Co-Creation from Consumer Resource Integration

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ABSTRACT

This article describes how consumer co-creation in service offering is increasingly of importance in service literature and practice. Grounded mainly on service dominant logic (SDL), this article develops and empirically examines a theoretical framework of co-creation which considers both social capital and social exchange as determinants and consumer perceived value, satisfaction and loyalty as outcomes of co-creation activities. Using a consumer perspective, the authors extend the interrelationships within the antecedents and within the effects into a comprehensive model and test it on data obtained from an education service setting. The findings empirically support 12 out of 13 hypotheses, and in particular, affirms the consumer role of resource-integrating activities to co-create value.

KEYWORDS

Co-Creation, Operant Resources, Resource Integration, SDL, Service Research, Social Capital, Social Exchange

INTRODUCTION

Service dominant logic (SDL), a predominant stream of marketing and service literature, defines service “as the application of specialized competences (knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself” (Vargo & Lusch, 2004, p. 2), and moreover, service is exchanged for service (Lusch & Vargo, 2015). Within SDL, it should be noted that value in service offering is always co-created in which value is understood as value-in-use within a social context, rather than value-in-use in a traditional way (Chandler & Vargo, 2011). Additionally, while value co-creation is recently ranked top priority in marketing and service research (Ostrom et al., 2015), consumer co-creation in service process is imperative for firms to advance and sustain their competitive advantages in practice (Bettencourt et al., 2014).

Equally, according to Vargo & Lusch (2016), one of SDL foundational premises is that service offerings are in large part determined by co-creation practice of consumers who are in turn considered as (economic and) social actors and resource integrators. To be specific, co-creation is active participation into service development and delivery, which both involves the combination and exchange of resources of all parties and is of socially contextual nature (Lusch & Vargo, 2015). It should be first noted that within SDL, resource can be anything, tangible or intangible, which service provider or consumer would make use for service offering (Vargo & Lusch, 2004).

Furthermore, there are three interrelated highlights of co-creation theme within SDL, which are of main interests for our study: first, service is inherently consumer oriented, co-created and relational; second, all (economic and) social actors are resource integrators; and additionally, operant resources (like knowledge, skills, relationships, competency, etc) are increasingly important for firms
and consumers to co-create value; and third, value is experiential and socially contextual (Lusch & Vargo, 2015). To address these interests, we adopt a consumer view to develop our co-creation model which includes social capital and social exchange as antecedents and perceived value, satisfaction and loyalty as outcomes.

There were two reasons for our choice of all these constructs. First, being sorts of intangible asset and essentially social relationships, social capital and social exchange could be regarded as the typical operant resources within SDL (see Varo & Lusch, 2004), and hence, deserves to be the determinants of consumer co-creation behaviors. To be quite clear, these two dynamic assets could be featured as relational, experiential and socially contextual (as elaborated below), and thus to fully meet the highlights mentioned above.

Second, perceive value, satisfaction and loyalty are key relevant outcomes of consumer participation (Mustak et al., 2013), which are also believed to be crucial for service business to achieve strategic advantage (Bettencourt et al., 2014).

Toward our objective of an empirical validation for a comprehensively theoretical framework of co-creation, our study makes three key contributions. First, while outcomes of co-creation increasingly gain much attention in recent studies (see, e.g. Prebensen et al., 2017; Navarro et al., 2016), the literature considering its relevant determinants is relatively scare, and little research empirically examines these constructs in a single framework, possibly except Grissemann & Stokburger-Sauer’s (2012). To bridge this gap in literature, our model of co-creation accommodates both its antecedents (i.e. consumer social capital and social exchange) and its effects (i.e. perceived value, satisfaction and loyalty).

Second, furthermore, although operant resources (i.e. knowledge, skills, relationships…) are long emphasized in service offering within SDL (Vargo & Lusch, 2004), no study has yet empirically assessed them in co-creation practice. To fill the void in service research, our model attempts to examine both the joint impact of the two operant resources (i.e social capital and social exchange) on co-creation and the direct link between these two ones in forming co-creation activities. Third, with the proposed model, our present article also explores consumer resource-integrating practice that has been long recognized as vital for co-creation yet still needs to be empirically validated (see Rihova et al., 2015).

The article is structured as follows. The next section provides the research framework on consumer co-creation and the theoretically revelant concepts such as social capital, social exchange, perceived value, satisfaction and loyalty, followed by the proposed hypotheses on their relationships. The methods and data are then described, followed by the section of findings of model validation. The article concludes with recommendations for practice and contributions to the literature.

**RESEARCH FRAMEWORK AND HYPOTHESIS DEVELOPMENT**

**Co-Creation**

Co-creation is first introduced by Prahalad & Ramaswamy (2000), acknowledged the change of customers’ and suppliers’ roles in which they collaborate beyond the price system that traditionally mediates supply-demand relationship. This key concept of SDL framework that was instituted by Vargo & Lusch (2004) is currently dominant in marketing and service in general (Gronroos, 2012). According to Prahalad & Ramaswamy (2004), co-creation is the joint, collaborative process of all parties to produce new value. Equally, co-creation could be regarded as joint activities by consumers with their service providers (and perhaps, other stakeholders) during the entire service offering (Galvagno & Dalli, 2014).

It should be noted that, co-creation, as a metaphor in SDL, has different terms such as value co-creation (Lusch & Vargo, 2015), customer co-creation (Gustafsson et al., 2012) or service co-creation...
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