Intermediary Roles in Value Co-Creation

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Abstract

This paper studies the kind of roles intermediaries perform in value creating nets. The study focuses on a triad consisting of a mobile advertiser, an advertising agency and a mobile advertising service provider. A multiple case study and interview data from ten advertising agencies suggests that intermediaries may play the roles of connecting, mediating, and distracting actors in value creating triads.

INTRODUCTION

Value creation has been one of the most addressed topics in the latest theoretical discussion in business-to-business marketing (Sharma, Krishnan and Grewal 2001). Existing research on value creation has addressed the topic at the network level (Kothandaraman and Wilson 2001), at the business relationship level (Walter, Ritter and Gemünden 2001), as well as at both levels (Möller and Törrönen 2003). However, the triadic viewpoint that gives attention to the role of an intermediary in the value creation processes for other actors is missing. Existing research (Havila 1996; Ritter 2000; Havila, Johanson and Thilenius 2004) suggests that third actors play important roles in business relationships. Thus, there is a need to study how an intermediary influences the joint value creation process of a buyer and a seller.

The context of the study is mobile advertising, i.e. advertising using mobile devices as a communication vehicle. Mobile advertising offers revenue-generating opportunities for a number of different players, but the value system is still in a state of emergence (Möller and Svahn 2003). The actors are unsure about possible value creating business logics. Thus, it is reasonable to assume that there are still several different intermediary roles being performed, those that enhance value creation as well as those that distract it. Secondly, there is a need for intermediaries to bring together the different actors, e.g. software companies, network carriers and operators, retailers as advertisers, media houses, etc. Companies that perform such an intermediary role between their clients and advertising media, namely advertising agencies and media planners, are natural and important intermediaries in mobile advertising. Advertising agency-client relationships may develop into strong and mutual beneficial ones (Beard 1996, Halinen 1997), enabling the agency to influence its clients' advertising decisions.

In mobile advertising, few ad agencies have experience in performing the intermediary task. In the UK, Fields (2005) reports that the technology is in place, but only 18% of advertisers use mobile communication. In Finland, which is the setting of this study, the

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situation is quite the same, only 2% of the total spending in advertising went to internet and mobile advertising in 2004, although there has been a huge increase of 35.3% from the year before (Mainonn Neuvottelukunta, 2005)

One of the reasons for the failure of the intermediary task so far may be that the ad agencies themselves do not see mobile advertising as a mainstream advertising channel and their perception hinders the marketer's adoption of mobile advertising. The agencies might not understand the possibilities offered by mobile advertising and thus are unable to utilize it in value creation.

Mobile advertising is different (Choi, Stahl and Whinston 1997; Salo and Tähtinen 2005). Whereas traditional advertising is targeted at mass audiences and relies predominantly on one-way communication, mobile advertising is highly personal, interactive, and even context aware. The 'old' way of reaching large target groups and relying on ad repetition does not work. Mobile ads should encourage the receivers to interact with the advertiser and with other customers (Salo and Tähtinen 2005). This creates a need for a change in thinking and in the traditional value creation processes of advertisers, ad agencies and advertising media.

The purpose of this paper is to examine what roles advertising agencies perform in the value creation processes of mobile advertising service. In doing this, the study extends the existing research on value in manufacturer-supplier relationships (U'лага 2003), in services (Lapierre 1997) and in service provider-customer relationships (Komulainen et al. 2004) to service provider-intermediary-customer relationships. In addition, the paper examines the role of the advertising agencies as an important determinant of the success of mobile advertising. Due to the novelty and special features of mobile advertising, the mobile advertising service provider needs to understand advertising agencies' role in value creation to enhance and improve the service. Accordingly, advertising agencies need to learn how to design and execute m-ads to create value to both advertisers and themselves.

This study applies a multiple case-study method. The ten case triads include eight advertising agencies that tested mobile advertising either for their clients or for themselves during the autumn of 2004. The representatives of the advertising agencies were interviewed after the trial. To increase variation and better reflect the current situation in Finland, two agencies, who had not been involved in mobile-advertising, were interviewed in February 2005. The two agencies represent the vast majority of Finnish advertising agencies that have not yet had first hand experience in mobile advertising.

