UNIVERSITY OF GOTHENBURG

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The managerial approach to value creation and destruction with AI in retail marketing

A managerial perspective on
value creation opportunities and value destruction risks with AI

Master's Thesis
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Abstract

Marketing managers are pressured to implement artificial intelligence into their workflows in order to harness the potential value creation benefits of modern AI tools. However, the potential risk of value destruction posed by AI remains poorly understood. With this tension in mind, the purpose of this thesis is to examine how marketing managers approach the value creation potential of AI while avoiding the potential risks. Nine marketing managers at some of Sweden's top 100 retail companies were interviewed, and their responses led to the creation of three themes: First, *Dual managerial perspectives on value*, which shows that marketing managers have a fluctuating and non-static view of value; Second, *AI intermediation in the value creation process* which illustrates the disruptive role of AI in established value creation processes; Finally, *Expected value outcomes* combines the former two themes in order to show how the coupling of specific value perspectives and AI intermediation levels can indicate the value outcome that managers expect from a given approach. These findings contribute to the understudied concept of value destruction, and may aid marketing managers looking to structure their approach to value creation with contemporary AI tools.

Keywords: Artificial Intelligence, AI, Retail Marketing, Customer-Centric Value, Company-Centric Value, Value Creation, Value Co-creation, Value Destruction, Value Co-destruction, AI Intermediation, Expected Value Outcome, Managerial Perspective.

Introduction

Since the release of OpenAI's large-language model ChatGPT in late 2022, the topic of artificial intelligence (hereinafter referred to as AI) has become ubiquitous, and individuals and businesses alike have embraced the new technology. Since then, AI has made waves throughout many areas of society, with companies and governments investing significant sums into AI development and adoption. In early 2025, the United States government invested $500 billion dollars into AI infrastructure such as data centers (Duffy, 2025). Further, OpenAI CEO Sam Altman has previously called for up to 7 trillion dollars of investments into boosting chip manufacturing in order to meet the growing demand for AI tools (Mann, 2024).

These large investments and expectations suggest that there is a belief that AI will provide significant benefits - and retailers have not gone unaffected. A report by IBM (2025) found that 96% of retail executives claim that their teams have implemented AI in some capacity, with the report noting that team members still need to be trained in order to fully utilize the potential *value* offered by AI. Value can be an ambiguous concept, and there are multiple ways to conceptualize it. Two perspectives are particularly prevalent in value literature; First, the *company-centric* perspective, which holds the view that value is created by the company, and that value is created as a result of creating competitive advantages (Porter, 1998). Second, the *customer-centric* perspective, which views value not as a quantifiable resource, but instead as the result of a co-creative process between firms and consumers. In this process, businesses act as value facilitators who provide resources for consumers, and value is created when consumers receive them positively. When value is created from Porter's (1998) perspective, it is referred to as *value creation*, and when it is created from Vargo and Lusch's (2004) and Grönroos' (2008) view it is referred to as *value co-creation*. With these views of value in mind, AI may turn out to be a significant actor in the value creation process, as it could act as a disruptive intermediary (Grandinetti et al., 2022). Many of the AI enabled value-creating activities that retailers currently perform are found specifically within marketing and brand building, with some of the most common applications being marketing automation and AI-powered chatbots (Statista, 2024).

With this significant enthusiasm for AI, its potential for creating value, and the applications already in use across the retail industry, marketing managers will face pressure to implement AI in order to stay competitive. However, along with these aforementioned potentially value creating benefits of AI, come a number of issues and risks. A report by Boston Consulting Group (2024) found that a majority of businesses (in various industries) struggle to create value with the help of AI. Further, previous research has found that many consumers are averse to companies using AI, as they perceive it as eerie (Gu et al., 2024). Poor implementations of AI may have the potential to destroy value, either through diminishing competitive advantages, thereby causing *value destruction*, or by not meeting customers' expectations, thereby causing *value co-destruction* (Plé, 2017). With the aforementioned issues pertaining to AI, wedging AI tools into the value creation process may alter brands' traditional approach to value creation, and unintentionally cause harm. Further, placing AI

tools between the company and the customer will give the AI an intermediary role in the value creation process (Grandinetti et al., 2022). Managers will have to carefully consider how much *AI intermediation* they are willing to offer to these tools in order to maximize their value creation potential. The role of AI as an intermediary is important, and will be explored through the literature review and analysis.

As such, marketing managers face pressure to implement AI in order to create value and stay competitive, yet run the risk of incorporating potentially value destroying elements into their work. Naturally, this places them into a precarious position, as they will have to be careful and considerate when applying these new tools in order to maximise their value-creating potential while avoiding any value-destroying pitfalls. Thus, this thesis aims to paint a qualitative picture of how marketing managers approach this contemporary challenge. This is further limited into a retail context, as the retail industry faces a number of distinct challenges in AI implementation, as they have a uniquely high exposure to consumers (Guha et al., 2021). This degree of exposure may be an issue given the aforementioned aversion toward AI among consumers (Gu et al. 2024).

While research on AI has not been lacking in recent years, the relative recency of the AI boom leaves many gaps to examine. While some researchers have described the value-creating potential of AI in retail (Yrjölä et al., 2024; Oosthuizen et al., 2021), research on the value-destroying capacity of AI is, again, more scarce, particularly in a retail context. Ostrom et al. (2015) found that value co-destruction was one of the least studied areas of service research, with Plé (2017) calling for more research in the field, indicating that there is a significant gap within the value-literature that could be filled. Research limiting value co-destruction to an AI context is naturally even less prevalent, although some researchers have begun to examine the relationship, such as Grundner and Neuhofer (2021). The fast paced development of AI tools makes research on the topic a moving target, meaning researchers can benefit from attempting to capture contemporary descriptions of value creation in AI. With this in consideration, this thesis aims to understand how marketing managers approach value creation with AI, which prompts the following research question:

How do retail marketing managers approach value creation opportunities versus value destruction risks when implementing AI tools?

Our main findings show that the managerial approach to value creation and value destruction is guided by their value perspective and the presumed AI intermediation level. Managers were found to fluctuate between the two value perspectives (company-centric or customer-centric) depending on the task they were facing. The relevant value perspective in combination with a given level of AI intermediation (ranging from high to low) was found to guide the managers to one of four expected value outcomes (value creation, value co-creation, value destruction or value co-destruction). This proposed relationship between value perspectives and the AI intermediation level is presented in a 2x2 matrix, showing how these two elements lead managers to each specific value outcome.

The paper is structured as follows: First the literature review is presented, including relevant literature and theories pertaining to the topic. Second, the methodology section outlines the research and interview design. Third, the findings are presented and analyzed through the research outlined in the literature review. Finally, the main contributions are presented along with suggestions for future research.

Literature review

In the upcoming section, three main points will be presented: *AI and retail, Value, Value creation and destruction,* and *AI as an intermediary.* The first section - AI and retail - is a review of opportunities and risks with AI in the retail segment. This part serves as an introduction to an identified tension between positive and negative aspects of AI implementations. This tension is further developed in the second point: *Value,* which covers the concepts of value creation and value destruction described through the lens of two major conceptualizations of value, namely; the *company-centric* perspective and the *customer-centric* perspective. Finally, *AI as an intermediary* describes an emerging perspective in value research, and outlines how modern AI tools may come to redefine traditional value creation processes.

AI and retail

As outlined in the introduction, AI has had a significant effect on many areas of society, and the retail sector is no exception. Given the recency of the AI boom, the process of finding, and refining, applications of AI is a contemporary challenge for businesses. In this thesis, a broad conceptualization of AI is used, and includes a wide range of AI tools. This includes text-based models, image models, or any other system that synthesises data from a range of sources to generate an output (Kaplan & Haenlein, 2019). Below is an outline of the contemporary opportunities and risks that AI tools have provided for marketers.

