



## CO-CREATION AS A PARADIGM SHIFT IN AN ENGAGEMENT MARKETING: RELATED TO SERVICE SECTOR

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### ABSTRACT

*With the increasing competition in service sector, Leaders need a novel structure of reference for value creation. Consumers today have more choices of products and services than ever before, but they seem dissatisfied. This paper aims to give insights into co-creation response as marketing tactic and as a Competitive advantage. It also focuses on Customer's viewpoint towards Co-Creation. This paper is conceptual in nature. Appealing consumers to co-create has been mainly appreciated but organized applicability has not been found in businesses. It also sheds radiance on the behavioral aspects of customers' perception towards Co-Creation. Research would find parameters which help in the inclination for customers to co-create. Firm's can improve co-creation by designing co-creation model that have a high degree of internal and external connection of customers and Employees. The paper is also helpful in designing policies and procedures to gain higher satisfaction, trust and loyalty among customer. The finding of this article challenges customers as co-creators of value, and firms can make value propositions. The objective of the paper is to understand the concept of co-creation in service sector.*

**KEY WORDS:** *Customer Satisfaction, Consumer behavior, Value Co-Creation, Value chain.*

### 1.INTRODUCTION

In recent years, service-sector productivity has become increasingly important. Knowledge and technology are also expected to establish an organized methodology for service studies. The focus in marketing has moved from an exchange of the tangible value to one that increasingly includes the intangible value. C. K. Prahalad and Venkat Ramaswamy formulated the concept of Co-Creation in their [14] in co-creation consumers are not only customizing, they are involving with vendors to create value. In [15] kept on working on their novel ideas; they use broadly the word "Value Co-Creation". The co-creation value is investigated by asking how consumers engage in the value-creation process. This approach emphasizes customization over uniformity and the consumer participation in consumption.

However, [2] view this co-creation process from manufacturers' point of view which does not fully portray the value co-creation process. Many argue that customer value co-creation is critical for marketing success because, under the service-dominant logic, clientele are contributing to the process of marketing, consumption, and delivery of products/services. This emphasizes the shifts from value added to value co-creation, products to experiences, value delivery to value propositions, and exchange of operand resources to operand [5]. As far as value for the customer is concerned, according to the prevailing style in the service-dominant logic stream of literature "the customer is always a co-creator of value. Originally, this phrase was stated as "the customer is always a co-producer". Value creation



is defined as the customer's creation of value-in-use [3]. Value creation is not a comprehensive process. Consequently, design, expansion and manufacturing of resources, and back-office processes, are not part of value creation. Although they fundamentally facilitate their customers' value creation, during direct interactions with customers, firms get opportunities to engage with their customers' value creation and become co-creators of value as well [3] In conclusion, although customers are in charge of their value creation and fundamentally are the value creators, during direct interactions, provided that the firm makes use of the opportunities of such an interactive process, the firm also co-creates value with the customers. Hence, firm's value co-creation can be characterized as joint value creation with the customers. Outside direct interactions, customers' value creation with resources obtained from a supplier or otherwise available is independent value creation. Outside direct interactions firms cannot be independent value creators, only value facilitators by developing, designing, manufacturing and delivering resources required by the customers. [13] Stated that traditional process plan strives to meet a defined set of customer requirements and focuses on reorganization of existing processes. By eliminating steps and handoffs, it increases efficiency and saves time and money. The co-creation approach, in contrast, aims to serve the interests of all stakeholders. It focuses on their experiences and how they interact with one another.

The Aim of this paper is to integrate conceptual framework of understanding the concept of co-creation in service sector along with relating various powers of consumers in creating value. Finding out how a consumer thinks and how various service sector companies think, with this trying to relate their ideas for innovation. This will help in developing satisfaction, trust, and loyalty among customers. This paper also aims to formulate platforms for customers so, they can practically co-create to help companies to develop new product on customer's basis. Paper also aims evaluation of human behaviour, values, and lifestyles to create new services along with it to reveal the mechanism of value co-creation in a society as well.

