How strategic design abilities address unmet value in service engagement strategies

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Abstract

Purpose – Engaging with customers and addressing unmet value have become increasingly challenging within multi-stakeholder environments of service innovation. Therefore, this paper aims to address this challenge by studying how strategic design abilities address unmet value in service engagement strategies.

Design/methodology/approach – The authors conducted a qualitative inductive study at a multinational corporation and interviewed marketing and design professionals on their innovation practices in service engagement strategies.

Findings – From the inductive analysis, this study identified three strategic design abilities that effectively contribute to addressing unmet value throughout the co-evolving process of service engagement: envisioning value, modelling value and engaging value. Based on this, this study proposes the emerging co-evolving loop framework of service engagement strategies.

Research limitations/implications – The limitation of this emerging theory is a lack of broad generalizability with mutual exclusivity or collective exhaustiveness across industries. A theoretical implication of the framework is the integration of strategic design and services marketing towards co-created engagement strategies.

Practical implications – The service engagement loop framework can be of great value to service innovation processes, for which an integrated, cross-functional approach is often missing.

Social implications – The findings further suggest that next to a methodological skillset, strategic design abilities consist of a distinct mindset.

Originality/value – This paper introduces strategic design abilities to address unmet value and proposes a novel co-evolving loop framework of service engagement strategies.

Keywords Strategic design, Service innovation, Service strategy, Engagement, Customer value, Customer engagement, Qualitative research

Paper type Research paper

1. Introduction

Within the fields of services marketing and innovation, conventional strategies and processes for creating customer engagement evolve. To continuously meet the needs of tomorrow's socio-economic landscape, customer engagement marketing has been introduced (Harmeling *et al.*, 2017; Pansari and Kumar, 2017). Customer engagement marketing is a strategy that actively motivates and empowers people to contribute to marketing functions (Harmeling *et al.*, 2017), resulting in value addition to an organization (Pansari and Kumar, 2017). Measuring such customer contributions, through for instance online service engagements, has been at the centre of attention (Vivek *et al.*, 2014), which has also led to a main focus on enhancing current product and service experiences. Yet, unmet value beyond current experiences is relatively unstudied.

Addressing unmet (customer) needs has been a focal point in marketing for many years (Dichter, 1964). However, unmet value has not been studied yet in relation to service engagement strategies. Emerging from this new perspective, we define unmet value as the unrealized potential to innovate based on unmet needs and conceptualize it as a focal point for service innovation that draws together service design and services marketing to facilitate value co-creation. As engagement marketing shifts some elements of value creation from the organization to the customer (Brodie *et al.*, 2011), customers could engage in service design activity to address unmet needs. Service design – *par excellence* – has demonstrated to embrace the fuzziness and complexity of value creation through a human-centred yet systemic approach (Andreassen *et al.*, 2016; Lin *et al.*, 2011). As prior studies have explored, designers can

play a pivotal role in strategic engagements with key stakeholders to co-create innovations (Canales Durón *et al.*, 2019; Micheli *et al.*, 2018; Calabretta and Gemser, 2017; Manzini and Vezzoli, 2003), thus strengthening the practice of service engagement to address unmet value.

Meanwhile, marketing studies have shifted from a transactional focus – i.e. increasing the exchange of goods – to a relational focus to create and sustain customer value through co-creation of service experiences (Andreassen *et al.*, 2016; Jaakkola *et al.*, 2015). More recently, studies have drawn attention to the reciprocity between customer engagement and value propositions, with customers interacting with organizations to co-create and capture value, especially in service innovation (Sjödin *et al.*, 2020; Zhang *et al.*, 2018). Companies could thus leverage customer engagement in service innovation, leading to opportunities for synergies between marketing and (strategic) design abilities (Simonse *et al.*, in press; Canales Durón *et al.*, 2019; Andreassen *et al.*, 2016; Jaakkola and Alexander, 2014). Understanding how strategic design engages customers to co-create value is paramount when undertaking service innovations. Therefore, this paper studies how strategic design abilities could be integrated into service engagement strategies to better respond to unmet value.

The aim of this paper is to contribute to a better understanding of service engagement strategies at the interplay of design and marketing and to cut across the boundaries between strategic design and services marketing. To enhance the body of knowledge on service engagement strategies, we used a qualitative inductive case study to develop an emerging framework on strategies of service engagement by means of marketing and design abilities. Observations of internal processes related to customer engagement practices were documented with field notes during a four-month period of embedding in a multinational corporation. During this period, eight in-depth semi-structured interviews were conducted with marketing and design professionals on their co-evolving strategies of service engagement. Based on this rich empirical data set, the inductive analysis identified three novel strategic design abilities that effectively contribute to addressing unmet value throughout the co-evolving process of service engagement strategies: *envisioning value*, *modelling value* and *engaging value*. Based on these abilities, this study introduces the co-evolving loop framework of service engagement strategies, which contributes to a better understanding of the cross-cutting potential of strategic design abilities within service engagement strategies.

The next section of this paper provides a review of the related work on strategies of service innovation, customer engagement and strategic design, leading to the research question and introduction of the conceptual framework. After this, the research method is described, followed by the results. Next, the theoretical and practical implications of the framework are discussed, including limitations and future research directions.

2. Theoretical framing

2.1 Value co-creation in service engagement strategies
For the theoretical positioning of this paper, we first draw from the dedicated stream of literature that focusses on the role of customers in value co-creation within a services marketing context. According to Bijmolt *et al.* (2010), "customers can co-create value, co-create competitive strategy, collaborate in the firm's innovation process, and become endogenous to the firm" (p. 341). Brodie *et al.* (2011) suggest that "the conceptual roots of customer engagement may be explained by drawing on concepts addressing interactive experience and value co-creation within marketing relationships" (p. 253). Accordingly, Jaakkola and Alexander (2014) conceptualize the role of customer engagement behaviour in value co-creation as "the customer provision of resources during non-transactional, joint value processes that occur in interaction with the focal firm and/or other stakeholders" (p. 23) and characterize the effects of customer engagement on value co-creation as "synergistic" (p. 4). In addition, Alvarez-Milán *et al.* (2018) theorize "value co-creation within the firm-customer dyad" as a value outcome of customer engagement (p. 67). This paper extends this line of inquiry by integrating customer engagement within a service innovation context and evaluates how strategic design abilities address unmet value in service engagement strategies.

