



Drivers and resources of customer co-creation: A scenario-based case in the restaurant industry



Jinyoung Im^{a,*}, Hailin Qu^b

^a Division of Engineering, Business, and Computing, Penn State Berks, Tulpehocken Road, P.O. Box 7009, Reading, PA, 19610, USA

^b School of Hotel and Restaurant Administration, Oklahoma State University, 365 Human Sciences, Stillwater, OK, 74078, USA

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ABSTRACT

The aim of this study was to build and test a model that explores customer co-creation by integrating drivers and resources that promote customer co-creation. This study used a scenario-based survey that combines respondents' personal experiences of dining at a full-service restaurant and their responses to the hypothetical scenario of the co-creation experience. The population of the study was restaurant customers in the United States who visited any full-service restaurant within the previous three months before the survey date. Using convenience sampling, respondents were recruited from the Amazon Mechanical Turk. A total of 501 responses were used for data analysis using a two-step approach of structural equation modeling. This study found that customers with a higher level of knowledge, self-efficacy, and motivation are more likely to participate in the co-creation experience. In addition, the results supported the role of the customer as a resource integrator during the co-creation experience.

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1. Introduction

On account of advances in information technologies, today's customers are well informed and have clear expectations of their needs with better understanding of the company's value chain (Chathoth et al., 2016). Therefore, customers desire to play an active role in creating their experience. This phenomenon is supported with the main premise of service-dominant (S-D) logic (Vargo and Lusch, 2004), which recognizes the role of customers as value co-creators. S-D logic claims that value is the result of the personalized co-creation experience rather than the value that is already embedded in the product or service offerings (Lusch and Vargo, 2006).

Co-creation refers to the "joint creation of value by the company and the customer, allowing the customer to co-construct the service experience to suit her context" (Prahalad & Ramaswamy, 2004b; p. 8). Customers play a central role in the co-creation experience, and the unique meaning induced from the experience determines the value for each customer (Prahalad and Ramaswamy, 2013). Numerous studies documented the benefits of adopting customer co-creation in the service industry. Co-creation helps a company achieve a higher level of customer value, customer satisfaction, employees' job satisfaction, and performance

(Chan et al., 2010; Grisseman and Stokburger-Sauer, 2012; Yi et al., 2011). It enables a firm to differentiate from other competitors by building barriers to imitate the service offerings (Chathoth et al., 2013). On the other hand, a few researchers issued a warning about adopting co-creation since customers can be a source of uncertainty that causes employee job stress and role conflict (Hsieh and Yen, 2005). In addition, there might be barriers within an organization such as failing to manage customer knowledge and lack of innovation (Chathoth et al., 2013).

While researchers are actively attempting to understand the concept of co-creation within the field of hospitality and tourism, a number of research questions are still underexplored, and empirical evidence is scant (Chathoth et al., 2016). Understanding and applying the concept of co-creation is significant in the field (Chathoth et al., 2013) because creating unique and memorable experiences for customers leads to the success of businesses (Shaw et al., 2011).

In shifting toward co-creation, the challenging task for a company is to build a capability to foresee a customer's needs for being an integral part of the consumption experience (Vargo et al., 2008). Therefore, this study was to answer two questions: (a) What drives customer co-creation? and (b) What are the resources available for customers to participate in the co-creation experience? In particular, the drivers of customer co-creation are examined by focusing on a customer's perspective. Customer co-creation entails customers' monetary as well as nonmonetary investment (Ettgar, 2008); thus,

* Corresponding author.

E-mail addresses: jyim@okstate.edu (J. Im), h.qu@okstate.edu (H. Qu).

customer resources, such as time, skills, motivation, and knowledge, significantly influence the performance of the co-creation experience (Pralhad and Ramaswamy, 2000). Researchers claimed the need for revealing customer-related drivers of co-creation (Nambisan and Baron, 2009).