## 2. LITERATURE REVIEW

Co-creating value is a two-way activity between a provider and a consumer, during which the recipient/ consumer produce value for themselves

with the support of the provider [9]. The evaluation of co-creation avenues puts forward several strategic issues [8] Customer engagement is a psychosomatic state that occurs by the desirable quality of interactive, co-creative customer experienced with a focal representative/thing. The function of customer appointment in co-creating customer experience and value has gained a set of importance in today's highly interactive and dynamic business environment. The analysis altered as of Co-production to Co-creation, refined. Pine, peppers and Roger used a word Co-Creation and states "at the foundation of association is a co-creation:-Customer's aren't only customizing: they are appealing with vendors to form unique value.(Friat, faut, Dholakia and Vankatesh) introduced the concept of Customarisation.

From 2004 onwards, publications on importance co-creation have a tendency to increase because of the quality of Vargo's and Lush's ideas. Further important development were published by [3] asked" if we are saying customers are co-creators, what is the function of company's? Are firm the main creator of value or what are they" Gronroos understood that value-in-use is superior to value in exchange because customers add skills, knowledge and processes, stressed that if creation has to come-up what can be the tools to analyse Co-creation". Payne, Storbacka and Frow proposed a framework around value co-creation in the content of S-D Logic. Ramaswamy Concluded that former currently require a novel frame of reference for value creation. The use of interaction as a basis for co-creation is at the root of our emerging reality. Oswal challenges managers to involve target customers at every stage of the value chain, through involvement of customers in firm's activities can estimate customer satisfaction to customer delight that spawns lifetime loyalty and positive referrals.- name said that Relationship marketing is based on the idea that the survival of a relation between customer and provider creates value for both, products and services: name on the aspect of creativity in context of the retail sector and the function of design in shaping the environment of retail sector. Prahalad Emphasizes Companies that have learned how to manage the process of creating unique value with customers and have developed engagement programs to generate sustainable growth. [23] Informed that Business models for co-creation will defined as configurations of 12 interrelated elements. The efficiency of a business model in value

co-creation is clear by the internal arrangement fit between all business model elements and external configuration between [3] explained that by using value-in-use can be a concept in creating value and customers can be a co-creator of value. [18] Said that value creation is socially constructed because a carry out –exact meaning structure, influenced by the context and consumer resources, configures consumer’s activities, hence segmentation of value-creating practices offers a valid description of value chain

[20] concluded that major difference were found in terms of both content and originality connecting system based on customer co-creation and two conventional promote techniques. [21] Concluded three input instruction: within the world of business, the design perspective and ease of use. Also explained the principle of co-creation is ‘engaging people to co-create valuable experiences together while enhancing set of connections between economics and organizations, they indicated the need for the better use of in sequence and computing technology in business processes in the sample population and the improvement of communications systems to enhance co-creation activities and create value. [22] Confirms that combined aptitude initiatives do indeed co-create value and conform to the rising services Dominant logic concept.

### **3. CO-CREATION OF VALUE FRAMEWORK**

Value co-creation deals with opportunity to deal with competitive advantage by formulating exclusive competences, by using company’s resources and technological capabilities, aiming to enhance satisfying customers on products, services etc. This framework has been found resourceful, extensive and insightful enough to cover the several aspects of value co-creation. This framework provides a good starting point for discussing value co-creation process. (C.K Prahalad and Ramaswamy) Value co-creation is described by four main building blocks such as:

- ✧ Dialogue
- ✧ Access
- ✧ Risk/Benefit
- ✧ Transparency

**(a) Dialogue:** at several points and with various partners within the value association enhances knowledge sharing and understanding between firms, partners and customers. It provides customers to express their views into value creation process. It helps companies recognize the emotional, social, and cultural contexts that form consumer experiences and provides knowledge to companies to develop innovative ideas.

**(b) Access:** Challenges the ideas of openness and ownership. Customer’s access to tools, resources, assets, information and process provides new business opportunity and expands the company’s view of new potential markets.