Opportunities

Some of the early-stage applications of AI have been in the realm of robotics and automation of menial tasks, such as AI-guided drone delivery services. Grewal and colleagues (2025) describe how the ongoing technological improvement of AI-tools is enabling businesses and retailers to incorporate AI into more sophisticated areas of their work. Certain social applications have shown particular promise, such as implementing AI in consumer relation management (CRM), often in the form of AI-powered customer service, chatbots and targeted personalization. Benefits of using AI for these tasks has been described in previous research, suggesting that managers could enjoy benefits such as lower costs and increased efficiency (Khneyzer et al., 2024). Further, increasingly creative contemporary applications have emerged by combining humans and AI-agents. This could involve using generative AI to brainstorm new strategies, inspire new designs or guide decision-making (Grewal et al., 2025; Yrjölä et al., 2024).

While few contemporary marketing campaigns are run entirely by AI, AI-tools can be leveraged in combination with human agents in order to achieve value creation benefits.

AI-tools that generate images, for example, have been used in various marketing campaigns in the past few years, yet research suggests that the consumer receptiveness towards this application is complex, as some consumers are skeptical toward interacting with AI (Gu et al. 2024).

Retailers have partaken in the AI-enthusiasm that has swept the world since the release of ChatGPT in 2022, and have begun to find efficient use-cases for these new tools, such as using it for customer service, personalization, and working together with AI to generate content or ideas (Grewal et al., 2025; Yrjölä et al., 2024). However, the benefits managers may enjoy with AI are not entirely unproblematic, as a number of risks and issues have arisen.

Risks

There are numerous potential risks when implementing AI in a retail context. Gu and colleagues (2024) found that when generative AI is used in marketing campaigns, it can give rise to unease and a sense of eeriness, as consumers can detect a non-human essence. This issue is further exacerbated by the findings of Cicek and colleagues (2024), who suggested that merely using the term "artificial intelligence" in a product description lowers purchase intention among consumers, suggesting a general aversion toward the technology. However, consumer distrust in AI is not expressed uniformly. Kim et al. (2021) found that the way in which AI generated information is presented can have an impact on the way it is perceived by consumers. They tested responses to an AI presenting an estimate (such as the AI's own estimated confidence in the accuracy of its' recommendations in an online retail store), with some estimates being rounded (e.g., "80%") as opposed to specific (e.g., 79.865%). Respondents were found to be more likely to trust the precise recommendations as opposed to the imprecise ones. This could suggest that the way AI outputs are presented to consumers will have an impact on their attitudes towards AI-usage in marketing, and that negative attitudes toward AI may be mitigated through proper implementation (Kim et al., 2021).

Further, Li et al., (2023) found that consumers' trust in AI chatbots could fluctuate depending on many different factors. Factors such as the level of expertise demonstrated by the chatbot, or the level of perceived risk felt by the user, could significantly affect the trust felt toward AI chatbots. In addition, they also found that existing trust in a brand can extend to chatbots, as a higher level of trust in a brand correlated positively with trust in their AI chatbots. Additionally, Gu and colleagues' (2024) found that the aforementioned unease and eeriness caused by AI-generated advertisements was less likely to emerge if the generated advertisement had been altered by a human. These findings suggest that managers could benefit from working in tandem with AI in order to infuse a human touch.

Value

The aforementioned risks and opportunities in implementing AI in retail indicates that there is a tension in the implementation of the technology. Managers are generally optimistic toward the potential efficiency increases associated with AI implementations (Grewal et al.,

2025), while consumers are more weary (Kim et al., 2021). This tension is conceptualized through the value literature.

The value-literature can broadly be divided into two streams; the *company-centric* and the *customer-centric* perspective on value. The company-centric perspective posits that value is created by the company through facilitating competitive advantages (Porter, 1998). Contrastingly, the customer-centric perspective posits that value is co-created through interactions with the customer, and it emphasizes the customer's role in the value creation process (Vargo & Lusch, 2004). When value is created in the company-centric perspective it is referred to as *value creation*, and when value is created in the customer-centric perspective it is referred to as *value co-creation*. These two perspectives can also be applied when value is destroyed, and will then result in either *value destruction* or *value co-destruction* respectively.

To highlight the mechanisms behind the proposed tension, the perspectives and processes of the value creation process will be further explored in the coming sections. This will be examined by reviewing existing literature on value creation, from both a company- and customer-centric perspective. After that, literature on value destruction will be reviewed, again from both a company- and customer-centric perspective.

Value creation

Research on the topic of value has led to varying views on how value is created, and which actor in the value creation process is ultimately the originator of value. Below is a description of two major perspectives on this topic; First, the *company-centric* perspective, which argues that value is created by the company, as a result of companies facilitating a competitive advantage (Porter, 1998). Second, the *customer-centric* perspective, which proposes that value is a co-creative process, in which value is created collaboratively between the company and their customers (Vargo & Lusch, 2004). These two perspectives are central to analyzing the data collected further in the thesis.

Company-centric value creation

Porter (1998) posited that value is created as a result of facilitating competitive advantages. This competitive advantage is created through three generic strategies; differentiation, focus, and cost leadership. First, differentiation is the strategy of differentiating a company from its competitors by offering unique products, services and features. Second, the focus-strategy is centered around specializing on a niche product in a niche market, which could either be driven by a cost-focus or a differentiation focus. Third, cost-leadership is the ability to provide goods at the lowest cost in a given segment, through, for example, higher efficiency and lower manufacturing costs. Porter (1998) argues that when any of the three generic strategies are employed within a market, it leads to value creation.

Within Porter's (1998) perspective on value, AI could be utilized in all three of the strategies. However, the pertinent strategy that AI unlocks is cost-leadership, due to AI's potential to

bring efficiency into internal operations and reduce costs, through, for example, simplifying complex processes and transforming inventory management (Oosthuizen et al., 2021; Albayrak Ünal et al., 2023). As such, AI tools are showing promise in creating value through increasing efficiency. These promising avenues for value creation are, however, subject to the quality of customer data available and the ability of organizations to adapt to new tools (Wamba-Taguimdje et al., 2020; & Verhoef et al., 2021).

In summary, AI is able to automate processes, allowing the company to use fewer employees than before, ultimately leading to lower costs, thus generating value in accordance with Porter's (1998) view. However, there are two actors in the value creation process; the company and the customer. Porter's (1998) view is centered on the perspective of the company, but other researchers have conceptualized value from a more customer-centered perspective, such as Vargo and Lusch (2004).

Customer-centric value creation

The customer-centric perspective defines value as "(...) *always unique and phenomenologically determined by the beneficiary.* " (Vargo et al., 2008, p. 148). In simpler terms; value is determined from the perspective of the customer. Viewing value creation from the perspective of the customer is the main differentiator between the two perspectives. Value is viewed as a form of negotiation between the company and the customer, and is therefore conceptualized as a co-creative process. Vargo and Lusch (2004) argue that value is co-created between firms and customers through *operand* and *operant resources*. An *operand resource* is defined as "(...) *resources on which an operation or act is performed to produce an effect* " (Vargo & Lusch, 2004, p. 2). In other words, this is a tangible and static resource such as money or machinery. An *operant resource* is connected to the customer's ability to utilize the operand resources, this could be skills, knowledge or education. The co-creative process is then the customer's extraction of value through the usage of their operant resources on the companies operand resources.

In order for companies to leverage this perspective, Vargo and Lusch (2004) argue that companies need to develop *core-competencies.* Core-competences are the company's intricate knowledge of customers' operant resources (Vargo & Lusch, 2004). These competences should be used in the design of value propositions, in order to match the operant resources of the customers. Value is thus created when a company successfully aligns their core competencies with the customers' operant resources.

Grönroos (2008) problematizes this view further by introducing the concepts of *value facilitators* and *value foundations*, and suggests that companies facilitate value through their value foundations. Companies act as value facilitators, and attempt to align their value foundations with the value foundations of their customers. Similarly to the perspective of Vargo and Lusch (2004), the successful alignment of value foundations results in the creation of value.