The transformative practice of engaging customers continues to expand in order to cope with complexity and discover new social practices in managing service systems (Calder, 2022). Building on *service-dominant logic* (Vargo and Lusch, 2004), value propositions are integrated to build *bigger and better* marketing promises based on value-driven service innovation, inviting customers to engage in service systems and "potentially transform engagement in service" (Chandler and Lusch, 2015, p. 17). As customers are now active contributors in service systems, customer engagement marketing has been described as a "deliberate effort to motivate, empower, and measure a customer's voluntary contribution to the firm's marketing functions beyond the core, economic transaction" (Harmeling *et al.*, 2017, p. 317). Building on this theoretical framing, Zhang *et al.* (2018) have identified that positively valenced customer engagement behaviours "have positive spillover effects that foster value co-creation" when customers "are delighted, feel valued and experience reciprocity" (p. 64). Further emerging theory suggests that value (creation) processes are circular (Razmdoost *et al.*, 2019), and that "value co-creation holds the most potential for complex services" (Keeling *et al.*, 2021, p. 236). Recent research also considers "value co-creation as a novel driver of brand equity" (Bordian *et al.*, 2022). However, for further closing the void between service innovation and marketing, a better understanding of innovation practices within service engagement strategies is required.

2.1.1 Addressing unmet value
Within marketing practice, it is a long-established premise that human motivation to devote resources rests heavily on unmet needs (Dichter, 1964). The potential fulfilment of these needs creates a value opportunity for services marketers, who seek to address unmet value by advancing a value proposition as an invitation to engage in a service (Chandler and Lusch, 2015). In this respect the unrealized fulfilment of unmet value is distinct from the realized fulfilment, or unfulfillment and, or dissatisfaction of existing services (Zhang *et al.*, 2018; Bougie *et al.*, 2003). Unmet value refers to potential value in services that has yet to be unlocked. To innovate, initiating and facilitating value co-creation towards new service propositions

based on unmet needs draws together service design and services marketing. With respect to addressing unmet value, prior studies have indicated that design contributes to "innovative solutions that meet explicit or latent needs" (Deserti and Rizzo, 2014, p. 36). In design practice, addressing unmet value is a common design challenge. To tackle the difficulties that people can have in expressing explicit or latent needs (Sanders and Stappers, 2012), constructive techniques of research through design (Wensveen, 2018) potentially empower people to better articulate value and construct future value (Simonse, 2022) through co-creation, as opposed to traditional insight gathering. In contexts of service innovation, establishing a shared definition of value among stakeholders and the coordination of those stakeholders are crucial elements of transformative practices (Canales Durón *et al.*, 2019; Dehling *et al.*, 2022).

To date, service innovation strategies have, under the influence of internet and communication technologies, most prominently concentrated on creating *omnichannel* services. Consequently, "omnichannels" have also been the focal point of attention for creating customer engagement (Lee *et al.*, 2019; Payne *et al.*, 2017). The seamless integration of physical and digital touch points for human service provision leads to "omnichannel" engagements (from *omnis*, meaning "every" in Latin), where people interact with brands, create information and purchase products and services through various channels. The emergence of this omnichannel marketing logic has broadened the field of services marketing and has in a way also narrowed the gap between services marketing and design. As has already been indicated, design practices complement services marketing in designing omnichannel strategies by using the ability to translate omnichannel touch points into seamless experiences (Calabretta and Kleinsmann, 2017). However, to what extent strategic design plays a pivotal role beyond omnichannel strategies in designing service engagement strategies is rather unknown. In view of the foregoing, this study seeks a better understanding of leveraging strategic design abilities within service engagement strategies.

2.2 Leveraging strategic design

As a second line of inquiry for the theoretical positioning of this paper, we draw from the dedicated stream of strategic design literature. We describe strategic design as the ability of design to interact with service innovation activities and strategic decision-making, while taking an organizational viewpoint in enacting meaningful future value (Table 1). The practice of design is thus expanding as designers become increasingly involved in innovation activities and strategic decision-making in organizations (Micheli *et al.*, 2018). Designers engage in strategic decision-making in fields beyond the scope of traditional design disciplines (Gallego *et al.*, 2020). Involving them early in the innovation strategy process facilitates basing propositions on user value, leading to more successful user outcomes (Simonse, 2018). The emergence of strategic design has been associated with new abilities and design methodologies for innovation processes and strategic decision-making (Canales Durón *et al.*, 2019). Table 1 shows an overview of strategic design abilities, their purposes, activities and some supporting techniques. From the emergence of its practice, Hertenstein and Platt (1997) were the first to identify

key elements of strategic design in terms of "positioning design effectively, articulating the design process, measuring design performance, and bringing design into the realm of strategic decision-making". Borja de Mozota (1998, p. 28) identified three levels of the strategic value of design (Table 1): *operational design, functional design* and *anticipative design*. Manzini and Vezzoli (2003) emphasized that value creation is at the heart of strategic design by reflecting on practices of designing innovation strategies for integrated systems of products, services and communication based on new organizational configurations of stakeholders. More recently, Calabretta and Gemser (2017) positioned strategic design as "a professional field in which designers use their design practices to co-determine strategy formulation and implementation towards innovative outcomes that benefit people and organizations alike" (p. 109). In addition, a *strategic design ability* is described as the ability to drive innovation by means of design doing and design thinking in the context of "business needs, strategic brand intent, design quality and customer values" (Brown, 2019; Meroni, 2008; Micheli *et al.*, 2018). Furthermore, in related literature it is explicitly recognized that strategic design contributes to market-orientation and organizational strategy formulation through an iterative, non-linear process that embraces fuzziness and complexity (Simonse, 2018; Simonse *et al.*, 2015; Lin *et al.*, 2011). However, little research has been conducted to understand *how* strategic design contributes to market-orientation and strategy formulation and how it relates to service engagement strategies, which indicates a void in the existing body of knowledge (Micheli *et al.*, 2018).