The paper is structured in the following manner. Firstly, the reader is introduced to the context, the study is positioned, and existing research on value creation and the role of intermediaries is discussed. Secondly, the applied research design and the empirical data are described. Thirdly, the results of the data analysis are presented as a description of intermediary roles in value creating triads of mobile advertising. The paper concludes with theoretical implications and managerial suggestions to triad interaction in the context of technology intensive services in general and mobile advertising in particular.
VALUE CO-CREATION IN A TRIAD

Mobile advertising service as a context for value co-creation

This study explores value creation in the context of mobile advertising (m-advertising) that is a new and developing service using mobile devices as communication vehicles. M-advertising is radically different from traditional advertising (Choi, Stahl and Whinston 1997; Salo and Tähtinen 2005). The differences that new technology brings relate to the compatibility of the infrastructure and the mobile devices. Therefore, a functioning m-advertising service system requires cooperation and interaction of many such actors (infrastructure providers, network operators, application providers, device manufacturers, m-advertising service providers) that otherwise do not cooperate with each other (Komulainen et al. 2005). Moreover, once the system is ready for production use, there is still a need for companies to work together to apply it. Another important thing related to mobile advertising is that it is clearly stated in the Finnish legislation that mobile advertising is legal only if the receiver has given permission for it. Thus, the mobile advertising system applied in this setting sends m-ads only to mobile phone owners willing to receive them.

Figure 1 shows the three company actors and the route the m-ad travels from the Mobile Advertising Service Systems' content provider interface used by an advertiser (M-ad 1) or an advertising agency (M-ad 2) to the receiver's mobile phone. Ad agencies are natural intermediaries as they interact with the rest of the key company actors of the m-advertising network (m-advertisers, m-advertising service providers and also indirectly with consumers receiving the m-ads). Therefore, as important intermediaries, the advertising agencies play a critical role in influencing the value co-creation of m-advertising.

Figure 1. The main actors in mobile advertising
Moreover, the difference of m-advertising is not solely related to the new technology as such, but also to what the new technology enables it to do differently. Traditional advertising is primarily targeted at mass audiences and relies predominantly on one-way mass communication. M-advertising can be, at a low cost, tailored to individual customers, because it efficiently identifies the receiver of the message, i.e. the user of the mobile device. Therefore, m-advertising can personally interact with individuals, making it a unique form of advertising.

Value co-creation

Existing research on value creation approaches is mainly from two perspectives. Firstly, value in business markets has been traditionally seen as the assessment of how suppliers create value for their customers and how customers perceive value in a supplier’s offering (Lapierre 2000; Ulaga 2003). Secondly, value has been approached from a supplier’s perspective (Walter, Ritter and Gemünden 2001), which means that the supplier needs to gain benefits from the customer while offering value to the customer. In addition to the two perspectives, a new one has recently seen light. Instead of one party creating value and the other appropriating it, Forsström (2005) sees two active parties co-creating value. This view is in accordance to the views of the Nordic School of Services Marketing and the Interaction and Network Approach, which both emphasize that in service production and in relationships, there are two active parties cooperating with each other. Since the setting of this study is a small net of three relationships involved in a service production, we adopt the co-creation view on value.

Services are often defined as activities, deeds or processes and interactions where the customer plays the complex role of both contemporary consumer and producer (Matthing, Sunden and Edvardsson 2004; Vargo and Lusch 2004). Value in services is defined and co-created between service provider and customer and determined by the customer on the basis of value in use. Thus, service is a result of joint value creation between service provider and customer (Matthing, Sunden and Edvardsson 2004; Edvardsson, Gustafsson and Roos 2005). Vargois et al. (2001) even see that the integration of customers into the service production makes them partial employees of the service provider and the employees as partial customers.

Likewise, an underlying principle of the Interaction and Network Approach is that there is more than one active party in a relationship (Hakansson and Snehota 1995). It is also emphasized that both actors in a dyad are connected with other actors through direct or indirect relationships, and that these network connections can have either positive or negative effects on the two firms and the dyad (Anderson, Hakansson and Johanson 1994). Therefore, value co-creation in a dyad is not isolated from its context and the business network surrounding it may at least influence or even take part in the value processes. In this study’s setting, the latter situation occurs.

Triad as a context in value co-creation

Apart from taking a view of value co-creation, this study analyses value creation at a triadic level. We have already discussed that the mobile advertising service setting is a natural unitary (Havila 1996) triad of the advertiser, the advertising agency and the
service provider. Conceptually, a business triad has been defined by Tähtinen and Halinen-Kaila (1997) as “a net of three independent companies connected to each other by direct exchange relationships for the purpose of doing business”.