In an AI-context, co-creative value creation opportunities expand. Analyzing customer data with AI tools can help companies in developing their core-competencies, by allowing them to adapt to changes in the company-customer relationship (Grandinetti et al., 2022). AI's ability to analyze and handle large customer data sets can generate more accurate customer knowledge, or in co-creative terms, better core-competencies. Today, this process has been automated to the point that AI is directly interacting with customers through automated algorithms. Instead of the traditional company-customer relationship, value co-creation can now be facilitated through non-human agents, as AI is given a larger role in the co-creative process. In a streaming context, for example, value is co-created through customers' interaction with the company's AI-systems, often called recommendation algorithms (Grandinetti et al., 2022). These algorithms adapt as a consequence of customers' viewing habits, and recommend media accordingly. Another example of this novel relationship is the use of AI financial advisors (Yang & Young-Chan, 2024). Similarly to recommendation algorithms, these advisors facilitate value co-creation with the help of AI. Here, value creation is not necessarily in the hands of individual managers, it is instead generated through AI-intermediation (Yang & Young-Chan, 2024).

Value destruction

As with value–creation, value destruction can also be viewed from two perspectives; the company-centric perspective and the customer-centric perspective. From a company-centric perspective, value destruction occurs when an action (or inaction), puts a company in a disadvantageous competitive position. Contrastingly, from a customer-centric perspective, the destruction of value is viewed as a collaborative process between the company and the customer. It occurs when there is a misalignment between what the company offers and what their customers expect, and is then called value co-destruction.

Company-centric perspective

Simply put, value destruction can be viewed as the complete opposite of value creation. Value destruction can specifically be defined as involving *" (...) situations in which the value of a product, a factor input of a production process, or a resource in a given value chain is either deliberately diminished or eliminated through specific activities, or in which the value of such a factor diminishes over time through non-use or non-consumption"* (Gibbert et al., 2023, p. 1). Gibbert and colleagues' (2023) definition aligns with Porter's (1998) definition of value, in terms of creating competitive advantages through differentiation, focus or cost-effectiveness. Thus, the act of not pursuing these strategies will lead to fewer competitive advantages and thus value destruction. This can be the result of deliberate actions that have adverse effects, or inaction leading to similarly adverse effects. An example of such value destruction can be caused by individual manager behaviour, such as overconfidence or entrenchment (Harford et al., 2012; Guluma, 2021). Harford et al. (2012) argues that poor managerial behaviour can lead to irrational financial decisions, such as overpaying for acquisitions; thus leading to competitive disadvantages, and in turn, value destruction.

Value destruction pertaining to AI is not notably different from other sources of value destruction; a badly operating AI Chatbot is a typical example of value destruction. The reason behind implementing an AI Chatbot is often cited to be efficiency, as they are able to handle more customer complaints than a human agent would be, while also costing less, thus providing a competitive advantage - assuming the chatbots are able to perform at a similar level to their human predecessors. If this is not the case, the replacement would be a source of value destruction (Canhoto & Clear, 2020). Moreover, non-implementation of AI can also be seen as a cause of value destruction, as companies that fall behind in AI adoption might be at a competitive disadvantage (Huang & Lin, 2025).

Customer-centric perspective

When employing a customer-centric perspective on value, the destruction of value could then be viewed as a co-destructive process dubbed *value co-destruction*. Plé (2017) defines value co-destruction as a consequence of a misalignment of the operant resources between companies and their customers; For example, a tech support agent giving incorrect advice to a customer. The tech support agent misused their operant resources (technological knowledge) leading to a resource-loss (a loss of time for the customer). Furthermore, Abid and colleagues (2022) define value co-destruction as the diminishment of value. They propose that value is co-destroyed when customers have a negative experience with a product or a service. What constitutes a negative experience will naturally differ between individuals, and can be experienced even when value was intended to be positive. Moreover, Abid et al (2022) proposes that there is no distinct separation between co-creation and co-destruction in practice, it happens simultaneously, since each interaction between customer and firms, on a micro-level, are unique (Echeverri & Skålén, 2011).

The concept of value co-destruction pertaining to AI is especially relevant considering AI's inherent co-creative potential. Some use-cases of AI rely on highly personalized interactions with customers. In these cases, such as AI chatbots, customers expect the AI to mirror their tone and language to provide a personalized experience. In cases when the opposite occurs, there are risks of co-destruction, particularly in service interactions between customers and customer service AI bots. Here, value is co-destroyed as a result of misaligned operant resources; in other words, the chatbots are unable to fully understand what the customer values (Castillo et al., 2021).

The intermixing of perspectives

The company-centric and customer-centric perspectives may at the outset be perceived as irreconcilable, however more contemporary research by Vargo and Lusch (2016) and Cassidy and colleagues (2013) challenges this perception.

The customer-centric perspective by Vargo and Lusch (2004) is argued to be an evolution from the company-centric perspective, corresponding with changes in the services and products offered by companies. This perspective centers on the customer, and considers the customer to be the determinator of value (Vargo et al., 2008). However, as this thesis is

considering a managerial perspective on value creation, there is a risk in omitting the company-centric perspective, as managers are bound to the interests of many stakeholders beyond only the customer. It is possible that the decisions behind adopting AI in marketing could be due other factors than those captured in the customer-centric perspective (Hemel & Rademakers, 2016).

Additionally, Vargo and Lusch's (2016) article expands their previous rigid view on the customer as the sole value determinator, through including other actors in the value creation process. Specifically, they argue that value is co-created by multiple actors, albeit always with the customer as the main determinant of value (Vargo & Lusch, 2016). This updated perspective indicates that the company- and customer-centric perspectives can be intermixed conceptually. The two perspectives are thus not entirely separate or distinct. Furthermore, from an individual managerial perspective, Cassidy and colleagues (2013) argue that despite organizational efforts to move towards a customer-centric perspective within a company, actors often still adhere to the company-centric perspective, thus indicating that both perspectives are able to co-exist within an organization. This further supports the thesis' dual-perspective approach.

AI as an intermediary

Given the recency of AI tools in marketing professions, the role that they will come to play in the value creation process remains unclear. Up until the last few years, the value creation process was a direct interaction between company and customer, in which humans had a high degree of control. Due to the recent improvements in AI capabilities, AI can now play a larger role in this interaction, and may find itself in between the company and the customer in established value creation processes; thus acting as an intermediary between the two sides.

Emerging research is examining how AI will come to affect company operations in its role as an intermediary, as this could affect how value is approached. Formosa & Sahebi (2025) looked at how AI-mediated communication affected user trust on social media platforms. They describe how AI tools have not only allowed senders of communication to refine their messaging, but also how AI tools have enabled recipients of communication to understand it better by providing summaries, translations and simplifications; essentially giving AI a significant role in company-customer interactions. This is further supported in articles by Grandinetti and colleagues (2022), and Castillo and colleagues (2021). They argue that AI may act as an intermediary between the company and their customers, thus altering the value co-creation and co-destruction processes.

Against this backdrop, it could be theorized that marketing managers may need to be cautious when working with AI as an intermediary, as that implies a lower level of human control. Additionally, it is unknown whether the effect differs at varying levels of AI intermediation. Extant research is yet to comprehensively describe how AI's emerging role as an intermediary in the value creation process may come to affect marketing practices.

Naturally, the effects of using AI as an intermediary will depend on the level of intelligence displayed by the AI. Huang & Rust (2018) categorized AI intelligence into four ascending levels; mechanical intelligence, analytical intelligence, intuitive intelligence and empathetic intelligence. Each successive level implies a higher level of creativity and adaptive ability, and the authors propose that AI tools will become increasingly proficient at completing tasks at higher levels of intelligence over time. They argue that the number of useful contemporary applications decreases as the level of intelligence required rises; tasks found at the lowest level (i.e., mechanical intelligence) have already found numerous use-cases in the service industry, as they are suitable for automating rote tasks.