The reflective study by Canales Durón *et al.* (2019) identified four strategic design abilities:

1 future visioning;
2 modelling value exchange relations;
3 orchestrating service co-creation; and
4 transforming organizational networks (Table 1).

In essence, strategic design positions designers to lead innovation that is closer to business and management (Canales Durón *et al.*, 2019). Consequently, strategic design may result in a business *mindset* of designers that addresses socio-economic challenges "through the use of specific design tools and methods, in order to understand the user experience and co-design new solutions" (Gallego *et al.*, 2020, p. 876). However, how mindsets relate to abilities is currently understudied. From an overall critical review (Table 1), we conclude that across the descriptions of "strategic design", scholars agree upon these common denominators: strategic design influences both the innovation process and strategic decision-making through a practice of value co-creation, and strategic design takes an organizational viewpoint on meaningful future outcomes. The term *strategic* signifies that the notion of *strategic design* differs from mere *design*, as the practice of strategic design is tightly linked with the process of innovation *strategy* and organizational configuration.

This study builds on this emerging framing of strategic design abilities (Table 1) by further investigating how these relate to service innovations, and introduces a practical framework of service engagement strategies. This research studies how these abilities are leveraged in customer engagement processes, in particular to address unmet value

Table 1 Key studies on strategic design

Construct description drawn from common denominators	Strategic design ability	The ability to influence strategic decision-making on innovations through the practice of value co-creation, while taking an organizational viewpoint towards meaningful future outcomes	
Study	*Focus*	*Proposed constructs*	*Ground*
Hertenstein and Platt (1997)	Strategic elements	Key elements of strategic design: – positioning design effectively – articulating the design process – measuring design performance – bringing design into the realm of strategic decision-making	Reflective study
Borja de Mozota (1998)	Levels of value	Three levels of strategic design: – operational design: creates customer value through differentiation – functional design: creates value through coordination of functions – anticipative design: adds value through anticipation of changes	Theoretical study
Manzini and Vezzoli (2003)	Large-scale systems	Value creation is at the heart of strategic design by reflecting on practices of designing: – innovation strategies for integrated systems of products, services, and communication – new organizational configurations of stakeholders	Empirical study
Meroni (2008)	Teaching	Strategic design focusses on creating "a system of rules, beliefs, values and tools" that allow organizations to remain competitive through innovation, and in doing so also influence the systems they are in (p. 32).	Reflective study
Gardien, Rincker and Deckers (2015)	Knowledge economy	The co-creation innovation framework proposes an iterative and non-linear approach that distinguishes three stages which run in parallel: – *position*: identify relevant business opportunities and iteratively derive meaningful propositions. – *create*: develop propositions that are tested through 'Rapid Co-creation', using experiments and fast iterations of prototyping. – *enable*: refers to the infrastructure that is required to enable the rapid co-creation and prototyping, such as IT systems, hardware, software, and design tools	Conceptual study
Calabretta and Gemser (2017)	Strategy formulation and implementation	Structures a strategic design project into three phases: – preparing the ground – co-creating the outcome – embedding the outcome	Reflective study
Micheli, Perks and Beverland (2018)	Strategy direction and decision-making	Strategic design has become the discipline/field in which designers: – influence decisions – steer towards long-term sustainability and competitiveness of an organization – develop brand values, positioning and market-orientation	Empirical study
Canales Durón, Simonse and Kleinsmann (2019)	Service strategy of value-based health care	Identified a set of strategic design abilities in strategic innovation: – future visioning: to build shared and orienting visions that allow for a constructive exploration of innovation solutions – modeling value exchange relations: to constructively shape the value exchange relations of actors co-producing value in a system – orchestrating service co-creation: to plan and carry out knowledge integration activities for innovation – transforming organizational networks: to build innovation capabilities in organizations to support dynamic change	Reflective study
Gallego, Mejía and Calderón (2020)	Intellectual capital	Strategic design is regarded as intellectual capital, comprising: – organizational members' design competencies (human capital) – design processes (structural capital) – the participative design approach (relational capital)	Reflective study

Source: Authors' own

through service engagement strategies. Against this theoretical background, this study concentrates on answering the research question:

RQ. How can strategic design abilities contribute to creating engagement strategies to address unmet value?

2.3 Conceptual framework

Figure 1 displays a conceptual framework for addressing this question by conceptualizing the leveraging effects of strategic design abilities in addressing unmet value through service engagement strategies. The framework presents that the concept of unmet value draws together service design and services marketing into a reciprocal value creation mechanism. Although the framework shares similarities with other frameworks of value (co-)creation (Gardien *et al.*, 2015; Sjödin *et al.*, 2020), it is unique in its co-evolving loop of service engagement and the embedding of strategic design abilities in relation to unmet value (Figure 1). In the framework, value is realized throughout the loop. We have developed this novel framework based on the inductive analysis of our empirical case research findings.

We have identified three strategic design abilities which effectively contribute to addressing unmet value throughout the co-evolving process of service engagement strategies: *envisioning value* (I), *modelling value* (II) and *engaging value* (III). To address unmet value by means of strategic design abilities through service engagement strategies, the proposed framework (Figure 1) builds on a shared notion of "strategy", shared by both marketers and designers. The framework visualizes how strategic design complements customer engagement marketing by contributing with (inter alia) empathizing with users and uncovering unmet value (I), using activity loops and connecting user and brand value to model value (II) and engaging value through engagement strategies to attain contextualized engagements (III).

Although the strategic design abilities reinforce each other in parallel, the loop carries some degree of sequential logic, which is illustrated by the flow of activities along the loop (0–9). For instance, value cannot be engaged if it is not properly defined and modelled, and modelling value is difficult without envisioning it first.

