

Does Customer Co-Creation Really Produce Value? An Abstract

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Abstract The traditional marketing perspective focuses on the understanding of providers' activities by showing how they can achieve maximum production efficiency and generate high profits. Consistent with this thought, prior research focuses attention on the purchase decision made by customers rather than the active role customers play during both purchase and consumption processes. In contrast to this view, more and more research suggests that customers and firms, both together and separately, play important roles in creating gratifying experiences (Babin & James, 2010). Thus, through the lens of service, marketing recognizes the role of customers as potential co-creators of value (Ranjan & Reed, 2016; Vargo & Lusch, 2004, 2008).

However, customer participation should be studied carefully. From a firm's perspective, customers can be seen as either productive producers or unwanted trouble makers (Kohtamaki & Rajala, 2016; Lovelock, 1994). That is, customer participation can sometimes generate undesirable consequences with the result being a denigration of value or net negative value for the consumption experience. The purpose of this research is to address the following research questions: How do customer co-creation activities influence customers' perceived service quality and value? In particular, as consumers are motivated by the pursuit of utilitarian value or hedonic value, does the active role of the customer in creating value change? Are service-quality-value relationships similar when the customer experience involves an experientially driven transaction versus a functionally driven transaction?

Structural equation modeling (SEM) was adopted to conduct tests of the measurement model and a structural model that involves the integration of the relevant propositions. LISREL 8.80 (Jöreskog & Sörbom, 1993) was employed for data analysis in the current study. The results show customer participation (codeveloper) displays a significant effect on service quality. However, customer participation (information sharing) does not show any significant effect on service quality. Next, service quality significantly impacts both perceived hedonic value and utilitarian

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value. In addition, the results suggest customer participation (information sharing dimension) negatively affects service quality in the experiential group, but it does not affect service quality significantly in the functional group. Service quality significantly influences hedonic value and utilitarian value across both experiential and functional groups, but the path effect sizes are stronger in the experiential group.

This study contributes to the literature by (1) demonstrating conditions under which customer co-creation does not generate positive outcomes, and (2) presenting that the impact of customer co-creation on customer experience may depend on the type of transaction (experiential versus functional transaction).

References Available Upon Request