opinions and demands of customers are changing over time, regular contact to the customer is of great importance. Giving the customer a feeling of being valuable is indispensable. The more satisfied the customer, the more loyal he or she is and the chance they will remain an existing customer is quite high. With the help of regular contact by means of phone calls or visits, discussions, brainstorming sessions and modification requests can be talked about and ensure a better customer retention for wueins concept.

Due to the fact that the competition in Münster is quite high and that the clients of wueins concept are not targeted and segmented perfectly, it could be of advantage to concentrate on a special customer segment. However, this requires further profound research. This non-existent segmentation of the customers can be a reason for the customer dropping at wueins. The agency should think about how their different customers are targeted and if they need other targeting activities regarding different industries and branches.

7.3. Discussion

The fact that the majority of respondents do not want to be integrated in the co-creation process reveals that other aspects may strengthen the customer retention in the service sector. Focusing on high quality products and outstanding service quality which add value are the main issues for good customer relationships as mentioned by wueins concepts employees but also its clients. The extent to which co-creation is useful for customer retention can also be dependent on the industry in which the customer operates. Therefore, more research has to be done in terms of different customer segments of advertising agencies. For sure it is clear that co-creation in the service dominant logic is related to customer retention. Many strategies exist that lead to stronger customer retention in the B2B environment.

As this study includes only a small number of respondents, the result that customers do not want to be involved in the co-creation process is not generalizable. For wueins concept, it depends on the customer if co-creation is useful in order to strengthen the customer retention or not.

7.3.1. Limitations

This paper comes across some limitations. In consequence of the explorative study based on only a limited number of clients and employees who have been interviewed, it is not manageable to draw conclusions that are generalizable to all industries. Moreover, the selected company is located in the West of Germany. To get a more generalizable conclusion, it would be preferable to conduct this research also in other cities of Germany.

Nevertheless, the number of clients interviewed as well as the fact that they come from all different branches, permits this study to be generalizable to a certain degree. However, for this study, only one company could have been chosen due to time constraints. This paper can be seen as a starting point for further research on that topic.

7.3.2. Further Research

This study provides a first definition of the customer retention strategies for advertising agencies. Further research should focus on more advertising and communication companies in order to draw more general conclusions. If the assumptions from this research are true for all advertising agencies should be further investigated.

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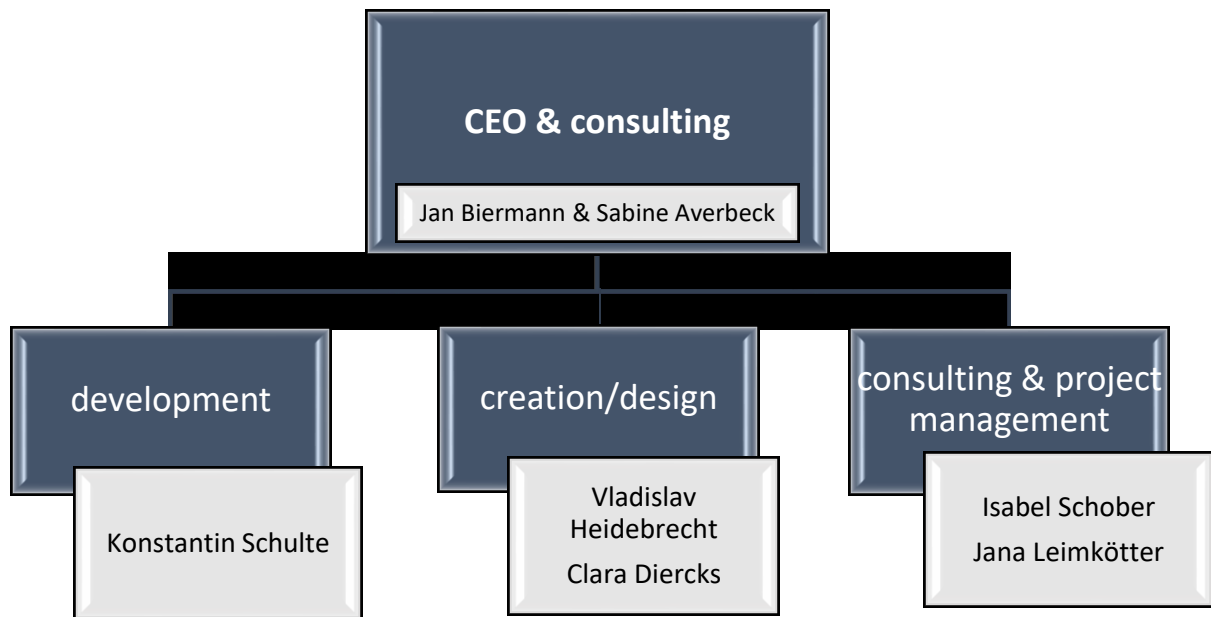
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10. Appendix

10.1. Appendix A – Organizational chart



10.2. Appendix B – Interview guide

The following interview guide is created with the help of the book Business Research Methods by Bryman and Bell (2011) and serves as a guideline for the interviews with wueins concept as well as with its existing customers.

Interview questions for wueins concept employees:

1. How would you describe the relations with existing customers in general?
2. Can you name the most important attributes/values that wueins concept should comprise in order to build customer retention successful?
3. Who is your longest customer at the firm?
 - a. What are the main services and products you deliver to that customer?
4. How do you try to maintain your customers? Describe the process of customer retention at wueins concept.
5. What actions do you take in order to regain existing customers for coming services/products?
6. Why do you focus more on existing clients than on new clients?
7. Name possible reasons why customer retention is not working (agency perspective and client perspective).