In the following sections, the qualitative inductive method and the development of the main constructs of the framework are, respectively, described in the method and results sections. Propositions based on the framework and its theoretical implications are further discussed in the last section.

3. Method

3.1 Qualitative inductive study

The study was designed to better understand the convergence of strategic design and service engagement strategies. It builds on inductive analysis of an embedded case study, based on interviews, memos, company reports and observation notes (Eisenhardt, 1989; Eisenhardt and Graebner, 2007). This qualitative study design was chosen to best address the exploratory nature of the research question (Creswell and Poth, 2016). As customer engagements are influenced by industry-specific characteristics (Pansari and Kumar, 2017), a case study setup helps to contextualize the research findings in relation to its industry (in this case: health care technology services). According to Chandler and Lusch, research such as "case studies [...] for understanding the complex and adaptive systems that comprise the ground for value propositions are needed" (p. 15). The data collection included co-creation interviews with eight participants, professional designers and marketers. These interviews focussed on the contribution of strategic design to service engagement. To generate insights with applicability beyond the case setting, inductive analysis was used. The emerging process framework interacted with the qualitative data analysis (i.e. cross-fertilization) to further advance continuous data collection (Dorst and Cross, 2001; Eisenhardt, 1989; Eisenhardt and Graebner, 2007). Validation conversations refined the final framework (Figure 1).

3.1.1 Case setting
Given the global market challenges that service companies and industries in general face and considering that strategic design could potentially contribute to creating service engagement strategies, a multinational health care technology company

Figure 1 Framework of the co-evolving loop of service engagement strategies
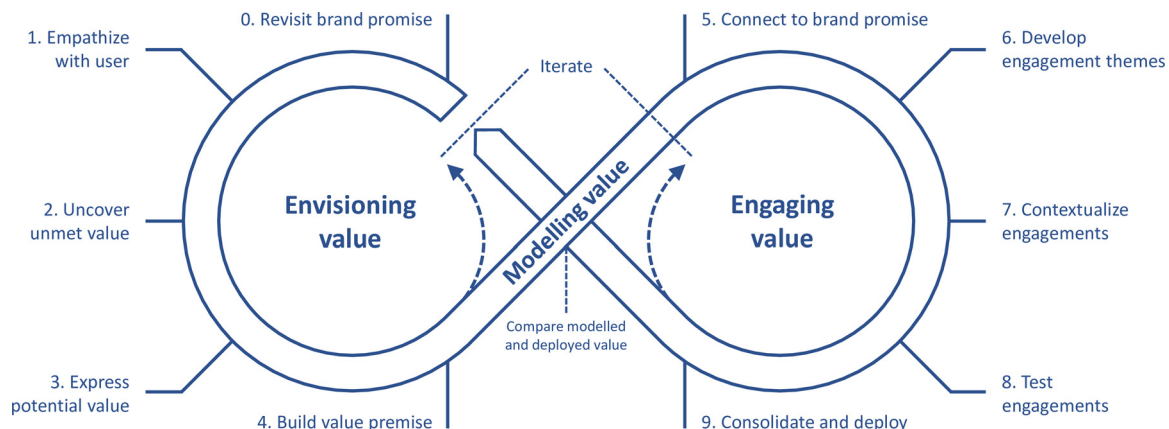
Source: Authors' own

involved in a services marketing transformation was selected for the case study (Goffin *et al.*, 2019). It is a global company of considerable size, in the range of 10,000–100,000 employees, with multibillion-euro annual revenue and substantial knowledge resources in the disciplines of both marketing and design. Considering the size and significance of both the marketing and design functions, its extensive customer engagement activities, as well as the available expertise in strategic design, the selected case suits the study's purpose of better understanding the potential effects of strategic design abilities on creating service engagement strategies by building a new conceptual framework (Eisenhardt, 1989). The organizational setting of the company is seen as particularly suitable, because it is characterized by a shift towards value-driven service innovation, which is a relevant area for the application of strategic design abilities (Canales Durón *et al.*, 2019). Furthermore, the industry of health care technology is a relevant setting, as illustrated by prior studies on practices of services marketing and design (Canales Durón *et al.*, 2019; Keeling *et al.*, 2021; Sweeney *et al.*, 2015). For a period of four months, the first researcher was embedded full-time into the marketing department of the health care technology company (Glaser, 1978). During this period, a thorough understanding of the context was established to articulate and frame the design challenges associated with service engagement innovation (the strategic problems to address). In the case setting, the marketing department held centre stage, while interactions with various design practitioners within the company were part of the setting.

3.1.2 Sample of participants

The participants were selected through a combination of purposive and snowball sampling (Maxwell, 1996; Taherdoost, 2016). With purposive sampling, we recruited two types of participants: designers and marketers within the case company. A total of eight experts were involved in co-creation interviews: four designers and four marketers (five male and three female). These experts had 152 combined years of experience and 19 years of experience on average, with a minimum of 11 years of experience. Through snowball sampling, in which the participants also supported in recruiting other relevant experts, new participants were found, while striving for a balanced distribution of designers and marketers. One attempt to recruit a specific expert was rejected (no response). Participants were recruited until thematic saturation occurred.

3.1.3 Ethical considerations

This study was approved by both the *Human Research Ethics Committee* of the university with which the researchers are affiliated and the case company. All participants gave their prior consent to be interviewed. Participation was voluntary and participants could withdraw at any point. The topic of the study was not sensitive and no negative effects from the conduct or potential outcomes of this study were reported. All personal information was de-identified. During the analysis, no personal information or data were processed. Participants were not asked about private information or experiences. The selected quotes were sufficiently general to preclude identification of individual participants.