However, tasks requiring a higher degree of creativity and adaptive ability (i.e., empathetic intelligence) have been more difficult to replace with AI, as AI models struggle to convey the level of social and emotional skills required for these tasks. Applying the conceptualization of AI as an intermediary on Huang & Rust's (2018) model would suggest that giving AI tools an intermediary role between companies and customers is more promising when the intermediary role does not require a high level of emotional connection. However, Huang & Rust (2018) made these predictions before the AI boom, meaning that more modern AI tools may have already become increasingly adept at completing tasks at the level of empathetic intelligence.

It remains unclear how AI will affect the value creation process in its intermediary role. If managers are ready to provide AI with a large role in their workflows, it could mean that AI will significantly alter existing value creation processes. The topic is still poorly understood, but emerging research on the topic has laid the foundation for further understanding (Formosa & Sahebi, 2025; Grandinetti et al., 2022; Castillo et al., 2021; Yang & Young-Chan, 2024; Huang & Rust, 2018). The concept of AI intermediation will be expanded upon in the findings and analysis section.

Methodology

Contextual background

The focus of this study is on retail managers' perspective on AI and its role in value creation and destruction. This context was selected due to two primary reasons: First, marketing managers are often responsible for AI implementations in marketing, and thus also face the consequences of both value-creative and value-destructive outcomes. Second, retail managers are more exposed to consumer attitudes than their counterparts in other business segments (Guha et al., 2021). This could make them more exposed to potential value-destroying elements of AI-implementation.

Research on a fast-developing technology like AI runs the risks of rapidly becoming outdated. With this in mind, the goal was to create a cross-sectional view of where the technology and managerial perspectives are right now, thus accepting the natural drawbacks that come with conceptualizing a fast-moving phenomena.

The research was conducted in Sweden, with the sample consisting of Swedish informants. Sweden is a country that historically has been leading in IT and technological development, but despite this, is lagging behind in AI development (Government Offices of Sweden, 2024). However, the adoption rate of AI is considerable; a report by AI Sweden (2024) concluded that 90% of municipalities in Sweden used AI in some form, which also applies in the private sector (AI Sweden, n.d.). Given Sweden's high rate of AI adoption and lack of AI-development, the included informants may have a unique perspective that is not representative of managers in other contexts.

Research methodology

Eriksson & Kovalainen's (2008) outline of research question design was used to formulate the research question. As this thesis does not intend to establish or describe a causal relationship, but instead attempts to describe perceptions and attitudes of a contentious phenomenon, a descriptive research question was used. In order to answer the research question, a qualitative research method has been used, as qualitative methods are better suited when examining nuanced, unquantifiable and intangible issues. Painting a descriptive picture of attitudes and perceptions towards new technology thus calls for a qualitative approach. Further, the method can be described as cross-sectional, as the chosen topic is meant to be a description of a current moment in time - and pertains to a quickly evolving topic (Eriksson & Kovalainen, 2008). Given the lack of research combining the concepts of value creation and value destruction (especially from a managerial perspective), the chosen method is not strictly adherent to any specific extant theoretical model. Instead, the collected data will be analyzed with the help of previous research on both value- creation and destruction in order to create a new conceptualization of the chosen phenomenon from a managerial perspective. As such, this thesis is applying an abductive research method, as it is a combination of both *inductive* and *deductive* research (Eriksson & Kovalainen, 2008).

Interviews

A purposive sampling technique was applied, as potential interviewees were identified via Linkedin, and subsequently contacted via email. All informants were, at the time of their own interview, currently working as a marketing manager (or in an adjacent role) at any one of Sweden's 100 largest retail companies by revenue. Experience with implementing AI was not used as a selection criteria, given the fact that managers that are currently not using AI tools may have chosen to do so intentionally, meaning their input would still be valuable in the analysis. Below is a table showing the role and sector of each participating interviewee. Personal details of each participant, such as names, are anonymized. Informants were employed at companies operating in varying industries, including hardware, tech, automotive and more.

Alias	Role
Informant 1	*Marketing Director*
Informant 2	*Chief Commercial*
Informant 3	*Communication Consultant*
Informant 4	*Marketing Automation Manager*
Informant 5	*Head of Advertising*
Informant 6	*Chief Marketing Officer*
Informant 7	*Chief AI Officer*
Informant 8	*Marketing Director*
Informant 9	*Chief Commercial Officer*

Table 1: Informant list and roles

Nine qualitative semi-structured interviews with marketing managers were conducted, with each interview lasting for approximately 45 minutes. Each interview followed a question guide (see appendix) developed with aid from the question guide outline provided by Charmaz, (2014, p. 62) in order to avoid common pitfalls in qualitative interviewing. While the interviews relied on the question guide in order to move through each area of interest, follow-up questions were asked to let the participants clarify or expand on certain issues. This allows the data to better reflect what the participants personally view as being important, and means each interview will be personalized to a larger degree than it would be in a structured interview. While this approach may lead to lower reliability than a structured interview approach, it ensures higher flexibility and the opportunity to get a more thorough understanding of each participant's views (Bell et al., 2019).

Quality Evaluation

In order to assure high research quality, Guba and Lincoln's (1985) four prerequisites for trustworthiness in qualitative research were adopted: credibility, transferability, dependability and confirmability, as interpreted by Ahmed (2024). First, credibility denotes how well the

findings accurately reflect the participants' experiences (Ahmed, 2024). This was ensured in the interview stage by keeping an open mind and being reflexive in how questions were asked. If an informant wanted to focus on one particular stage or implementation of AI, they were not intercepted or steered. Second, transferability refers to the degree to which the findings can be transferred to other contexts (Ahmed, 2024). As AI tools can be used in a large number of ways, and are used in a variety of different sectors, the findings may be transferable to other contexts and industries. This was ensured through a diverse selection of informants within the retail segment. Third, dependability is the level to which the findings can be reproduced by other researchers (Guba and Lincoln, 1985). This was done by being as transparent as possible, without compromising any informants' anonymity. To ensure this, the question guide was added to the appendix, and translated quotes were included in the findings and analysis section, thus allowing other researchers to replicate the findings. Finally, confirmability is the researchers ability to stay impartial and objective toward their data, which was ensured by regular seminars with other graduate students, as well as keeping in regular contact with the thesis supervisor (Ahmed, 2024).

Analysis

After the data was collected, the interviews were transcribed to ensure that no nuance in the data was lost. The transcribed data was further thematically analysed, inspired by Naem and colleagues' (2023) systematic thematic analysis process. This process was divided into six steps: transcription, familiarization with data, coding the transcripts, theme development, conceptualization through interpretation of codes and themes, and finally the development of the conceptual model.

The analysis began while transcribing the interviews, through coding during the transcription process. This enabled a full immersion into the data while the interview remained pertinent. After the initial coding, the process was re-done to verify the preliminary process. Subsequently, the codes were discussed, and reworded to ensure a good fit with the value literature discourse (Naem et al., 2023).

The coding led to the conceptualization of three themes. Naem and colleagues (2023, p. 10) define themes as something "(...) *that provides a significant link between research questions and data.*". The research question *"How do retail marketing managers approach value creation opportunities versus value destruction risks when implementing AI tools?"* coupled with the value-literature thus became the basis for the developed themes. These themes were: *Dual managerial perspectives on value, AI intermediation in the value creation process,* and *Expected value outcomes.* The three themes served as a foundation for the subsequent analysis, and were found to be important elements that managers consider when approaching the implementation of AI tools.

Findings and analysis

In this section, the three themes that were identified from the data collection and subsequent coding will each be described and exemplified. The first theme, *Dual managerial perspectives on value*, describes how managers move between a company-centric and customer-centric perspective of value depending on the task they are facing. The second theme, *AI intermediation in the value creation process*, outlines how the level of AI intermediation appears to range in scale, and how this scale may affect managerial decision making. Neither of these two themes can independently illustrate the managerial approach to value creation with AI, but they both appear to be relevant to their pursuit of value creation. To solve this, a third theme is introduced; *Expected value outcomes*. This theme serves to combine the two former themes, in order to show how coupling a certain value perspective with a certain level of AI intermediation will affect the expected value outcome of an approach.