**(c) Risk:** Risk refers to probability of harm to customer. As customers become co-creators of value, they become more susceptible to risk and will initiate challenging more information about the possible risks associated with the plan, mechanized, delivery and consumption of particular goods and services. Where good information is available, consumers, within the limits of their practical understanding, should be able to make more informed choices.

**(d) Transparency:** Transparency is required to create the trust between individuals and organizations. When companies make vital business process information observable to consumers, they hand over part of the power of the value creation process to customers even before the conventional end-point of exchange. Transparency is increasingly becoming a component in differentiation strategies.

### **3.ELEMENTS OF CO-CREATION**

Co-Creation process includes various elements which will help in the development of effective customer interaction for creating value. Through these various elements the companies can effectively and efficiently enhance the empowerment of creation with innovative ideas. This will help in effective exchange of views among consumers and firms. Co-creation elements such as encourage, insight, Recognize and Engage, response, filter will enable service providers to engage with consumers to know their views and ideas due to which the consumer’s satisfaction, trust as well as loyalty could be attained.

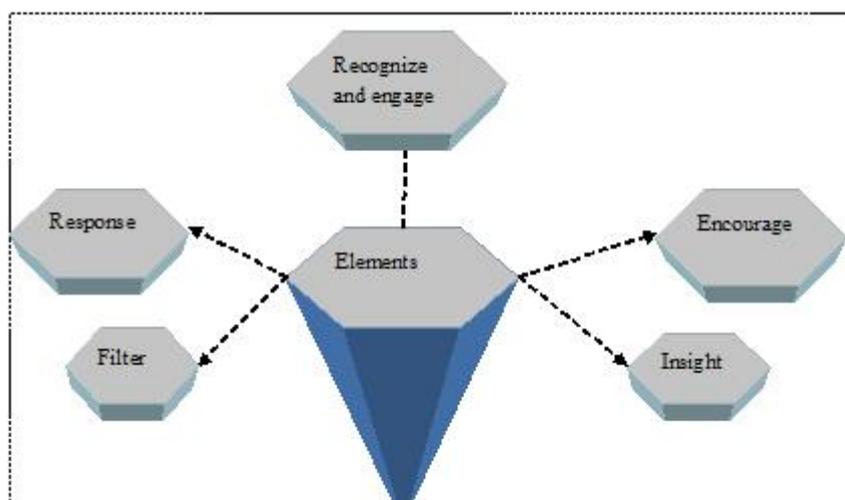


Fig 1.Elements of co-creation

#### 4. CO-CREATION PROCESS

In creation of value in service sector, a consumer plays an important role. Why consumer will involve in creation, obviously they will engage when they experience the thing, once they are satisfied they will try to involve in the activities where they can experience some innovation or can create some innovative ideas for the companies. For the co-creation some process has to be empowered in creation of value. The co-creation has some process through which consumers can actually co-create.

The Co-creation process involves four stages: *Ideation, Initiation, Evaluation and Implementation*

- ♦ **Ideation:** ideation is the very first stage in co-creation process, at this stage the consumer uses the services and if gets satisfied with the service or product. He might have some idea regarding the service improvement or changes which can give higher intensity and some more uniqueness to product. The consumer gives views or ideas to the service provider.
- ♦ **Initiation:** It is the second step in co-creation process, in which the consumers involves with service providers to participate in co-creation activity. A consumer investigates the firm's products and tries to innovate some ideas for the products and services accordingly.
- ♦ **Experimentation/Evaluation:** After initiation, the next steps which comes in co-creation process, in evaluation steps the consumers and the service providers experience the views and ideas and scrutiny them, due to which the customers can efficiently empowers the value creation.
- ♦ **Implementation:** This is the last step in co-creation process which involves the examination and expansion of views and ideas of the consumers, which enhance the innovative ideas in services.

