



Co-created value: Multidimensional scale and nomological network



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HIGHLIGHTS

- The multi-stage multi-step method was used to develop the new co-created value scale.
- The co-created value scale is multi-dimensional construct with 5 dimensions and 25 items.
- The co-created value measure positively correlates with customer loyalty.
- The positive predictors of co-created value are openness and brand authenticity.
- The significant outcomes of co-created value are wellbeing, service advantage and trust.

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ABSTRACT

Although, increasing interest is given to value co-creation in service industries, including tourism and hospitality, there is a lack of a valid and reliable instrument that measures value from the co-created perspective. Study addresses a research gap by developing conceptually grounded and psychometrically sound scale of co-created value. Derived from service-dominant logic and theory of value, co-created value is conceptualized as a personal appraisal of the meaningfulness of a service based on what is contributed and what is realized through collaboration. The scale development and validation followed multi-step multi-stage methodology and verified the measure in different tourism and hospitality contexts. The analyses resulted in 25-item 5-dimension original scale representing: meaningfulness, contribution, collaboration, recognition and emotional response. The co-created value scale was tested for concurrent validity using consumer loyalty as a part of the nomological network, with antecedents operationalized as openness and authenticity and consequences as well-being, competitive advantage, commitment, and trust.

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1. Introduction

Hospitality and tourism service providers are engaging customers in co-creation activities with the aim of reciprocally achieving positive outcomes. Marriott launched the website travelbrilliantly.com in 2013 centered on collaboration with its many customers. Marriott used a contest on the website to encourage customers to submit “ideas” and “co-create with us” (<https://travel-brilliantly.marriott.com>). Grand prize contest winners were announced and their ideas implemented across the complex Marriott business network. Marriott has since stimulated sharing “ideas for healthier travel” and offered opportunities to

explore a “virtual travel experience” through the virtual travel teleporter (Shayon, 2014). In 2014, TripAdvisor announced video-advertisement contests open to its fan base to submit best and worst travel experiences (www.tripadvisor.com). Recent AirBnB commercials include customers and hosts in the creation of travel destination promotions (www.airbnb.com).

Despite increasing interest in co-creation between consumers and service providers, how consumers appraise such co-creation activities and the outcomes of value co-creation remain unclear. However, understanding how value is created and how it should be offered are imperative strategic issues for achieving superior service advantage (O’Cass & Ngo, 2011). Researchers suggest a growing need for a conceptually grounded understanding of value as an appraisal of collaborative creation between a service provider and consumer (Karababa & Kjeldgaard, 2014). Although scales have been developed measuring value co-creation as a process (e.g.

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Jamilena, Peña, & Molina, 2016), customer and employee participation in co-creation (e.g. Mathis, Kim, Uysal, Sirgy, & Prebensen, 2016), and customer co-creation behavior (e.g. Yi & Gong, 2013), there is a dearth of psychometrically sound measures focused on value as the main construct reflecting the nature of co-creation.

The process of co-creation adds an imperative aspect to understanding contemporary tourism (Suntikul & Jachna, 2016). Fundamentally, tourists need to be personally and actively involved in the creation of their experiences to subsequently evaluate the service positively (Binkhorst & Dekker, 2009), which influences perceived value (Prebensen & Xie, 2017). Co-creation assists in the construction of memorable and unique experiences (Shaw, Bailey, & Williams, 2011), and helps shape future travel planning and purchase behaviors through online travel communities and consumer-centric designs (Grissemann & Stokburger-Sauer, 2012; Hsiao, Lee, & Chen, 2015). Tourists in particular are eager to consume experiences and take an active role in producing and mastering psychological co-creation (Prebensen & Xie, 2017). Overall, for a tourism service provider, value co-creation offers a potentially new and indispensable outlet to ensure organizational vitality and sustainability (Hsiao et al., 2015). However, researchers note the lack of research on value co-creation specifically focused on tourism and hospitality (e.g., Grissemann & Stokburger-Sauer, 2012; Shaw et al., 2011; Prebensen & Xie, 2017).

Historically, perceived value has been defined as the overall utility of a product or service based on the difference between what is received and what is provided (Zeithaml, 1988). Research has shown negative consequences, damaging effects, and decreases in value when consumers spend too much time, money, and effort in the purchasing process (Petrick, 2002; Sweeney & Soutar, 2001). Based on these findings, businesses actively integrated practices to reduce consumers' resources needed in the process, such as online booking, single-click purchase systems, and self-check-in kiosks. However, with the emergence of service-dominant logic (SDL) (Vargo & Lusch, 2004) and the collaborative economy, increasing evidence suggests that when consumers invest their resources they feel more compelled to purchase and repurchase and express loyalty to the brand and provider (Jamilena et al., 2016; Lala & Chakraborty, 2015). The more time and effort consumers invest, the greater their willingness to buy and pay a higher price (Lala & Chakraborty, 2015). Norton, Mochon, and Ariely (2011, pp. 11–91) studied the "Ikea effect" and found that consumers place significantly higher value on products they partially create. This suggests that consumer consideration of value has evolved and, therefore, how value is currently appraised should be examined.

Value as a construct, has been defined as "an interactive relativistic preference experience" (Holbrook, 1999, p. 5), and the combination of physical and service attributes, experience, social rewards, competence, and technical support (Petrick, 2002). In today's collaborative economy, along with the growing importance of social media, value reflects social, collaborative, and shared perspectives. Grounded in SDL, value co-creation as a *process* is defined as a joint, collaborative, concurrent, peer-like process of producing new value, both materially and symbolically, through the voluntary contributions of multiple actors resulting in reciprocal well-being (Galvagno, Dalli, & Mele, 2014; Vargo & Lusch, 2016). Consequently, we position co-created value as a *value construct* defined as a personal appraisal of the meaningfulness of a target (product or service, further referred to as service) based on what is contributed and what is realized through the process of co-creation. Researchers and practitioners have called for a better understanding of the co-created value construct, what it means for consumers and service providers, and how it fits into consumer value systems (i.e., Gronroos, 2012; Karababa & Kjeldgaard, 2014; Verleye, 2015).

Therefore, the overarching aim of this study is to address the limitations of current measures by developing a psychometrically sound multi-dimensional scale of co-created value following the method used by Churchill (1979) and DeVellis (2012). The objectives of the study are to examine co-created value (CCV) as a construct in various tourism and hospitality contexts, explore aspects of CCV appraisal, define the dimensions of CCV, identify dependent variables to verify the validity of the CCV scale, and test the scale's nomological network, including potential antecedents and outcomes. This research contributes to the literature by expanding the application of SDL and theory of value to consumer perceived value justification.

2. Theoretical framework

2.1. Theory of value

Theory of value (TOV) serves as the foundation and conceptualization of CCV as a value construct. TOV, also referred to as axiology, is a philosophical and moral theory concerned with the predominant question of what is of value (Hartman, 1967). The axiological process of justifying the importance of the target to an individual, established TOV as the most broadly applied theory to conceptualize various types of consumer value (i.e., Holbrook, 1999). TOV philosophers differentiate instrumental and intrinsic value (Bradley, 2006). When an individual, or an agent in TOV terms, judges a service, he or she starts with instrumental value, drawing a conclusion that the service is only good to the degree that it leads to something of greater value. Money is only good for buying, for example, an airplane ticket. Intrinsic value is just good for its own sake (non-instrumental). Therefore, an airplane ticket is good for traveling to a vacation resort, which is good for relaxation and pleasure, which is good for well-being and happiness. Axiologists argue that happiness might be that single, monistic, intrinsic value (i.e., Fletcher, 2008). According to TOV, agents evaluate the value of a service higher when the connection between instrumental and intrinsic value is strong, thus requiring less time and effort to achieve. Following TOV's and SDL's understanding of the nature of value, CCV supports intrinsic and instrumental value co-creation, linking it with well-being, which is often measured as agent's state of life satisfaction and happiness (Diener, Scollon, & Lucas, 2003), as well as the vitality of social and personal networks (Lusch & Vargo, 2014).

TOV also addresses the tenet of incomparability of constructs in value appraisal. Researchers have compared constructs to appraise what is of more or equal value, keeping the order of accrual as a moderator (Chang, 2002; Schroeder, 2016). For example, what is of more value, a vacation at a destination resort or a service from a professional accountant? Consequentialism can be utilized to resolve some of the issues of incomparability. In TOV, consequentialism assists with understanding what action is best to perform first (Sen, 1982). Based on this viewpoint, one should always do what is most meaningful. For example, by evaluating what is most imperative, going on vacation or filing taxes, an individual can act accordingly. However, this axiology is possible only from the standpoint of the agent who is making such an appraisal. Thus, consequentialism links the action with one's axiology, leading to agent-centered understanding of value (Wedgwood, 2009).

Based on consequentialism and agent-centric understanding of value, the agent should always do what will bring forward the result that is of most value relative to him or her as a beneficiary. Therefore, grounded in TOV and SDL the agent is always a co-creator, a beneficiary of value, as value is always agent-relative or agent-centered (Schroeder, 2016; Vargo & Lusch, 2016). The appraisal of the meaningfulness of co-created effort or target is

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