The triadic setting has been studied within sociology and social psychology. Simmel (1950) points out that in triads, the third actor affects the other two actors, either positively or negatively. Positively, if the third actor keeps the triad together by softening any discords between the other two, or alternatively, if potential disagreements between two actors are absorbed in the comprehensive whole of the triad. Negatively, if the third actor disturbs the other two relationships, either on purpose or using any disagreement to its own advantage. This brings us to the discussion of the advertising agency’s role in the mobile advertising triad. However, before that, we briefly discuss what kind of roles appear in the existing research on intermediaries.

INTERMEDIARY ROLES

Prior research on various intermediaries and their roles in value creating business relationships is scant, although various triadic business settings have been recognized (Ritter 2000). In distribution or marketing channels, the primary role of intermediating actors has been to connect the manufacturer and customer to each other as illustrated by Havila (1996). The intermediary may be a wholesaler, a retailer or a distributor. Rosenbröijer (1998) describes an active intermediary as one that not only mediates exchange between the other two actors, but functions as a connector. Specifically, a capability connector function makes critical resources needed for joint capability development available to the two others.

In international business, export intermediaries have had a role of mediating between the supplier and the customer, bridging the cultural, language and geographic gaps between the parties from different countries (Havila 1996; Havila, Johanson and Thilenius 2004; Peng and Ilinitch 1998; Peng and York 2001). In some export triads, intermediaries may have more unique and specific tasks, e.g. taking care of the after sales service (Havila 1996). Research usually focuses on the positive roles of enabling or facilitating export. However, Peng and York (2001) note that intermediaries may also inhibit the manufacturer’s export development to preserve their own intermediation profits.

There are also other settings where research has noted negative roles. Halinen and Salmi (2001) discuss the role of personal contacts within business relationships and their positive and negative effects on the relationships. The study differentiates between the basic roles of promoter and inhibitor. A promoter fosters the maintenance and development of business relationships, whereas an inhibitor hinders it. In the initiation of business relationships, a door opener allows the entrance whereas a gatekeeper blocks the entrance. In problems, a peacemaker manages the crisis, whereas a troublemaker causes a crisis. In relationship endings, a door closer supports a beautiful exit, whereas a terminator causes an awkward exit.
In triadic settings, it is distinctive that the third actor may play positive or negative roles within the triad. Simmel (1950) distinguishes three roles, mediator, tertius gaudens and oppressor, the first being positive and the latter two negative. At different times, any of the triad’s members may fulfil one of these functions. A mediator keeps the triad together and defends the unity of the triad against the particular interests of any single actor (Simmel 1950; Caplow 1968). Tertius gaudens utilises situations where the other two actors hold each other in check. It fulfils its own interests by supporting one of the other actors, thus forming a coalition with it. An oppressor purposefully produces discord between the other two actors in order to gain a dominant position in the triad.

The existing research discussed so far presents both positive and negative roles for intermediaries. The positive ones connect two parties together, keep them together and thus facilitate their (and the third actor’s) value co-creation. The negative ones may keep the other two parties apart, or may distract or even end their relationship thus ending also the value co-creation.

M-advertising is such a new phenomenon that little previous research exists on it. Research on marketing communications in general, however, suggests that the advertising agencies may have an important role in their customers’ decision making (Beard 1996; Collin 2003). Virtanen and Raulas (2004) see advertising agencies as real gate keepers in the emergence of m-advertising relationships. Advertisers trust their agencies to have expertise in all advertising related questions. Agencies are usually responsible for the creative implementation of the marketing campaign, often including media choices (Sankari 2005; Halinen 1997). Virtanen and Raulas (2004) note that few advertising agencies actively pursue m-advertising because they don’t have any expertise. This suggests that they may be negative gate keepers blocking the entrance of m-advertising service providers to the advertisers (Halinen and Salmi 2001).

RESEARCH DESIGN AND METHOD

The aim of the study is to develop a theoretical understanding about the intermediary roles in a specific new business setting. To fulfil the aim of the study, the research design follows an abductive strategy (Peirce 1957), and thus both the existing theories and the empirical data have an equal role in the knowledge production. The empirical data was gathered through an experiment (as a part of a larger research project) where local retailers were trying a mobile advertising system provided by the research project. The project’s general aim is to enhance the development of a viable m-advertising business network, and thus the actions of each actor in the network are of interest. While conducting the experiment, the research project was able to follow the retailers’ actions and it soon became clear that the advertising agencies also took part in the experiment. This guided the researchers to study the existing research on intermediaries, which was then reflected in the empirical data collected after the experiment ended.