3.2 Data collection

Through executing the research in an embedded setting, rich context data was collected in a semi-structured way by attending meetings, taking notes based on daily observations and studying internal documents. In addition, a series of eight individual semi-structured interviews (Fontana and Frey, 2000) with experienced design and marketing practitioners (participants) within the company were conducted using generative design tools (Sanders and Stappers, 2012). The generative tools consisted of preliminary process frameworks and visualizations of potential activities to create service engagement strategies, derived from the synthesis of literature (Table 1), and internal company process frameworks. These tools helped participants express ideas and concepts related to the phenomenon of interest. The interview protocol (Patton, 2014) provided structure to the co-creation interviews by laying out various existing constructs (Table 1) and potential ways to configure activities of service engagement strategies. The last part of the interview protocol focussed on the potential opportunities of strategic design abilities. The interviews were held either in Dutch (the native language of the researcher) or in English (professional proficiency), depending on the participant's language preference. Half of the interviews were held in English. The co-creation interviews were all held through online video calls (Microsoft Teams), either at home or at work. The interviews were conducted between August and November 2021. The interviews lasted between 46 and 75 min. In addition to the interviews, informal conversations were held both through online video calls and in person at the company's headquarters. No repeat interviews were conducted. The researcher audio-recorded the in-depth interviews for live transcription (Microsoft Transcribe) and took notes. During the informal conversations, no audio was recorded but notes were taken. Quoted statements in Dutch were translated to English by using a neural machine translation service (Google Translate) and checked by the researchers. Validation conversations were carried out with two of the eight interview participants (Patton, 2014): one design and one marketing manager. During these conversations, participants shared their opinions on the latest state of the process framework. Points for improvement were identified (e.g. unclear language, possible additions).

3.3 Data analysis

Inductive analysis was used to identify patterns within the data. The data was grouped under codes, categories and themes, whereby particular attention was drawn to identifying how strategic design abilities contribute to creating customer engagement. The data was analysed in an iterative process of coding using computer-assisted qualitative data analysis software (ATLAS.ti, v3.7.0). Line-by-line (open) coding formed the basis of the inductive analysis, which centred around the research question. Through axial coding, the coded data was grouped into categories based on shared characteristics. In this phase, codes were left out that did not contribute to answering the research question (such as company-specific frameworks) or that did not have sufficient support (less than 10 quotes in total). Categories that had insufficient support from the data (containing quotes from less than five participants) were not developed further. The last

phase of the inductive analysis focussed on theoretical and selective coding – in which the categories were clustered into themes. A coding tree (Figure 2) was developed in which all details were preserved. The two researchers reviewed the inductive logic that supports this analysis, i.e. adding breadth to the study of the phenomenon of interest (Patton, 2014). By drawing general conclusions from a set of observations, we paved the way for theoretical construct development that transcends the case setting, i.e. by applying "bottom-up" logic to widen out the specific premises into broader generalizations (Hayes *et al.*, 2010). The theoretical and selective coding involved the merging of categories into themes based on the theoretical understanding of the extant literature (Eisenhardt and Graebner, 2007). The inductive analysis, personal memos, observations, internal documents and literature were reviewed and compared to identify recurring evidence for building the framework, i.e. constituting method and data source triangulation. From this triangulation, stronger patterns emerged and were used to iteratively create, detail and reconfigure the distinct properties of the framework, while preserving the details of our unique and novel findings. Through iteratively reviewing similarities and differences with constructs in the extant literature (of service engagement strategies and value co-creation, but also of strategic design), the distinct properties of each theme were further sharpened (Eisenhardt, 1989). By drawing on this, the final framework (Figure 1) was developed to provide a theoretical basis for shaping propositions in relation to each construct and reach closure on the inductive process (Dorst and Cross, 2001; Eisenhardt, 1989). To maintain validity, the implications and limitations of this approach were reviewed and discussed (Cohen *et al.*, 2017).

4. Results

The data analysis resulted in a theoretical structure – the coding tree for creating service engagement strategies through strategic design abilities. Figure 2 presents the result of the data induction of 12 codes into six categories, which are summarized by three themes.

4.1 Envisioning value (I)

Three themes were identified. The first theme (I) encompasses the contributions of strategic design to creating better service engagement strategies through *envisioning value*. Three sub-abilities were distinguished to describe these contributions: *seeking future user value*, *designing through empathy* and *connecting user value and brand value*.

#### 4.1.1 Seeking future user value

A pattern of viewpoints suggests that using strategic design for *seeking future user value* could expand the capability to address unmet value through service engagements. Practitioners frequently referred to *expressing future value* (17 quotes):

> […] it's about envisioning and expressing quickly early on. I think that's the secret source that the design team has (Designer 1).

Specific elements of design are strong contributors to the field of engagement marketing, such as *expressing future value* (17 quotes). Participants indicated that using the design ability of *prototyping* could be beneficial for *expressing future value* (17 quotes):

> We use a number of thinking methods to create prototypes that won't necessarily express the whole thing, but work best for the important thing that we're trying to explore (Designer 1).

Figure 2 Coding tree of how strategic design abilities contribute to creating service engagement strategies to address unmet value
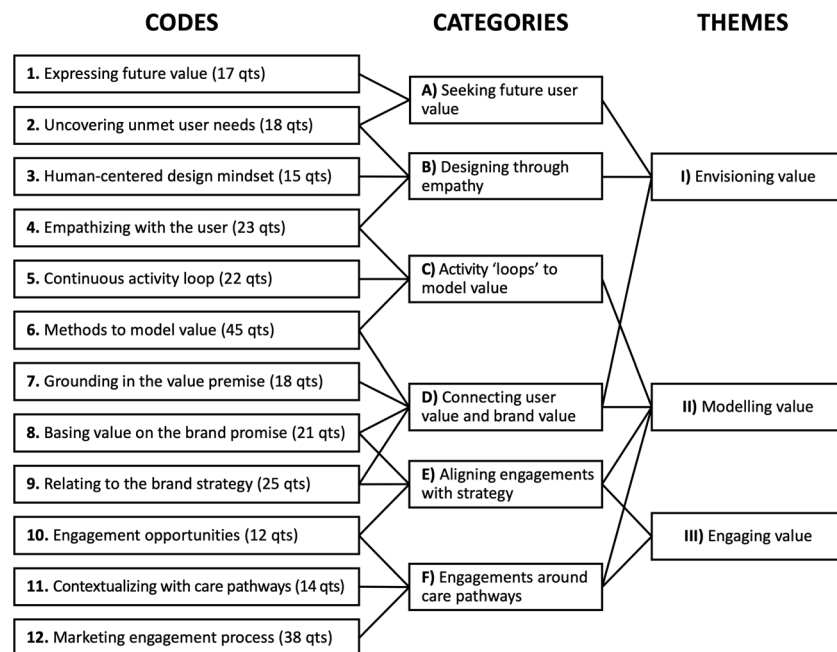
Source: Authors' own