Dual managerial perspectives on value

Value is a central theme to this thesis, and it can be viewed as a relatively abstract concept. Therefore, it is important to understand how the informants view it. Informants were asked to, without any prior priming, describe value in their own words. In response to this, informants started off by defining value as something quantifiable that could be created through efficiency improvements, increasing staff productivity and enhancing logistical operations. Informant 4 put it like this:

> *"The activities we do to make the company solvent, to ensure good sales, keep costs down, to be efficient, quite simply."* (Informant 4)

The informants felt that it was a significant part of their job to facilitate these kinds of activities. This view aligns with the company-centric perspective on value (Porter, 1998), especially the strategy of cost-leadership, where tangible aspects such as cost-effectiveness and performance improvements are central to creating competitive advantages. They further aligned with Porter (1998) when describing who created this value, as they felt that marketing managers were ultimately responsible for creating value. In this sense, the informants were quick to define value in a company-centric manner. However, after they further reflected on the question, the informants also described a more modern view of value, involving intangible value-facilitating activities such as branding and customer loyalty.

> *"For us it's very important to facilitate something other than price that will make customers come to us (…) A [product] in our physical stores may cost 30 percent more than online, and getting customers to choose us despite that, I think that's where branding and value creation lies."* (Informant 8)

Here, the informant suggests that they believe value can not only be viewed through the lens of objective competitive advantages like cost-leadership. Instead, they specifically suggest that providing the best possible monetary proposition is not necessarily the best way to create

value, and that they felt it was essential to also create a less tangible form of value. This perspective is similar to Vargo and Lusch (2004), and Grönroos (2008) conceptualization of value, in which value is a co-creative process between the company and the customer - i.e., the customer-centric perspective. After describing this perspective of value, the same informant was asked about which actor is the source of value, and responded like this:

> *"We do things that we believe will create value, but it's in the eye of the customer… It's about how the brand is presented, from that perspective it's largely in the eye of the beholder, as to whether it's value-generating (…) A Chanel handbag is 100 000 [SEK], it's not the product in itself, it's in the eye of the customer."* (Informant 8)

In this answer, the informant suggests that the company itself is not necessarily the sole determinant of value, and that a meaningful relationship between company and customer may be a source of value creation - perhaps to such a degree that a customer is willing to pay a significant markup for a brand that they value highly. This response moves away from Porter's (1998) idea that companies acted as independent value-creators by facilitating competitive advantages. Instead, the above view of value echoes Vargo and Lusch (2004), by suggesting that value creation is a co-creative process. In the example provided by Informant 8, "*the eye of the beholder*" could be interpreted as the customers' operant resource, and they describe Chanel as having developed their core-competencies to such a degree that their customers can find value even if their products are not priced competitively.

In summary, while the informants presented varying perspectives on the concept of value, they expressed a duality in their value perspectives; they moved between a view echoing Porter's (1998) more classical perspective of value as a competitive advantage, (in this thesis referred to as the company-centric perspective), and Vargo and Lusch's (2004) co-creative view, (in this thesis referred to as the customer-centric perspective) However, no informant adhered firmly to either of the perspectives. Instead, there was a significant overlap, and informants often moved fluidly between the two perspectives depending on the context. Marketing managers thus seem to have a fragmented and nuanced view on value, indicating that there is a tension within marketing managers as to which value perspective they assume. This fluid view seems to have an impact on the value creation (or destruction) approach they take with respect to AI.

AI intermediation in the value creation process

AI intermediation refers to when AI is acting as a middleman between the company and the customer. Traditionally, marketers communicated directly to the consumers through human customer support agents or advertising, but with the introduction of AI, this relationship has changed, as marketers now have the opportunity to relay tasks to AI tools (Grandinetti, 2022; Castillo et al., 2021). Informants echoed this sentiment, and seemed to carefully consider the level of intermediation they were ready to offer to AI tools. Based on the collected data, intermediation has been conceptualized as a continuum ranging from a lower level of intermediation (in which AI has a lower level of control over the value creation process), to a higher level of intermediation (in which AI has a higher level of control over the value

creation process), which has been exemplified through the included quotes. The effect that the level of AI intermediation has on managerial decision-making appears to be complex and fragmented, as managers hold both positive and negative attitudes at both ends of the intermediation spectrum, and intermediation does not appear to shape managerial approaches independently.

Low level of AI intermediation

Informants shared that, in some cases, AI was able to aid in creating value when it was given a lower level of intermediation. This could be applicable when a manager is creating content for social media. Informant 5 explains:

> *"We very rarely get a final product from AI, but you can get a sketch, and instead of working with sketch work, maybe we can save 80% of the time and start there instead. (...) Absolutely, we have built tools to prompt, for example if we want new ideas for social media, we have a prompt for it, and read in all our old ones, as well."* (Informant 5)

Informant 3 shares a similar sentiment:

> *"Of course you can't just use an AI-generated image directly, but it can be used as a basic outline."* (Informant 3)

Here, the informants share that they are able to use AI to automate a portion of their work. When AI is used in this manner, it has a limited amount of control over the final output, and any mistakes will be corrected by humans. This corresponds with the findings of Gu et al (2024), who suggested that AI outputs needed to be adjusted by human actors to prevent negative consumer responses. These uses-cases could therefore be categorized as having a lower level of AI intermediation. Thus, marketing managers have found ways to create value at lower levels of AI intermediation, but the responses indicated that this approach is not always conducive to creating value. Informant 1 described it like this:

> *"You have to adopt AI to avoid high manufacturing costs and to keep the size of the staff down. Those who don't risk getting outpaced by the competitors. (...) [AI] can be viewed as an advantage depending on how much it is used and how well it is implemented"* (Informant 1)

Here, Informant 1 suggests that restricting the use of AI (i.e., giving it a smaller intermediary role) can lead to a competitive disadvantage, as competitors who are more open towards adopting AI may outpace them - as such, a low level of AI intermediation can also lead to negative outcomes. Contrasting this scenario to the responses shared by Informant 5 and 3 reveals that a low level of AI intermediation can produce a range of outcomes, suggesting that the role of intermediation may be complex. A similar pattern emerged when looking at how managers described use-cases that involved a higher level of AI intermediation.

High level of AI intermediation

When AI is given a large intermediary role, it is given a large influence over the value creation process, and the role of human marketers is diminished. In some cases, this can lead to value creation, here described by Informant 4:

> *"In customer engagement, AI can handle the typical questions in customer service, for example "Where is my order?". If you can even make it a chatbot and it can instantly answer "Yes, it's here", it's incredibly easy for both customer and company."* (Informant 4)

Informant 4 argues that AI can replace customer service agents, and manage some of the tasks previously performed by humans, and they feel that contemporary AI is capable of automating the handling of common and repetitive customer issues. When placing AI into a position like this, it is given a significant intermediary role, as it is given complete agency over a task. Thus, for some tasks, AI is able to create value even at high levels of intermediation. However, Informant 4 stressed that this is not always the case:

> *"But if [a customer says] "I am unhappy, this went awfully wrong", then you should maybe connect them to a real person that they can talk to who will take their issue seriously and listen to what they actually say instead of just filtering your words through an index and a database."* (Informant 4)

Contrasting the two quotes by Informant 4 illustrates that AI, when given a large intermediary role, can produce both positive and negative outcomes depending on the task. It is able to automate repetitive and recurring tasks, yet struggles to respond to socially complex customer complaints. Informant 4 specifically fears that an AI would respond robotically to customers with more challenging, or perhaps emotional, needs. This echoes the findings of Huang and Rust (2018), who suggested that the utility of AI tools decreases in tasks that require a higher level of emotional connection.

The informants believed that AI tools would be unable to emotionally connect with humans in many tasks that required a higher level of AI intermediation. In these types of tasks, the informants shared that they were hesitant to give AI a larger intermediary role. One of these is the aforementioned example of using AI tools to generate content for social media. As previously exemplified, the informants were comfortable using AI to generate ideas and outlines for social media communication, but that it was necessary for a human to step in during the process.