In the empirical part, the study applies a multiple case study method to explore the role of an intermediary in value creation. Case studies have been chosen for a number of reasons. Firstly, it is particularly useful in new situations where little is known about the phenomenon and in situations where current theories seem inadequate (Easton 1995;
Eisenhardt 1989). In addition, case studies provide unique means of developing theory by utilizing in-depth insights of empirical phenomena and their contexts (Dubois and Gadde 2002). Moreover, Halinen and Törnroos (2005) point out that in the context of network research, a case study approach is a viable option in revealing the complexities and dynamics inherent in business markets.

The empirical setting of this study is a field trial of a multidisciplinary research project that designs and empirically evaluates technology and new mobile services (Ojala et al. 2003). The project provided an infrastructure and service system for permission-based mobile advertising for the use of local retailers and advertising agencies. The participating ad agencies designed the m-ads either for their clients in the retail sector or for themselves.

Data for this study were gathered through thematic interviews with the representatives of 10 advertising agencies. Eight of the ad agencies participated in the field trial, whereas two of them (lines, Impi) were not involved in mobile advertising. The two interviews were made to increase variation and to give us a wider perspective about the ad agencies’ current attitudes towards mobile advertising, since a large majority of Finnish ad agencies have no experience with mobile multimedia advertising. The interviews lasted 30-60 minutes and they were all tape-recorded. Soon after the interviews they were transcribed verbatim.

The verbatim interview transcripts formed the raw data of the analysis. First interpretations of the data were based on multiple readings of each transcript in order to capture a holistic picture of the advertising agency’s experiences and actions. To facilitate data analysis, the original, word-by-word interview data were imported to the QSR Nvivo software. Computer software was used to facilitate the storing of the text, coding, searching and retrieving text segments and stimulating the researchers’ interaction with the large amount of data (Dembkowski and Hanmer-Lloyd 1995).

Once the researchers received a holistic understanding of the data, an open coding followed. The first coding was based on the researchers’ theoretical pre-understanding. Such a taxonomic organization of the data forms a basis for drawing conclusions (Grönfsor 1982). During the coding process so-called free nodes and memos were created with words and lines of the transcripts to store the ideas that seemed to give meaning to the data. Constant refinement of concept definitions and interpretations were tied to specific sections of the transcripts, thus opening up the process to scrutiny for all the researchers involved.

AD AGENCIES ROLE IN MOBILE ADVERTISING

Based on the literature review and the analysis of the empirical case study data, we distinguish three roles that advertising agencies play in mobile advertising triads. Here, the role of a third actor denotes to all the actions of the actor in the new service trial as well as its thoughts about and general attitude towards the new service. We do not differentiate between norm-based expected activities likely to maintain the positions and intended activities changing the positions, as Anderson et al. (1998) have done.
In principle, the three roles form a continuum from an active positive role to active negative role, although none of the cases represent an active negative role. The three roles are labelled as connecting, mediating and distracting (Figure 2), and the indicators of the roles are the actions and thinking of the ad agencies. To distinguish the roles, the following questions were asked from the data: which company initialized the triadic relationship between a client, advertising agency and the m-advertising service provider; how proactively did the advertising agency act during the assignment; and what was its attitude towards mobile advertising?

In a connecting role, the advertising agency introduces its client to mobile advertising and thus connects the client and the service provider to form a value co-creation triad. This role resembles what Smith and Laage-Hellman (1992) label as bridging, although in this case it is the intermediary that proactively influences the other two actors to connect via itself. In a mediating role, the agency simply followed the brief from its client thus mediating in the value co-creation. In a distracting role, the advertising agency’s employees’ negative attitudes towards m-advertising distracted the value co-creation. Very seldom would an agency decline a brief, although it would have a negative attitude towards m-advertising, or believe that m-advertising will not achieve the goal that the client wishes to reach. However, a negative attitude towards m-advertising, or seeing it no different than newspaper advertising, influences the creative solution and diminishes the value that can be co-created.

Next, the ten cases are described and classified into the three roles, starting from the connector role. The names of the ad agencies are all fictitious.

**Connecting the triad to value co-creation**

*Aino* is a 12-year old, 7-person advertising agency that also designs and publishes photographic books. Aino became involved in the m-advertising trial through its own
initiative once it heard about the possibility. Thus, it acted as a connecting actor in the
initiation stage. When designing a campaign for one of their new books, Aino carefully
thought about the content of the m-ad:

"When you go to a personal mobile phone you must have important or really
useful information"

In addition, Aino considered how to best target the m-ads with the help of the
advertising system and knowledge from the test users. The responsible person also
actively contacted the service provider to find out about technical and other specificities
of the system. Therefore, Aino acted as a connector during the implementation of m-
advertising. Moreover, their attitude was also very positive; they wanted to get first-
hand experience of m-advertising and learn about a medium that is likely to be a part of
their future business.