4.1.2 Designing through empathy

A *human-centred design mindset* (15 quotes) is commonly mentioned as a potential contributor to service engagements. The "magic" ingredient of design thinking for *envisioning* is suggested to be its human-centredness. One designer believes that "empathizing and doing" are key contributions of design thinking to service engagements:

> I think that human-centredness is the magic of design thinking: empathizing and doing (Designer 1).

It was revealed that strategic design abilities related to *empathizing with the user* (23 quotes) help to address unmet value.

> You need a mindset that can better empathize with the customer. [Service engagements] create exposure with the users to help us go deeper with the users to understand [them] (Marketer 2).

> But also, the huge dollop of empathy in there [in design], so we can actually understand the end user's situation quickly, so it doesn't remain theoretical (Designer 1).

A pattern of comments suggests that *designing through empathy* is a key contributor to *envisioning value* in service engagements by means of strategic design, considering that service engagement strategies facilitate exposure to end users.

4.1.3 Connecting user value and brand value

Basing value on the brand promise (21 quotes) is repeatedly mentioned. The brand promise is suggested to be a central element of both *envisioning value* (I) and *modelling value* (II):

> Your engagement strategy must contain the translation of your brand promise and how do I translate that into my engagement strategy? (Marketer 3).

The data disclosed that *basing value on the brand promise* (21 quotes) and *relating to the brand strategy* (25 quotes) are shared activities allowing for a cross-functional integration of strategic design with brand marketing.

4.2 Modelling value (II)

The strategic design abilities related to *modelling value* (Theme II) were thematic, not only in terms of sequentiality of activities, e.g. *activity loops to model value*, but also in terms of providing an "anchor" point for *connecting user value and brand value* and *aligning engagements with strategy*.

4.2.1 Activity loops to model value

The data revealed that using *activity loops to model value* enhances (the creation of) service engagement strategies as a consequence of a *continuous activity loop* (22 quotes) embedded in *methods to model value* (45 quotes).

> You should actually build in many more feedback loops [...] because those Field Service Engineers know very well what goes wrong in the hospital, since they service those things (Designer 2).

Both marketers (12/22 quotes) and designers (10/22 quotes) within the company mentioned that including more interactive "loops" within the service engagement process, i.e. insights going back and forth between front-end innovation and the field (e.g. hospitals, consumer markets), would benefit the creation of service engagement strategies due to a closer connection with the user. Adjacent to using *activity loops to model value*, indications have been found for a need to continuously compare modelled and delivered value as part of a *continuous activity loop* (22 quotes) in order to better address unmet value throughout the engagement process. Continuous evaluation may be necessary to effectively coordinate the market situation and *marketing engagement process* (38 quotes).

4.2.2 Connecting user value and brand value

In complex industries such as health care technology services, it can be difficult to articulate how a value proposition addresses a certain need and to relate it to the brand. The findings indicate that design methods such as *needs laddering, co-creation* and *jobs to be done* help to better model value (45 quotes) for engagement strategies to *ground [value propositions] in the value premise* (i.e. underlying value; 18 quotes). A marketer within the case company explicitly mentioned *needs laddering* as a missing part of the value proposition strategy.

> There is no process today where some kind of needs laddering is described within the value proposition strategy. I'd say, make that part of your solutions strategy (Marketer 1).

This suggests that needs laddering could improve how the company models value, by helping understand user needs and relating it to the brand strategy (25 quotes).

4.3 Engaging value (III)

Within the coded data, statements were found that suggest a third theme with respect to the contribution of strategic design to service engagement strategies. The sub-abilities *aligning engagements with strategy* and *engagements around care pathways* describe how strategic design contributes to service engagements through *engaging value* (Theme III).

4.3.1 Aligning engagements with strategy

Data findings suggest that to engage value, transformative and strategic engagements (such as co-creation) with key stakeholders may be necessary, in contrast to mere transactional ("vendor level") engagements:

> As an engagement mechanism we do co-create workshops with C-suites. That helps get the conversation started (Designer 2).

The importance of relating engagements to the overarching strategy is commonly mentioned (25 quotes).

4.3.2 Engagements around care pathways

Various *engagement opportunities* (12 quotes) occur along different care pathways (or service pathways). Therefore, the engagement strategy should be optimized accordingly. However, the brand (reputation) messaging remains unchanged (Marketer 1).

Contextualizing with care pathways (14 quotes) is an increasingly popular concept (Designer 1) that is specific to the health care services industry. Care pathways "help to map needs along the [patient] journey" (quote from Designer 4) in a specific care setting (e.g. cardiology, oncology), which could provide structure to the *marketing engagement process* (38 quotes).

> We now try to link the promise to the solutions. Care pathways make this process easier (Designer 2).

Contextualizing with care pathways (14 quotes) could facilitate *engaging value* (Theme III), by connecting the brand promise with the solution, as service pathways enable a cross-functional perspective on a set of solutions, constituting a unified promise.

5. Discussion

5.1 Principal findings

To address unmet value, this research has yielded new perspectives on value co-creation in service engagement strategies. In answering the research question of how strategic design abilities can contribute to creating engagement strategies, the principal research findings concern three interrelated strategic design abilities:

1 envisioning value;
2 modelling value; and
3 engaging value.