> *"When it comes to tonality and creativity, human input is still required. AI works as a complement as opposed to a replacement."* (Informant 1)

This could be viewed as marketers limiting the amount of AI intermediation as they do not yet trust the AI to communicate in a way that appeals to their customers. Thus, the informants felt that AI could not yet be given a large intermediary role for purposes like these. Instead, they believed that doing so would lead to value destruction. Informant 5 shares that they feel the need to limit the intermediary role of AI in order to prevent negative outcomes:

> *"We haven't set AI free to create content that we don't evaluate before we publish it to our customers (...) If we would set AI free to generate live content then we would probably have a number of problems."* (Informant 5)

In summary, providing AI with a high level of intermediation can lead to a range of outcomes. The level of intermediation appears to play a role in this process, and the level of intermediation has therefore been conceptualized as a continuum from low to high AI intermediation. In cases of both low- and high AI intermediation, the outcomes are fragmented and seem to heavily depend on the specific task at hand. Thus, the influence that the level of intermediation has on managerial approaches to value creation with AI is complex, and only looking at the level of intermediation can not fully explain their approaches. To solve this issue, the section below will combine their perspectives on intermediation with their perspectives on value, in order to create a more complete picture of the issue.

Expected value outcomes

Thus far, two themes have been introduced; first, value perspective (either company-centric or customer-centric) and second, presumed level of AI intermediation (either high or low). Neither of these two themes can independently answer the stated research question, but combining them reveals how the approach might look. In this section, the two themes will therefore be combined, in order to show how they together shape the approach that managers take to value creation with AI.

When a manager is considering implementing AI for any given task, they are considering the two themes simultaneously. In other words, their attitude toward specific AI implementations depends on their assumed value perspective in combination with the presumed level of AI intermediation. Thus, the combination of these two elements will determine the *expected value outcome*. Expected value outcome refers to the result that managers expect when approaching a task with a specific value perspective and at a presumed intermediation level. Four potential expected value outcomes have been drawn from the literature review: Value Creation and Value Destruction (when assuming a company-centric perspective), and Value Co-creation and Value Co-destruction (when assuming a customer-centric perspective). These have been conceptualized as the four potential outcomes that managers will expect from a specific approach. This relationship is illustrated in figure 1. The section under the model is a detailed explanation of how it was conceptualized.

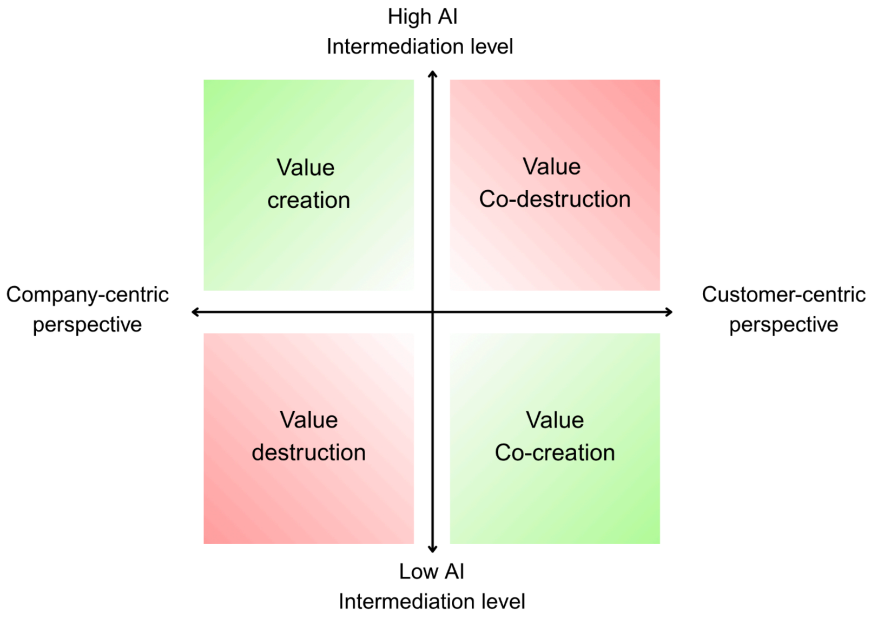

Figure 1: Matrix of Value Perspectives and AI Intermediation

Two axes are shown in the model; the X-axis represents the value perspective being applied by the manager, ranging from entirely company-centric to entirely customer-centric, and the Y-axis represents the level of presumed AI intermediation, ranging from high to low. Adjusting either of these two elements will influence the expected value outcome, and the four different expected value outcomes are indicated in the center of each quadrant. With these elements in the model, it can describe how managers approach value creation with AI, by indicating what their expected outcome is depending on their value perspective and their presumed level of AI intermediation. When a manager is interested in implementing AI into a certain activity, their expected value outcome of the implementation could thus be determined by evaluating the relevant value perspective of the manager and the presumed level of AI intermediation.

Although each quadrant is only labeled with a single expected value outcome, the model does not purport to be completely rigid. However, the data collected by the informants suggested that the AI-enabled activities within a given quadrant will largely fall in line with the expected value outcome indicated in the center of each quadrant. For example, the top left quadrant indicates that managers feel confident that contemporary AI tools are able to reliably create value when approaching value creation from a company-centric perspective when the activity involves a high degree of AI intermediation. Further, the model is color-coded with green and red, to indicate either value creation (or co-creation) or value destruction (or co-destruction). A gradient is applied to show how the expected value outcome grows larger toward the extreme ends of either element.

To illustrate how the model works in practice, each quadrant will be explained and exemplified below.

Value Creation

The top left quadrant shows the intersection between a company-centric perspective and a high level of AI intermediation. This coupling is expected to lead to value creation. This quadrant includes activities in which the manager is approaching value from a company-centric perspective, thus prioritizing efficiency and cost over customer relations, and where the AI tool is given a large intermediary role. Informant 1 exemplified this scenario when describing Amazon's entry into the Swedish market:

> *"When Amazon came to Sweden with their website everyone laughed because their translation model was so bad, people thought. But now they're here. Sometimes you can absolutely tell that it's AI, AI controlled, but you think it's okay because you know what they mean."* (Informant 1)

This informant suggests that while Amazon's decision to use AI-translations on their website led to some ridicule, it is ultimately not a big deal because the poorly translated product descriptions ultimately serve their purpose. Further, Informant 1 shared that they gave AI tools a significant amount of control in writing product descriptions, and that human employees might only make some final adjustments.

> *"We can't do that work manually. And neither can Amazon or Zalando or those big players."* (Informant 1)

Using AI for this purpose means little human involvement or control (thus a high level of AI intermediation), and allows major companies to keep large product assortments while keeping down the level of staff (thus approaching the activity from a company-centric perspective). In both of the previous examples, the quality of the communication may decrease, but this issue is offset by the efficiency gains, thus fitting squarely into the company-centric perspective. This approach could thus be classified as having a high level of AI intermediation, and coming from a company-centric perspective. The informants felt that this approach was mature for value creation with AI, and thus their expected value outcome was positive.

Informant 4 provides another example of high AI intermediation coupled with a company-centric perspective. They explain how AI can take charge of a portion of the managers work, thus allowing the manager to focus on other activities:

> *"If you can streamline these activities, both spend less time but achieve the same effect or more effect, just there we have a direct value. The other thing is kind of how AI can actually make you spend less time on these manual processes. Because every employee's time actually costs money."* (Informant 4).

AI tools allowing the manager to "*spend less time on manual processes*" indicates a high level of AI intermediation, as the manager is actively allowing the AI to take over entire tasks. The manager's rationale behind allowing the AI to take over is to increase efficiency;

Ultimately aligning with the company-centric view that value can be created through being more cost-efficient (Porter, 1998).

These examples illustrate that when managers approach the AI implementations with the goal of being efficient (thus seeking value from a company-centric perspective) they are more willing to give AI tools more autonomy (implying a high level of AI intermediation), as it can provide them with competitive advantages as a result of increased efficiency and cost-leadership.