Anna is a one-person advertising agency that has been in business about two years. Its
previous knowledge is centred on print advertising but it was interested in learning
about the new advertising channel of the future. Anna got actively involved in the m-
advertising trial and engaged one of its clients in the trial. As a connector, it initiated
the relationship with the service provider and Anna’s client. In the implementation of the
advertising campaign, it did not aim to try anything special (like video clips) but just
wanted to learn the basics of the m-advertising system. Anna’s owner designed and
carried out an image campaign for Anna, without any special attention how to target the
campaign to different test users. For its client, Anna designed and executed a special
offers campaign, as requested. Therefore, in the implementation stage Anna was acting
more like a mediator. However, the attitude of Anna’s owner was enthusiastic and she
looked for learning and testing the system. All in all, we see Anna as a connecting actor,
although during the implementation stage, Anna realized that learning takes more time
than anticipated.

"It took some time [to implement m-advertising], especially when I had this one
client with me. In the beginning I thought to ask also other clients but fortunately
did not. It was a learning phase for me. It takes time in the beginning but when
you get familiar with it [the system] then it is normal advertisement making"

Armi is a 5-year old, one-person advertising agency that designs advertisements for
printed media and digital media, especially www-pages. The agency got involved with
m-advertising through a client who wanted to test m-advertising. Thus, the client
connected the actors to the triad. Armi’s owner had not earlier been interested in m-
advertising:

"you can phone and send SMS-messages, that is enough for me"

However, through the client’s brief, Armi became not only interested but also involved
two of its other clients in the trial. Thus, Armi quickly changed from a passive mediator
to an active connector, both in action and attitude:
"I made then an m-ad to [a client], they probably didn’t know. I said to them earlier that I could do it... And I did it for my pleasure. And [another client] probably neither knew that the ad was there. I mentioned them earlier. I had made web-pages to these companies and thought that when m-advertising in the trial was free, I could put the m-ads there. I did not tell them, just made them for my own pleasure. Of course, the two clients did not pay me, only the first one that was a real assignment."

Mediating the value co-creation

Eeva is an 8-year old, 7-person movie and video production company that does also TV-ads. Eeva’s client connected it to the m-advertising service provider. In the implementation stage, the agency’s main interests were centred on the technical side of m-advertising. The CEO sees m-advertising as “a more technical performance” than TV-advertising. Eeva considers m-advertising as a media for personalized offers, not image campaigns. The agency wishes to follow the technical developments in the area and aims at being in the front edge in the development. However, Eeva sees that m-advertising is still waiting for its moment. Despite the very good technical preparedness of the agency, it acted as a mediating actor in the triad.

Eija is a 14-year old 4-person advertising agency that its long-term client connected to the triad. The client originally wanted to design its m-ad itself, but could not find internally a person willing to do it and thus briefed Eija. Eija saw the assignment as one assignment among others without specific objectives related to m-advertising. Thus, the agency acted as a mediating actor and did not use its own time or extra effort to learn how to best use m-advertising. This is true also in the attitudes. The CEO sees m-advertising primarily as a consumer service and continues that because Eija is a b-to-b office, they are not very interested in m-advertising and do not expect their clients to use it much.

Ella is a 4-person advertising agency, involved in m-advertising by its client. For Ella, the whole process of implementation was simple: the client briefed them, provided the material and they digitalised the material to suit the m-advertising system. Therefore, in the trial Ella acted as a passive mediator, without personal contacts to the service provider:

"[I got involved when] the client ordered the pictures and texts from us [...]. I got in front of me a print ad on the same theme and then I checked the resolutions and made three pictures of these elements and transferred them there [to the m-advertising system]. It was about 15 minutes."

At the attitudinal level, Ella has doubts about the willingness and ability of end-customers to receive m-advertising because of the undeveloped m-advertising culture and ownership of appropriate mobile phones. The CEO emphasises the very different logic of m-advertising compared to traditional advertising. The agency has recognized the differences and could, at least in the future, be more active in the implementation stage than it was.
Distracting the co-creation of value

**Hanne** is a 15-person advertising agency that creates comprehensive corporate and product images, and works within both printed media and digital media. It became involved in m-advertising through a client that acted as a connector. Hanne described the implementation process being similar to designing web banners for a long-term client: the client is well known and the technology is known, so it is quite a fast process. The interviewees see that such an assignment can be finished without much support from the client or service provider. The interviews do not tell about having thought about the special features of m-advertising. Moreover, the two interviewees suggested that they had designed several m-ads for the client, but none of them was sent from the system to the trial users. Although the service provider contacted both the client and the agency, they did not change the settings of the m-ads to send them. Therefore, we name this agency a distracting actor, although it probably was not Hanne's intention to act as a distracter.