These abilities constitute a novel framework that is based on the analysis of in-depth qualitative data. Figure 1 schematizes this overarching service engagement loop framework that contextualizes these strategic design abilities for service engagement strategies.

5.1.1 The service engagement loop framework

Building on the grounded coding tree of the inductive analysis (Figure 2), we have built the conceptual framework (Figure 1) for creating service engagement through strategic design abilities co-evolving with services marketing abilities. With respect to the current understanding of service strategies and co-creation of service experiences (Chandler and Lusch, 2015; Razmdoost *et al.*, 2019; Zhang *et al.*, 2018), the theoretical implications of the service engagement loop framework (Figure 1) concern the strategic addition of uncovering unmet value. In relation to the theoretical conceptualization of customer engagement (Harmeling *et al.*, 2017; Pansari and Kumar, 2017), the novel framework provides a service innovation perspective based on the three grounded abilities uncovered in our research (Figure 2). These abilities of *envisioning*, *modelling* and *engaging value* are a subset of the theoretical constructs of strategic design abilities described in Table 1. Another theoretical implication of the service engagement loop framework (Figure 1) is the cross-cutting integration of strategic design abilities and services marketing towards a co-created engagement strategy. Uncovering unmet value through engagement strategies is a prime application of strategic design in a services marketing context. The abilities of *envisioning*, *modelling* and *engaging value* outline the co-evolving practice to enact meaningful value accordingly. The distinct addition that we postulate, are these particular abilities of strategic design, with specific focus on unmet value as a focal point for service engagement strategies:

P1. Unmet value provides a cross-cutting strategy on service engagement by associating engagement marketing, service innovation and strategic design abilities.

5.1.2 Co-evolving process of service engagement

Adding to value creation mechanisms in service innovation (Sjödin *et al.*, 2020), we propose an end-to-end loop (which connects all stages), as effective service engagements are enabled by strong value propositions and vice versa, i.e. because of the reciprocity between engagements and value propositions. In relation to the strategic design abilities described in Table 1, the conceptual framework (Figure 1) suggests an iterative and non-linear approach. In addition, this study has found indications that a co-evolving and shared understanding of value is instrumental in creating service engagement strategies. Furthermore, we found parallels with our research findings in the work of Sjödin *et al.* (2020), who distinguished three process phases "that unfold in collaboration with the customers: value proposition definition, value provision design, and value-in-use delivery" (p. 158). Our findings affirm a similar importance of "continuous alignment of value creation and value capture across phases instead of sequential steps" (p. 178), which is also manifested in the framework (Figure 1) and evidenced in category C (Figure 2). Uniquely, the implications of our research are that the three strategic design abilities should not be considered in isolation, as continuously *envisioning*, *modelling* and *engaging value* reinforce each other in an iterative "loop" practice that enables strategic engagements throughout the service engagement process. Based on the above findings, we formulate the following proposition:

P2. The co-evolving process of envisioning, modelling and engaging value in an end-to-end loop leads to effective service engagement strategies.

5.1.3 Envisioning value

In addition to the strategic marketing questions (e.g. "which customer groups, which channels, which geographies, what is in and out of scope?") that form the basis of "where to play" decision-making (Lafley and Martin, 2013), the relevance of strategic design abilities becomes apparent when appreciating the objective of the *envisioning* stage. The objective is to understand where the unmet value for the (envisioned) customers lies, with respect to the brand promise and the unmet needs. In correspondence with Andreassen *et al.* (2016), our results reveal that empathizing with the user to envision value is especially important in complex environments of service innovation. By engaging with users early on (Figure 1), a company can better define and articulate value opportunities for future service engagements. We add to this the importance of uncovering unmet value to unfold innovative service engagement strategies that transcend existing value propositions.

P3. Uncovering unmet value in service engagement strategies is instrumental in the ability of envisioning value.

5.1.4 Modelling value

Another typical marketing question of service engagement would be "how should we differentiate and position ourselves?" (Collis and Rukstad, 2008). Therefore, modelling the envisioned value and strategically positioning it are crucial to business success ("how to win"), especially with respect to service engagements (Bijmolt *et al.*, 2010). Moreover, it extends the theoretical framing of the strategic design abilities in Table 1. Our results affirm that continuous customer involvement during value proposition definition provides a stronger basis to deliver the envisioned value as indicated by Sjödin *et al.* (2020). As emerged from the findings, *modelling value* is unique in the sense that it aims to connect user value and brand value by aligning engagements with the overall

strategy. Activity loops (Figure 2: category C) ensure that engagements contribute to service innovation and vice versa:

P4. Modelling value abilities co-evolve with envisioned value abilities in designing innovative service engagement strategies.

5.1.5 Engaging value

To transform engagement in service, the co-created engagements within the firm–customer dyad and the resulting value outcomes (Alvarez-Milán *et al.*, 2018; Chandler and Lusch, 2015) complete the co-evolving loop practice. Engagement is a two-way process and the importance of engaging customers to co-create future innovations has been recognized in various industries, including health care (Lei *et al.*, 2020; Sweeney *et al.*, 2015; Zhang *et al.*, 2018). Drawing from our findings, strategic design adds to this by engaging through service pathways (or care pathways), which help to structure engagements around a service setting. Contextualized engagements anchored in a rich understanding of unmet value help close the loop and provide insights for future service innovations:

P5. Engaging value abilities co-evolve with modelling value abilities in co-creating future service innovations.

5.2 Strategic design methodology and mindset (social implications)

The inductive analysis yielded 12 codes and 6 categories (Figure 2). Reflecting upon these codes and categories uncovered two types of strategic design contributions to creating service engagement strategies: a design methodological (α) and a design mindset (β) contribution. We consider strategic design abilities (I, II and III) as theoretical constructs that consist of a design methodological and mindset component (exemplified in Table 2).