Value Destruction

The bottom left corner of the model is where the company-centric perspective is coupled with a low level of AI intermediation. As shown in the model, marketing managers expect this approach to lead to value destruction. However, this expectation does not mean that all activities that apply within this quadrant necessarily lead to value destruction; Instead, it means there is an overarching risk of value destruction when applying this approach at a large scale (Gibbert et al., 2023). This is drawn from the fact that the informants firmly held the view that using AI tools to a limited degree (or not using them at all) would impede their efficiency to such a degree that it would lead to a competitive disadvantage, as their competitors are already increasing the efficiency of their workflows with AI. From a company-centric perspective, this would lead to value destruction. This can be illustrated using an aforementioned quote;

> *"You have to adopt AI to avoid high manufacturing costs and to keep the size of the staff down. Those who don't risk getting outpaced by the competitors. (...) [AI] can be viewed as an advantage depending on how much it is used and how well it is implemented"* (Informant 1)

When a manager approaches value in the same manner as Informant 1 describes, they should not be restrained (i.e., having a low level of intermediation) when implementing AI because it could cause them to fall behind their competitors (thus causing value destruction from a company-centric perspective). Further, this quote by Informant 1 also illustrates why the value perspective *and* the level of intermediation need to be considered simultaneously. Here, Informant 1 is considering both elements at the same time; they argue that they need to use AI to its full potential (implying a high level of intermediation) in order to achieve efficiency gains (implying a company-centric perspective). Looking at either of these elements in isolation would not be enough to fully explain the approach that Informant 1 is describing.

When a marketing manager is approaching value in the way that the bottom left quadrant illustrates, they should harness the possibilities of AI to a higher degree, even if it means lower quality output - which, from a company-centric perspective, is worth it for the potential efficiency gains (As seen, for example, in the aforementioned Amazon example). Thus, if a manager assumes a company-centric perspective, it is expected to be harmful to neglect the potential benefits offered by AI by staying at a low level of intermediation due to the potential loss of competitive advantages.

A similar sentiment is also emphasised by Informant 8:

> *"From an efficiency perspective [related to AI], there is a lot to do. And that of course makes us competitive. There are not very high margins in this industry and retail in general. Therefore, every resource we can utilize makes us more competitive."* (Informant 8)

Informant 8 argues that there is a need to automate certain parts of managers' workload, due to the pressure created by low margins in the retail industry. Thus, fully committing to AI is crucial in order to "*utilize*" every resource they have. When AI is viewed as one of these resources, it follows that it would be harmful to neglect using it to its full potential. When analyzing this through the literature review, it could be argued that neglecting AI would be a competitive disadvantage and thus cause value destruction (Gibbert et al., 2023; Porter, 1998; Canhoto & Clear, 2021).

Value Co-creation

When shifting focus to the customer-centric perspective, the approaches were similarly complex. As outlined in the literature review, the customer-centric perspective posits that value is determined by the customer. This means that customers will have to be receptive towards the use of AI tools if value is to be generated. Further, it means that marketing managers seeking value from a customer-centric perspective will have to align their use of AI to the customers' operant resources (Vargo & Lusch, 2004). As illustrated in the model, the expected value outcome of coupling the customer-centric perspective with a low level of AI intermediation is value co-creation. This is explained and exemplified below.

When looking at customer-centric value creation with a low level of AI intermediation, the expected value outcome was value co-creation. For example, many informants spoke of using AI tools to brainstorm ideas and help them improve their communication. Informant 3 described how an AI language model helped inspire their communication when they felt it was stale:

> *"I didn't use the [AI generated text] outright, but I got insights like "ah, of course!", and at that point I had writer's block because I thought [the task] was super boring, so in that case [AI] became a tool for inspiration."* (Informant 3)

Cases like this one involve low intermediation, but can still provide customer-centric value through giving inspiration to marketers seeking to hone their communication or strengthen the brand. In use cases like this, any output generated by AI will need to be filtered through a human marketer, which means the level of intermediation is low, and that any potentially value co-destroying outputs will not reach their customers, thus creating ample opportunities for value co-creation. The marketer can not fully rely on the AI's ability to independently reflect the customers operant resources, instead the AI generates an outline onto which the marketer can instill operant resources. This mechanism is further strengthened by Informant 4.

They argue that directly publishing AI-generated content would not create value, instead the content can be honed by adding a *"human touch*" to it:

> *"You can't just.. perhaps you can't just copy-paste what an AI said, you still have this step of quality-control, and maybe hone it to end up with a "human touch" on it."* (Informant 4)

Here, the intermediation level is low, as the AI is not given full control of the output, and the human marketer still needs to alter it. By using the phrase "*human touch*", Informant 4 implies that they consider the customer's perspective to be important, as releasing the content without adding a human tonality would lead to adverse outcomes. Thus, the intermediation level and the marketers' value perspective is shown to influence the expected value outcome - which, in this approach, is value co-creation.

Value Co-destruction

In the final quadrant - at the intersection of a customer-centric perspective and a high level of AI intermediation - expectations of value co-destruction were prevalent, and the expected value outcome was thus value co-destruction. This quadrant describes scenarios in which managers seek to co-create customer-centric value while allowing AI a high degree of intermediation. Informant 6 illustrates this, claiming that contemporary AI could not write technical specifications of a passable quality; suggesting that giving AI a large intermediary role in this process can harm company-customer relations, thus causing co-destruction:

> *"[AI] can sometimes make things up. Say we were going to do automated product texts, then we have to make sure that this product has exactly these specifications, and that it hasn't made up its own specifications because it's run through 200 different types of [product] and it takes a cut because 'it's much shorter and it doesn't matter."* (Informant 6)

Another recurring example that fits into this quadrant is the usage of AI generated campaign material with little human intervention. No informant felt comfortable letting AI fully generate campaign material, and many expressed fears that customers would react negatively, spurring fears of value co-destruction. Campaign material, along with other brand-building activities, often serve to co-create customer-centric value, and managers seem to fear that giving AI a large intermediary role in these activities will backfire. As such, the expected value outcome of this approach was consistently negative. Informant 3 exemplifies the reluctance toward this approach:

> *"I wouldn't generate a complete image. Not without editing, or in a real scenario. For sketches, sure, and maybe even for some internal material, or to put something on the fridge or whatever. But no, I wouldn't generate a major [image] that isn't supposed to look AI generated (...) I think it would be plasticky and cheap. It sends a signal that this is not a company that invests in quality."* (Informant 3)

This informant assumes a customer-centric perspective as they are afraid of the implications conveyed by publishing material that has an "AI look". They fear that it would suggest that the company prioritises efficiency over quality, through outsourcing their creativity and

content production to an AI intermediary. This aligns with Gu et al.'s (2024) suggestion that humans needed to adjust AI outputs in order to prevent negative consumer responses. From a theoretical perspective on customer-centric value co-destruction, this is an example of a misalignment of both parties' resources. If the customer, (as in Informant 3's example), values quality, and the company values efficiency, a misalignment occurs, and value is subsequently co-destroyed (Plé, 2017).

Limitations of the model

It is necessary to note that the model does not represent how the marketing managers' themselves view their own approach to value creation with AI, but it is instead an attempt to conceptualize the nuanced and fragmented approach that the informants described. Naturally, the real world contains more nuance and complexity than could be captured by a model, but the model acts as a framework to describe the tension experienced by managers looking to implement AI.

Additionally, categorizing the level of AI intermediation into either high or low is arguably subjective, is difficult to quantify, and may depend on the technological capacity of each person. For this thesis, the classification was dependent on the responses provided by the managers, and how they described the amount of agency that they gave AI tools in a given activity. This subjectivity means that placing any given activity at a specific point in the model may be difficult, but the model is not necessarily meant to be used at that level of specificity.

Summary

In summary, two factors influence the expected value outcome that managers have when approaching AI implementation; the value perspective being applied, and the level of AI intermediation. When approaching value from a company-centric perspective, the expected value outcome is positive when the AI is given a high level of intermediation, as it can make processes more efficient, keep staff low, and aid in creating competitive advantages. If the level of AI intermediation is lower, the expected value outcome becomes negative, as the loss in potential efficiency is expected to become a competitive disadvantage.

When approaching value from a customer-centric perspective, the expected value outcome is value co-creation if the level of AI intermediation is low, as it allows managers to refine and improve the work of humans without losing the 'human touch' or conjuring negative consumer reactions. When the level of intermediation is high, however, the expected value outcome is value co-destruction, as consumers are expected to have difficulties connecting to marketing efforts that lack a human tonality.

Conclusion

How do retail marketing managers approach value creation opportunities versus value destruction risks when implementing AI tools?

The purpose of this thesis was to understand how marketing managers approach value creation opportunities while avoiding value destruction risks when implementing AI tools. This was done by interviewing marketing managers at leading retail companies in Sweden. These interviews were analyzed, and as a result a matrix was created based on the responses from the interviewees. This matrix illustrates two elements that influence the *expected value outcome*; The managers' value perspective, and the AI intermediation level. The managers' value perspective is conceptualized as either company–centric or customer-centric, and the intermediation level is conceptualized as either high or low. When combined, these elements lead to one of four specific expected value outcomes (either value creation, value co-creation, value destruction or value co-destruction). Thus, the thesis concludes that the managerial approach to implementing AI tools is influenced by the coupling of their value perspective and the presumed level of AI intermediation, and this coupling ultimately leads to a specific expected value outcome.

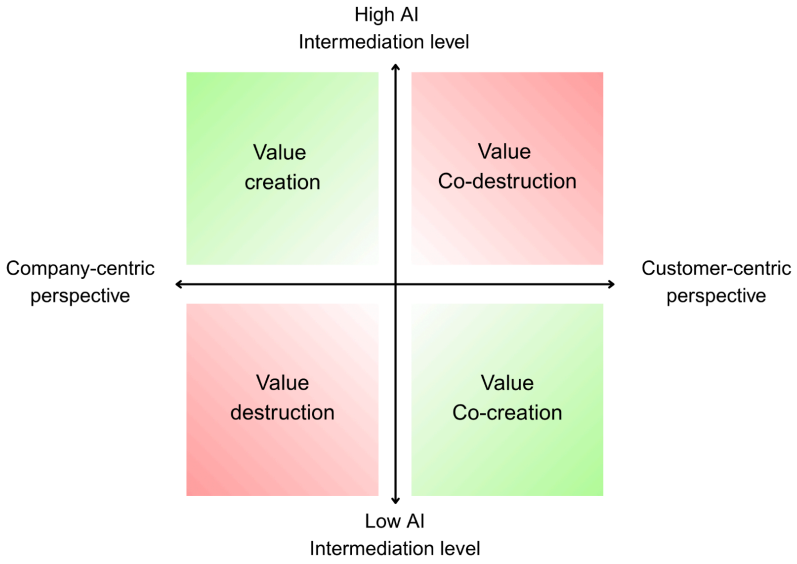

Figure 2: Matrix of Value Perspectives and AI Intermediation

Theoretical contributions

One of the main theoretical contributions of this thesis is the finding that managers hold dual perspectives on value. This contribution is novel in a value-research context, and is in contrast to the theorized binary relationship between the company-centric and customer-centric perspective on value (Vargo & Lusch, 2004; Porter, 1998). The findings suggest that managers move between both perspectives when considering AI implementations, thus indicating that the lines between the perspectives are not as rigid as previously thought. This reconciliation of the two value perspectives supports earlier research by Cassidy (2013) and Vargo and Lusch (2016). However, this does not indicate a full

reconciliation, but it illustrates that managers are not one-dimensional in their approaches, and often have to take both perspectives into consideration.

Further, this thesis further contributes to emergent research on the view of AI as an intermediary in the value creation process. The findings suggest that the level of AI intermediation impacts managerial decision making, but the theorized impact is difficult to determine without considering the relevant value perspective. Intermediation as a concept was inspired by articles from Grandinetti et al. (2022) and Castillo et al. (2021). In this thesis, the concept has been further developed into a continuum, ranging from low to high. Finally, the inclusion of value co-destruction contributes to the under-researched value co-destruction literature, and responds to a call from Plé (2017) and Ostrom and colleagues (2015) asking for deeper understanding of the topic.

Managerial contributions

These findings may serve as a framework for marketing managers looking to understand how their peers approach value creation with AI by providing an outline for which approaches that other marketers consider to be potential avenues for value creation. Further, it exemplifies how their peers perceive value co-destruction risks stemming from AI, which can serve as a guide for avoiding pitfalls when implementing AI tools into their work.

Beyond this, the findings can give managers an understanding of how to categorize their value approaches. Many participating informants held dichotomous views on value, yet did not expressly label their views. This thesis can serve to provide a framework for managers seeking to structure their value approach, by outlining how managers can keep multiple conceptualizations of value in mind at one time, and how those conceptualizations of value can be useful in different circumstances.

Future research

Value co-destruction remains poorly understood in comparison with value co-creation, and future research could make significant contributions in understanding the concept at a greater level of detail. Additional research unifying the two concepts could serve to create a more complete description of the concept of value.

This thesis did not make any limitations with respect to any specific AI tools, but instead considered the whole range of tools that are typically referred to as ‘AI’, including large language models, image models and more. Describing value creation opportunities and risks in greater detail would require future research with a more narrow scope. For this reason, future research on how specific AI tools affect the value creation process could provide marketing managers with a deeper understanding.

Moreover, quantitatively evaluating the model is a potential research avenue. This would require finding a method to reliably measure the level of intermediation. Quantitatively evaluating the model would strengthen these findings and thus strengthen the practical

implications of the model. Finally, modern AI tools are in a constant state of change, and cutting edge contemporary tools may be archaic tomorrow. Many of the contemporary value co-destruction fears among marketing managers hinge on current limitations of AI tools, and these fears may be quelled by technological improvements. Therefore, research on value creation with respect to AI will likely need to be revisited as AI tools develop and marketers find new avenues for value creation.

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Appendix

Interview Guide

Introduction

- Can you briefly describe your role and responsibilities?
- In general, how has your company implemented AI?
    - For which purposes do you use AI?
    - Has your company implemented AI for marketing purposes?
        - If so, how?
- Are there any specific AI tools that you are primarily using?

Value Creation

- How would you define value and value creation?
    - Who creates the value?
- Has AI, in your opinion, contributed to creating value in your marketing efforts?
    - Could you give any examples of when you have used AI to create value?
    - Do you think that AI has opened up new opportunities for value creation?
    - How do you feel about using AI in external communications?
- Do you think AI can help you stay competitive? Why, or why not?
    - Would you say that you have to use AI to stay competitive?
    - Do you keep an eye on how your competitors use AI?
- Do you think AI should act as a support for the marketer?
    - Do you think AI will take on a more dominant role in the future?
    - How do you feel about automating current jobs with AI?
- Have you noticed any evolution in how people view value creation since the "AI-boom"?
    - Was/Is there any resistance toward using generative AI in your work?

Value Destruction

- Have you faced any challenges when using AI in your work?
    - Have you faced any negative consequences when using AI in your work?

- Do you think your customers could react negatively if you use AI?
    - Are there any purposes for which you would never use AI?
    - How do you think your customers would react to interacting with, for example, an AI chatbot?
- How do you handle issues relating to customer- and data integrity when using AI?
- Do you have any examples of when AI-generated content has led to suspicion or negative feedback from customers?
    - If so, how did you handle it?
- Do you think using AI could lead to a loss of control?
    - What do you think would happen if you loosened your approach and gave more autonomy to AI?
- Are you following any guidelines when implementing AI tools? (Internal or otherwise)

Outro

- Do you think that using AI in your work can lead to the destruction of value?
- How do you balance the positive and negative aspects of AI?