Interview questions for existing customers of wueins concept:

General questions:

1. What do you expect from a professional advertising agency in general?
 - a. Can you name 4 main aspects?
2. Since when are you a client of wueins concept?
3. Did you work with an agency before?
4. Why did you choose wueins concept?

Relationship with wueins concept:

5. If you could rate the agency with school grades whereby 1 is the best and 6 the worst, what would you give wueins concept for their overall performance?
6. What do you expect from a service company in order to build up a good and durable relationship?
7. What can the firm do in order to retain their existing customers in your opinion?
8. What are current methods/strategies for customer retention and reasons for failure?
9. What would make the relationship between the firm and you more valuable?
10. In what way is co-creation a possible way for sustaining good B2B relationships in the service sector?
11. At this moment, does your firm still need wueins concept? Why/Why not?

10.3. Appendix C – Overview interview results existing clients

	Customer	1	2	3	4	5	6	7	8
1	What do you expect from a professional advertising agency in general? Can you name 4 main aspects?	- know-how - empathy - pulse of the times - state of the art – trends - professional skills	- medial timeliness - verbal and non-verbal communication - empathy - guidance	- know-how - feeling of being in good hands - conception fits the demands - transparency of costs	- accessibility - reliability - price performance ratio - fast communication	- innovative ideas - trends - guidance - know-how	- professional skills - communication skills - know-how - reliability	- empathy - creativity - fast implementation - state-of-the-art	- know-how - reliability - professionalism - guidance
2	Since when are you a client of wueins concept?	2016	2012	2009	2011	2016	2008	2015	2011
3	Did you work with an agency before?	No	No	Yes	Not applicable	No	No	No	No
4	Why did you choose wueins concept?	Online presence → fresh, innovative design	Online presence → first meeting	Good price performance ratio → heard from competition	Contact existed already	Personal contact with CEO	Recommendation of business partner	Recommendation of business partner → website looked good	Personal contact to an employee
5	Grading for their overall performance?	2-	3	1+	1	1	3	2-	1
6	What do you expect from a service company in order to build up a good and durable relationship?	- human level - empathy - kindness - sympathy - trust - professionalism - high quality	- common growth - putting the client first - conception according to clients needs	- appreciation regardless the turnover of the client - consistent staff at the company - kindness with humor - uncomplicated communication - empathy - creative implementation of concepts - adhere to appointments - initiative ideas and suggestions - transparency of costs - fair prices	- accessibility - fast communication - high-quality cooperation - support - good ideas	- empathy - know-how - innovation - delivering eyecatcher	- expertise - service - rapidity	- consistent staff - high quality that stays on that level	- expertise in the field - high quality - accessibility

7	What can the firm do in order to retain their existing customers in your opinion?	<ul style="list-style-type: none"> - customer care due to competition - putting the client first - feeling of being in good hands - continuous innovation 	<ul style="list-style-type: none"> - regular contact - high quality - good service 	<ul style="list-style-type: none"> - good accessibility - short and strong communication - direct contact with constant staff - reliability - high quality - newsletter - christmas mailing 	<ul style="list-style-type: none"> - continuous communication - input of new ideas - reminders 	- attributes named in quesiton 1	<ul style="list-style-type: none"> - regular contact - good work 	<ul style="list-style-type: none"> - professionalism - high quality products 	- attributes mentioned in question 1 already
8	What are current methods/strategies for customer retention and reasons for failure?	<p>Current method: company offers everything out of one hand. → easy for client and saves time</p> <ul style="list-style-type: none"> - Regular newsletters - Information and updates on projects - Actualization of conception on a regular basis - Not intrusive 	<p>Current method: regular newsletter, gift box during christmas time.</p>	See respondent 2	<ul style="list-style-type: none"> - Unreliability - lengthy execution processes - no feedback / no answers to questions from the customer 	See respondent 1	See respondent 2	See respondent 2	See respondent 2
9	What would make the relationship between the firm and you more valuable?	<ul style="list-style-type: none"> - Trust in the long-term - Friendly cooperation in the future - creative implementation 	<ul style="list-style-type: none"> - better communication - reducing waiting times in implementation of projects - pricing 	<ul style="list-style-type: none"> - personal contact on a friendship basis would be valuable - regular update and suggestions for website 	<ul style="list-style-type: none"> - relationship is already as valuable as possible Trust is built - Relationship is on a valuable level due to former projects and good cooperation 	See respondent 1	See respondent 1	<ul style="list-style-type: none"> - Better understanding of clients needs - high-quality products and services 	See respondent 1
10	In what way is co-creation a possible way for sustaining good B2B relationships in the service sector?	<p>Positive: better connection to the product and agency, personal involvement</p> <ul style="list-style-type: none"> - Special effect is missing - time-consuming 	<ul style="list-style-type: none"> - With regard to the homepage: better communication with programmer could be improved - regular contact and exchange on projects, ideas - keeping both parties up-to-date 	<ul style="list-style-type: none"> - contact is fine but no involvement necessary - agency is expert in this field and should deliver the ideas 	<ul style="list-style-type: none"> - Creative ideas come from the agency - Not usual in our branch to co-create with the service provider - Wishes and needs are discussed of course before the company starts with the conception 	<ul style="list-style-type: none"> - Agency is expert - client is not innovative 	<ul style="list-style-type: none"> - does not want to be involved in the conception progress - that is why the agency is hired 	<ul style="list-style-type: none"> - Time-consuming - agency is expert in his field - 	See respondent 7
11	At this moment, does your firm still need wueins concept?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes