



Co-creating value in hotels using mobile devices: A conceptual model with empirical validation



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ABSTRACT

The service-dominant (S-D) logic paradigm is increasingly gaining ground within the scholarly literature and current hotel industry practice. The S-D logic purports that consumers are no longer passive receivers of firms' value propositions, but rather interact with firms in service settings, thus co-creating value. Using data from a general population sample of hotel consumers from the U.S., this study developed and validated empirically a conceptual model that recognizes the central role of consumers' degree of value co-creation in creating valuable service experiences using mobile devices in hotels. It was found that the mobile (m-)commerce habit influences the degree of consumer co-creation, which in turn influences the perceived value of co-creation behavior. In addition, the perceived value of co-creation was found to influence consumers' perceived value of the hotel stay and intentions to stay in a hotel that facilitates co-creation via the mobile environment.

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1. Introduction

During the past few years, a new paradigm has been increasingly gaining ground within the service marketing literature: the service-dominant (S-D) logic (Vargo and Lusch, 2004, 2008; Yi and Gong, 2013). The principal thesis in the S-D logic is that consumers are not passive respondents to firms' value propositions. Instead, consumers become co-creators of value throughout the consumption process (Xie et al., 2008), while the firms develop, design, manufacture, and deliver resources that facilitate consumers' value creation (Grönroos, 2011). Value is therefore created alongside a continuum that includes two spheres: (1) a firm (provider) sphere that includes all activities that transform resources into a service, and where value takes the form of "potential value," and (2) a consumer sphere, characterized by consumer use of the service, where value takes the form of value-in-use (Grönroos, 2011). Value co-creation occurs in either sphere, but typically not in both. However, it has been theorized that firms can participate in the consumers' closed value creation spheres by engaging with them through direct interactions, which represent the only circumstances for value co-creation within the joint consumer–firm sphere (Grönroos and Voima, 2013).

Generally, value co-creation represents the activities of consumers involved in direct interactions with firms with the goal of creating value-in-use (Grönroos, 2011). The emerging value could benefit multiple stakeholders (Grönroos, 2012). In the context of interactive services, such as hotel services, value co-creation could take place upon the activation by consumers of substantial resources. Such resources permit consumers to engage in multi-sided interactions with service providers, such as various hotel staff, and especially with the information, services and tasks that are formative of servicescapes (Prebensen et al., 2013). The interactions are especially important, as they are instrumental to effective resource utilization (Grönroos, 2011). Within the contemporary hotel service context, a particular commercial ecosystem – mobile (m-)commerce – stands out due to its ability to comprehensively mediate the consumption experience (Wang et al., 2012) and thus facilitate the consumer–firm interactions that are constitutive of value co-creation (Grönroos, 2011; Prahalad and Ramaswamy, 2004).

Despite the centrality of concepts such as value creation and co-creation, definitional problems abound within the context of S-D logic (Ballantyne et al., 2011). In conceptualizing value co-creation within the unique m-commerce ecosystem in hotels, this study retained the fundamental meaning of value co-creation advanced by Grönroos (2011): that in co-creative settings value represents in fact value-in-use, and it emerges via singular coordinated interactive processes within the consumer's sphere. However, given its focus on hotel m-commerce, this study also aligns with Grönroos'

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(2011) assertion that in certain circumstances, consumer–firm direct interactions that are translated into consumption experiences can lead to the co-creation of value-in-use by consumers and firms jointly. Therefore, the context of this study is delimited to the actual hotel stay experience, that is, when the consumer is at the hotel property, and can properly integrate the resources provided by the hotel firm in a manner that allows for value-in-use to be created (Grönroos, 2011). Accordingly, this study set out to examine value co-creation, along with its antecedents and outcomes, by viewing it as the extent to which guests interact with hotels throughout their stay. Through these interactions, guests consume at a minimum a core experience (i.e., lodging service), which is augmented with relevant experiential attributes. Such augmentation becomes possible as consumers utilize a set of resources and corresponding integration protocols, which are unique to each consumer. Such protocols reflect consumers' own mobile phones and usage patterns, ideas on how to interact, previous interaction experiences, services available from hotels, and the m-commerce infrastructure. This complex amalgamation of factors causes the original value proposition to transcend into a higher value consumption experience (Grönroos and Voima, 2013).

The literature documents several recent studies conceptualizing value co-creation in hospitality (e.g., Chathoth et al., 2013) and tourism (Prebensen et al., 2013; Prebensen and Foss, 2011). While research is predominantly conceptual (Chathoth et al., 2013; Rihova et al., 2014), there are several examinations of consumer-to-consumer interactions leading to value (e.g., Rihova et al., 2014) and examples of empirically validated models examining value co-creation. For instance, it was found that the degree of co-creation influences consumers' satisfaction with a service firm, loyalty to the firm, and the amount of spending (Grisseemann and Stokburger-Sauer, 2012). Addressing the roots of co-creation, it was found that certain consumers' perceptions of marketing communications (Gebauer et al., 2010), and peer and sponsor company feedback (Chen et al., 2012) influence co-creation.