**Heidi** is an 8-year old 8-person advertising agency that designs and executes integrated marketing communications to b-to-c and b-to-b firms. Heidi's client was the connector and delivered all material, pictures and text. The agency only digitalized the material for the m-advertising system. The interviewees see more insecurities and problems in m-advertising (permission-based, personal, sensitive and potentially annoying media), than possibilities. For their clients, they see more effective ways to reach their objectives than m-advertising. Their attitude seems to distract the implementation as illustrated below:

> "In practice this was exactly the same than with little newspaper-ad, similar process. It is actually a really short and quick assignment for us, in which we just produce some message to some format and send it somewhere. It doesn't shake us much because it doesn't need any deeper planning or artistic effort in which we should commit ourselves more."

The following two agencies did not take part in the m-advertising triads, thus their interviews only show the attitude that they have towards m-advertising. They show that a negative attitude may be one of the reasons why agencies do not encourage their clients to m-advertising.

**lines** is 11-year old 22-person advertising agency that aims to satisfy all the marketing communications needs of their clients. lines sees problems in undeveloped legislation, the permission-based nature of m-advertising, consumers' attitudes, undeveloped technology, and need for customer data bases. In spite of this negative attitude, lines has developed two very successful SMS-messaging applications with its partners for teacher-parent communication and for companies' internal communication. lines acknowledges that ad agencies should test new ways to serve their clients and not let their attitude hinder the development. However, now the interviewee sees a lot of problems in m-advertising, and this makes the agency a distracting actor:

> "I'm waiting for more personal solutions, because it has been quite one-dimensional, not adding any value. That is the reason why I'm not at the
moment really interested [in m-advertising]. But I expect that when the
technology develops further and the other prerequisites, like legislation... I see
possibilities and along the way my attitude will change. But mobile phone is a
personal medium and it is like entering a private area”

Impi is a 7-year old advertising agency involved also in consulting, strategy planning,
sales development planning and sales training. The CEO’s attitude to m-advertising is
“positive, in principle”. However, the word ‘but’ was almost touchable in the interview.
Thus we interpreted the attitude as ‘positive to receive more information but not
positive enough to take any actions’. The CEO is not very interested in m-advertising
because he sees no real possibilities in it either to serve their clients better or to create
revenue. He doubts the compatibility of the system with various mobile phones, sees
mobile phones as an intimate medium, and doubts the end-customers’ acceptance.
Overall, he sees that it is not their business area. Thus, the attitude clearly keeps them
from entering into the world of m-advertising.

Table 1 summarizes the case analysis on the advertising agency roles in the value
creation processes of mobile advertising service. In addition, it serves as a ground for
making propositions concerning the nature of intermediary roles and the outcome of the
value co-creation. The columns of the table illustrate our conceptualisation of the role as
consisting of two levels, the behavioural level (two first columns) and the attitudinal
level. The relationship between the two levels forms the basis for our first proposition:

P1: An intermediary role at the attitudinal level influences the behavioural role.

When elaborating on the roles of the ad-agencies at the behavioural level, they can be
studied in two periods. Firstly, they can be studied at the time of the initiation of the
triad and secondly, during the experiment, when the mobile ads were created and sent to
the consumers. Table 1 illustrates that the ad-agency’s role may differ at different
periods. In only three of the ten cases (one connecting and two mediating roles) the role
of the ad-agency remains the same. This notion forms the basis of our second
proposition:

P2: An intermediary role may change during the value co-creation at both levels.