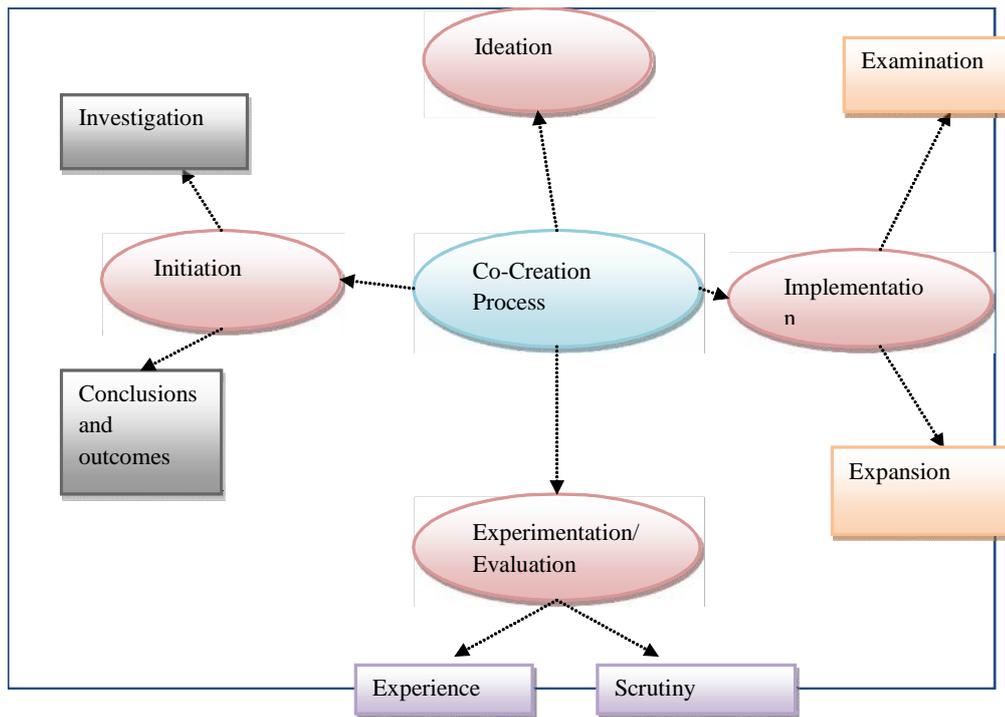


Fig 2. Co-Creation Process

## 5. CONCLUSION

The rapid pace of developments coupled with the growth of service sector gives rise to enormous opportunities for the creation of new ideas and development and the importance of adapting business models are gradually more accepted in the strategy. We have identified the various steps in co-creation process which creates customer satisfaction, trust and loyalty with the services provider, due to which customer's initiates in creation. Additionally this research concludes that Co-creation can be used as a marketing strategy and can be formulate as a competitive advantage. We suggest practitioner, academicians and researchers to develop effective platforms, ultimately this result, and the customers can only become actual co-creators when the customer has proper way or channel to co-create. Researcher also concludes that in industries or in any business *no effective channels* are provided by the service provider through which customers can actually come in action to co-create. So the researcher suggests, formulating the *effective Channels in Co-Creation*, which will help in future development of business as to become competitive advantage. The above two models give insights into matter of co-creation participation level of customers, some of the elements such as response, recognize and engage if these elements are satisfied among customers they

will eventually show the interest in participation with companies however this results to effective innovation among services according to consumers will. This paper also helps in societal development and involvement of customers and providers effectively and efficiently. This research paper also concludes co-creation process, which explains the various steps which are involved in creation which creates effective value of business and also helps in reformation and development of new products. Future work will explore the identification of co-creation channels which will help to overcome any certainties in company's environment as well as in external environment.

The scope of this paper is to integrate conceptual framework of understanding the concept of co-creation in service sector along with relating various powers of consumers in creating value. Finding out how a consumer thinks and how various service sector companies think, with this trying to relate their ideas for innovation. This will help in developing satisfaction, trust, and loyalty among customers.

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