Most notably, the recent literature began recognizing the importance of consumer-related characteristics in describing co-creation (Lugosi, 2014; Ranjan, 2014). Such a recognition is primarily grounded in the notion that consumers interact with firms and thus co-create value based on the social construction to which they belong (Round and Roper, 2012). A consumer values his/her consumption experiences on the basis of consumption attributes that span beyond the functional attributes of a product/service, and are aligned with his/her own characteristics such as motivations and skills (Edvardsson et al., 2010). In turn, the specificity of each consumer's unique approach to value co-creation reinforces his/her own beliefs and consumption identity, resulting in a unique view of the transformed value proposition that ultimately enriches his/her life (Merz et al., 2009). In short, value emerges from a consumer's legitimization of an "own meaning" reflecting the consumption experience that is founded on his/her consumption characteristics (Snepenger et al., 2007). Only a few studies were found to explain co-creation based on consumer characteristics, such as culture (Chan et al., 2010), creativity (Füller et al., 2012), identity (Lugosi, 2014), and travel motivations (Chathoth et al., 2014), thus marking an important literature gap. This gap is attributable to the inherent difficulty in finding consumer characteristics that simultaneously reflect: (1) the specific mechanisms that drive consumers to engage in the intricate and intangible blend of cognitive and affective processes (e.g., novelty seeking) (Lemke et al., 2011) that result in a memorable experience with intrinsic value (Ballantyne and Varey, 2008); and (2) the automatic and iterative mechanisms (e.g., habits) that guide consumers to engage in co-creation behaviors when a part of the consumption context is familiar.

While the literature on value co-creation is growing in size and scope (Cabiddu et al., 2013), four critical research gaps still remain

unaddressed: (1) the lack of research on the role of information technology (IT) ecosystems in facilitating the mechanisms of co-creation; (2) the lack of research examining the antecedents of co-creation; (3) a major research void on how consumer-related characteristics are influencing co-creation; and most notably (4) the lack of empirical studies in the literature (current body of knowledge is generally rich in theoretical works conceptualizing value co-creation (e.g., Rihova et al., 2014)). The lack of empirical research is generally due to the difficulty of developing solid empirical conceptualizations reflective of co-created value (Grönroos, 2011). Such difficulty stems from the rather "metaphoric" view of co-creation, which makes it abstract and difficult to use in empirical research (Payne et al., 2008). Thus, to date, especially in service settings where face-to-face interactions are meshed with IT-mediated interaction, there is no unified body of literature capable of unequivocally explaining what drives consumers to co-create value. While the literature documents sporadic efforts aiming at individually addressing the first two gaps outlined above (e.g., Gebauer et al., 2010; Grisseemann and Stokburger-Sauer, 2012), research addressing all gaps is inexistent.

In hospitality and beyond, an increasing number of scholars (e.g., Li and Petrick, 2008; Prebensen et al., 2013) called for a systematic examination of value co-creation, as the industry's unique experiential character is conducive of value co-creation. In addition, given the role of IT in facilitating value co-creation (Bitner et al., 2000; Noh et al., 2012), recently, several scholars (e.g., Chathoth et al., 2013; Shaw et al., 2011) suggested that the examination of value co-creation from a technology viewpoint is especially warranted. Yet, no study to date has addressed the role of consumer-related characteristics in co-creating value via m-commerce. Recognizing consumers as initiators of the value co-creation actions (e.g., direct interactions, activation of thought processes facilitating cognition) (Grönroos, 2011), this study takes a unique approach to studying co-creation, and focuses on the consumer-related characteristics leading to co-creation. Thus, addressing the critical literature gaps discussed above, the main goal of this study was to develop and empirically validate a parsimonious, yet robust, conceptual model that explains co-creation through the lens of consumer-related characteristics (i.e., novelty seeking and habit). To this end, the study recognizes co-creation as central in explicating the perceived value associated with a hotel stay experience and intentions to stay at a hotel that facilitates m-commerce interactions.

2. Review of literature

2.1. Value co-creation in hotels via m-commerce

Given the highly interactive character of hotel services and the fragmentation of consumption, the S-D logic paradigm has been predicated to be more useful than the traditional paradigms in conceptualizing value creation in hotels (Chathoth et al., 2013). As value creation is not a linear process and as it does not necessarily follow the temporal sequence of value proposed by firms (i.e., product design – marketing – fulfillment – evaluation) (Grönroos and Voima, 2013), consumers and firms can co-create value outside the boundaries of the traditional hotel consumption experience. In hotels, value co-creation gravitates around consumers' interactions with firms (Grönroos, 2011). It results from deploying and integrating operand (tangible resources capable of being deployed toward a task) and operant resources (those acting on other resources) (Vargo, 2011).

Reflecting today's increasing popularity of mobile technology (Coussement and Teague, 2014), the hotel industry business models have changed by allowing consumers to engage with hotels more interactively than ever. Multiple examples can be seen in

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