At the initiation stage, an intermediary performing the connecting role takes action to
get the three actors together. This is the most crucial actor in the emergence of the triad.
An intermediary performing either a mediating role or a distracting role lets others, who
rely on its expertise, to draw it into the triad (i.e. perform the connector role). Whether
an actor performs the role of a connector, mediator, or distracter at the initiation stage
seems to depend on its general attitude towards m-advertising. An actor with a negative
attitude (i.e. sees more problems than opportunities or is uninterested in learning new
things) is likely to have a distracting role at the attitudinal level is unlikely to act as a
connecting actor in the initiation stage. However, an intermediary with a distracting
attitudinal role may still behave as a mediator in the implementation stage because it
might consider it unwise to reject an assignment from a long-term client.
Table 1. The Changing Roles of the Intermediaries

<table>
<thead>
<tr>
<th>Case</th>
<th>Initiation</th>
<th>Implementation</th>
<th>Attitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aino</td>
<td>proactively contacted the service provider</td>
<td>searched for m-advertising specific, new solutions and interaction with the service provider</td>
<td>interested in getting experience and learning about m-advertising</td>
</tr>
<tr>
<td></td>
<td>➔ connecting</td>
<td>➔ connecting</td>
<td>➔ connecting</td>
</tr>
<tr>
<td>Anna</td>
<td>initiated the triad through contacts to both the service provider and the client</td>
<td>own campaign without attention to special features of m-advertising, client's campaign according to the brief</td>
<td>interest in getting experience and learning about m-advertising</td>
</tr>
<tr>
<td></td>
<td>➔ connecting</td>
<td>➔ mediating</td>
<td>➔ connecting</td>
</tr>
<tr>
<td>Armi</td>
<td>got involved through the client</td>
<td>involved also two other clients to the trial &quot;for own pleasure&quot;</td>
<td>at the beginning: neutral, later: an enthusiastic learner of m-advertising</td>
</tr>
<tr>
<td></td>
<td>➔ mediating</td>
<td>➔ connecting</td>
<td>➔ connecting</td>
</tr>
<tr>
<td>Eeva</td>
<td>got involved through the client</td>
<td>good technical performance according to the client's brief</td>
<td>interested in new technical developments</td>
</tr>
<tr>
<td></td>
<td>➔ mediating</td>
<td>➔ mediating</td>
<td>➔ mediating</td>
</tr>
<tr>
<td>Eija</td>
<td>got involved through the client</td>
<td>fulfilled client's brief</td>
<td>no interest in learning about m-advertising</td>
</tr>
<tr>
<td></td>
<td>➔ mediating</td>
<td>➔ mediating</td>
<td>➔ distracting</td>
</tr>
<tr>
<td>Ella</td>
<td>got involved through the client</td>
<td>digitalized the material provided by the client</td>
<td>notes new possibilities, is sceptical about consumers' willingness to receive ads</td>
</tr>
<tr>
<td></td>
<td>➔ mediating</td>
<td>➔ mediating</td>
<td>➔ mediating</td>
</tr>
<tr>
<td>Hanne</td>
<td>got involved through the client</td>
<td>initial activity turned to severe problems in implementation; sent no m-ads</td>
<td>no signs of understanding specificities of m-advertising</td>
</tr>
<tr>
<td></td>
<td>➔ mediating</td>
<td>➔ distracting</td>
<td>➔ distracting</td>
</tr>
<tr>
<td>Heidi</td>
<td>got involved through the client</td>
<td>digitalized the material provided by the client</td>
<td>sees more insecurities and problems in m-advertising than possibilities</td>
</tr>
<tr>
<td></td>
<td>➔ mediating</td>
<td>➔ mediating</td>
<td>➔ distracting</td>
</tr>
<tr>
<td>Impi</td>
<td>none</td>
<td>none</td>
<td>not a part of their business, emphasises the problems</td>
</tr>
<tr>
<td></td>
<td>none</td>
<td>none</td>
<td>➔ distracting</td>
</tr>
</tbody>
</table>
Similarly the attitudinal level is reflected in the ability of the advertising agency to actively contribute to value co-creation in the triad during the implementation stage. A distracting role at the attitudinal level makes it difficult for the ad-agency to put extra effort into the implementation of the client's assignment through learning how to best make use of the new way of communicating with consumers. Therefore, it cannot design mobile ads that would create value for the consumer via the specific features of the new medium. Thus, it is unlikely that the agency during the implementation stage would suggest new ideas and discuss with the client and service provider, the possibilities for realizing them in a best possible way. Therefore, its contribution to value co-creation in the triad is likely to remain in a passive mediator role. It may even become a distracting actor in the value co-creation if its disinterest in the new service makes it unable to understand the specificities of it and aid the implementation of an appropriate m-advertising campaign.