Parallels to this distinction can be drawn with the work of Brenner *et al.* (2016), in which design thinking is defined as a *mindset*, *process* and *toolbox*. Arguably, our study has identified a similar classification for strategic design abilities, merging *process* and *toolbox* into design methodology (α), also considering that Brenner *et al.* (2016) defined *process* as a combination of a micro- and macro-process that consists of steps and milestones and defined *toolbox* as the application of methods and techniques. Therefore, we suggest that *process* and

toolbox both refer to design methodology (α), building on the study's evidence that exemplifies this distinction in defining abilities to model the contribution of strategic design to service engagement. Furthermore, the need for the mindset to be in sync with or supportive of the methodology (Gray, 2016), and the notion of *systemic* design being modelled as a *mindset*, *methodology* and *set of methods* (Ryan, 2014), provide additional indications that the classification, as proposed in Table 2, complements the understanding of how strategic design contributes to engagement strategies.

Our findings thus suggest that a strategic design ability is subject to the interrelation of a design methodological and a design mindset component. For example, *designing through empathy* was identified as a design mindset that contributes to creating better service engagement strategies. Therefore, design mindset contributions should be considered in relation to the methods that facilitate these cognitive practices (e.g. empathy mapping) and vice versa. This leads to the final proposition:

P6. Strategic design abilities interrelate a methodological skillset and design mindset.

5.3 Limitations and future research

The propositions and conceptual framework (Figure 1) represent an emerging theory and is far from the theory development stage of mutual exclusivity or collective exhaustiveness with respect to the contribution of strategic design to service engagement through *envisioning*, *modelling* and *engaging value*. The limitations of our study relate to the qualitative sampling method and inductive study design. Furthermore, we acknowledge that the proposed framework for designing and deploying service engagement strategies may not completely cover all companies or industries. Therefore, additional case studies and empirical assessments are necessary to confidently generalize the propositions across industries and create a consolidated set of best practices based on both qualitative and quantitative data. Additionally, more research is required to understand to what extent strategic design benefits service engagements in the long term. Therefore, future research should consider longitudinal studies on the subject.

5.4 Practical implications

Managers could consider leveraging strategic design abilities in service engagement processes to address unmet value. The

Table 2 Design methodological and design mindset components of strategic design abilities

Strategic design ability	Design methodology (α) exemplified	Design mindset (β) exemplified
Envisioning value (I)	Expressing future value (Code 1), e.g. through prototyping or user co-creation sessions	Empathizing with the user (Code 4), i.e. understanding the user's situation and feelings
Modelling value (II)	Continuous activity loop (Code 5), e.g. by incorporating cross-functional "value loops"	Grounding in the value premise (Code 7), i.e. reasoning how a proposition addresses value
Engaging value (III)	Contextualizing with care pathways (Code 11), e.g. by engaging along the patient journey	Basing value on the brand promise (Code 8), i.e. the brand promise is a central theme
Source: Authors' own		

framework (Figure 1) proposes concrete means to improve service engagements through strategic design abilities and guides service innovation practitioners to implement a co-evolving loop practice. A starting point to join forces would be to revisit the brand promise that provides a cross-functional anchor point for engagement marketing and strategic design. Then, the engagement strategy loop continues with mapping values by empathizing with the user to uncover unmet value, and mapping ideas, i.e. expressing future value. The envisioned value premise is the basis of modelling value to connect (integrated) value propositions and the brand promise. Multiple iterations of modelling may be necessary. This is also fuelled by continuous activities of engaging value that draw on developing and identifying engagement themes, contextualizing these with care pathways, and testing the engagement manifestations with numerous multi-stakeholder activities running in parallel, to create moments of consolidation and deployment company-wide. The Appendix provides more detailed descriptions of the activities on how to apply strategic design abilities in the service engagement process.

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Appendix

Table A1 Activities of the service engagement loop framework

Activity	Description
0. Revisit brand promise	The brand promise is the value that customers expect when engaging with the company. Therefore, revisiting it is the starting point of every engagement effort seeking to reinforce the brand promise and establish cross-functional alignment
1. Empathize with user	Both marketing engagement and strategic design are centred around people. Understanding the user is crucial for envisioning value. Empathy is the basis of a human-centred engagement strategy and helps to determine the jobs to be done
2. Uncover unmet value	Uncover unmet value to frame the "where to play" engagement direction. Nail down (latent) needs, pain points and market demand to ground the engagement opportunity in unmet value
3. Express potential value	Ideate potential engagement strategies by expanding the opportunity space. Create journey/context maps to further explore potential value. Express potential engagements to address unmet value using rapid prototyping
4. Build value premise	Design the envisioned customer journey or care pathway and construct a value laddering to define the value premise, while considering the current socio-technical landscape. Draft the "how to win" engagement strategy
5. Connect to brand promise	Connect the value premise with the brand promise to reinforce the brand value and ensure consistent engagements. Furthermore, this activity establishes a shared vision of value, which facilitates cross-functional collaboration
6. Develop engagement themes	"Make it happen" starts with developing engagement themes that are inspired by fundamental (underlying) needs. These themes form the basis of all engagement activities and prioritize specific customer needs, until new priorities emerge
7. Contextualize engagements	For each theme, define how to engage value along a customer journey or care pathway, configure all engagements and contextualize the engagement strategy for each distinct care setting using co-creation with key stakeholders
8. Test engagements	Test engagement manifestations, define engagement guidelines and validate key content assets with stakeholders. At this stage, the engagement strategy contains all details to engage value and deliver the brand promise
9. Consolidate and deploy	Consolidate and deploy the engagement strategy company-wide to address unmet value. Keep iterating to sharpen the engagement strategy, while circling back insights to activities 0–9. Continuously reflect on the deployed value

Notes: The numbering is used for reference purposes, not to suggest this particular sequence. Activities may occur in parallel and/or iteratively. Table A1 provides a description of each activity. The descriptions require adaptation before applying the process in practice, as organizations vary significantly. Therefore, Table A1 merely provides a suggested direction or starting point for further development of the framework

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