**DISCUSSION**

This paper aimed at answering the question of what kind of roles intermediaries perform in value creating nets. The context of the inquiry is mobile advertising, a novel service where the roles of actors are still developing. Taking a value co-creation perspective and acknowledging that in the focal context, three actors (advertiser, advertising agency and service provider) create value jointly, the paper concentrates on the actions and attitudes of the advertising agency as an intermediary. The cases have demonstrated that ad agencies can act in various important roles between their clients and the mobile advertising service provider. Their role may be proactive and connect the parties in value co-creation, or reactive and merely mediate in the value triad. Agencies may also hinder the development and distract the co-creation of value in new media. The distraction of the value co-creation can be a result of direct actions or of indirect actions. The distracting actions seem to be accompanied by negative or doubtful attitudes towards the new media as such.

Although Virtanen and Raulas (2004) suggest that the ad agencies act as gatekeepers opening the doors to their clients to new interactive advertising, or keeping the doors shut, this study offers more variety to the roles. In the focal study, the agencies that had a general negative attitude towards m-advertising, did not try to convince their clients to withdraw from using m-advertising, but instead tried to fulfil their brief with minimum efforts. Moreover, although the ad agencies did not perform the connector role, in other words, did not open the doors to their clients, the clients did that for themselves. Thus, an advertiser may be the door opener as well. In fact, according to the theories of third actors (Simmel 1950), any actor can perform a role of an intermediary, and thus connect the two others to form a value creating triad.

Although the context of the paper is mobile advertising, the three roles presented here are likely to be found in other triadic settings where intermediaries are involved. For example, in international business and financial services, proactive intermediaries are found that connect exporters to importers and financiers to companies, as well as sponsors to sports teams and artists, theatres etc. In such settings, the intermediaries and their actions considerably influence the value created in cooperation.
The finding that some ad agencies performed a role that distracts value co-creation and diminishes also the value that they can appropriate from the triad, is somewhat surprising. The reasons for distracting value creation seem to be related to the advertising professionals' negative attitudes towards personal forms of advertising. They seem to ponder the issue from a personal perspective, thinking about how they would feel if they received mobile ads from unknown companies or about uninteresting products or services. No wonder they feel negative! Thus, the picture of mobile advertising, even with advertising professionals, is twisted because it is seen through thick lenses of traditional mass advertising. The traditional advertising agencies may also perceive it more feasible to stay with traditional media in which the revenue logic is clear and the benefits are known. The familiarity makes the clients' choices more controllable to them than in the case of new mobile media. However, we feel that this may be true only in the short run.

From a managerial viewpoint, for an ad-agency, the connecting role could be the most favourable one. A connector is the driver of developments in the triad and has most influence on both the other actors. It may develop its own skills, the skills of the advertiser, and even influence the service provider's mobile advertising system. At this point, such systems are still being developed, and thus, if an advertising agency would take a role of an active developer of the system, it would provide the agency capabilities others lack. By performing a distracting role, an agency not only misses an opportunity to develop new skills, but may run into danger of being kicked out from the triad by the advertiser. It can either be replaced by a more skilful agency or by the m-advertising service provider where the advertiser chooses to develop a dyadic relationship with it.

For an advertiser, an agency that merely mediates in value co-creation is not as useful a partner as one performing a connecting role. Thus, it would make sense to either pay less for such performance, or to switch to another agency if m-advertising is something that the advertiser considers worthy of investing in.

For a new service provider, the study reveals that it may not be enough to convince and educate the advertisers to use the new service, but to engage the advertising agencies in the process as well. A service provider who would be able to make use of both advertisers' and ad agencies' skills and knowledge would most certainly be able to develop a mobile advertising service system that would maximise the value co-created by using it and thus outperform the competitors' offers. All three actors being active contributors would make it possible to make the most use of each actor's expertise. This discussion of the managerial implications of this study gives ground to our third proposition:

**P3:** A value creating triad where an intermediary performs a connector role will co-create most value.

The avenues for future research that this study opens up may relate to the two propositions the study suggests. The first one proposes that distracting attitudes are followed by distracting behaviour or at its best mediating behaviour. Thus, a distracting attitude will hinder an actor to perform a connecting role later in the value co-creation. The second proposes that changes in the intermediary roles may happen during value
co-creation. This means that an intermediary may change its behaviour to become more active, connecting behaviour and thus taking a connector role, no matter what its role has been in the initiation stage. These two propositions are somewhat contradictory. Thus, questions, that this study could not answer, arise; does the attitude change during the value co-creation, and if it does, is it followed by a change in the behaviour? If so, what are the reasons for this attitudinal change? The third proposition looks for the best possible solution for all parties. Accordingly, an active intermediary performing a connector role would increase the total value co-created by the triad. This study did not aim at measuring the value co-created, and thus the answer for this question remains to be revealed in future studies.

**Acknowledgements**

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**References**