More importantly, the outcome of the co-creation experience depends not only on customers' own resources but also on the resources that are available for customers to access, adapt, and integrate into their own resources (Vargo et al., 2008). That is, customers play a role as a resource integrator during the co-creation experience (Lusch and Vargo, 2006). Prahalad and Ramaswamy (2013) proposed the experience environment as "the capacity to accommodate a wide range of context-specific experiences of heterogeneous individuals" (p.54) and indicated that it fosters a customer's entire co-creation experience. For example, transparency in releasing company information and facilitating a platform that actively engages customers to dialog between the company and a customer prepares customers to participate in the co-creation experience (Pralhad and Ramaswamy, 2004b). Therefore, how a customer interacts with the experience environment is reflected in a personalized co-creation experience (Pralhad and Ramaswamy, 2004b).

Accordingly, the aim of this study was to build and test a model that explores customer co-creation from a customer's perspective by integrating drivers and resources that promote customer co-creation. The specific objectives were (a) to assess the effects of the experience environment as resources (i.e., perceived physical environment and perceived support for customers) on drivers of customer co-creation (i.e., self-efficacy and motivation), (b) to investigate the effects of the drivers (i.e., knowledge, self-efficacy, and motivation) on customer co-creation, and (c) to test the mediating role of self-efficacy on the relationship between knowledge and customer co-creation. This study particularly chose full-service restaurants as a study context since dining at a full-service restaurant requires customers to have a higher level of interaction with employees and the physical environment compared to limited-service restaurants (Han and Ryu, 2009; Sulek and Hensley, 2004).

2. Literature review

2.1. Overview

Customer co-creation occurs through two forms: co-production and value-in-use (Kristensson et al., 2008; Lusch and Vargo, 2006). Customer co-creation can take place through "shared inventiveness, co-design, or shared production" (Lusch & Vargo, 2006; p. 284). That is, customers actively engage in developing a new product or service. Previous studies related to this type of co-creation were mostly conducted in the contexts of technology-based service innovation and tourism innovation within the virtual environment (e.g., Lee, 2012; Nambisan and Baron, 2009).

The latter form of co-creation (i.e., value-in-use) is significant when it comes to customer experience (Prebensen et al., 2014) since value-in-use is perceived by every customer during experiential consumption. Value-in-use refers to the "phenomenological experience perceived by a customer interacting with products/services bundles in use situations" (Woodruff and Flint, 2006). The concept of value-in-use fits well in hospitality and tourism research, and thus researchers focused on value-in-use and experiential value (e.g., Andrades and Dimanche, 2014; Prebensen et al., 2014). The determinant of value-in-use perception is the intensity and quality of customer engagement, participation, involvement, and/or interaction with a service provider during the consumption stage (Grissemann and Stokburger-Sauer, 2012). Each customer is expected to create and take away unique value based

on his or her level of engagement during the interaction with a service provider (Chan et al., 2010).

In the field of hospitality and tourism, researchers have been actively seeking ways to identify the concept of value co-creation (e.g., Binkhorst and Den Dekker, 2009). Previous studies acknowledged the role of customers' active participation and interaction in the co-creation experience (Campos et al., 2016; Prebensen and Foss, 2011) and the value of an experience network that consists of multiple parties (Binkhorst and Den Dekker, 2009). Furthermore, researchers discussed the drivers and barriers of co-creation in different perspectives (Cabiddu et al., 2013; Chathoth et al., 2014; Grisseman and Stokburger-Sauer, 2012). For example, Grisseman and Stokburger-Sauer (2012) found that company support for customers is a determinant for enhancing customer engagement in developing a travel itinerary. On the other hand, Chathoth et al. (2014) discussed management structure, culture, strategy, and technological capabilities as some of the organizational barriers of adopting customer co-creation.

The co-creation experience occurs through interaction with customers at a specific time and place within a certain context (Pralhad and Ramaswamy, 2004b). Providing a compelling experience environment for each customer by matching resources to those of each person is critical in promoting a successful co-creation experience (Pralhad and Ramaswamy, 2004a). During the service encounter, a customer spends a period of time in the shared environment and interacts with tangible and intangible elements including physical surroundings and contacted employees (Bitner, 1990). This study focuses on two elements as the representation of resources available in the experience environment: perceived physical environment and perceived support for customers based on the previous studies (Bettencourt, 1997; Bitner, 1990; Verleye et al., 2014).

Previous studies consistently showed that as customers are more engaged in the service process, companies are more likely to achieve a higher level of customer satisfaction, loyalty, and better company performance (Chan et al., 2010; Grisseman and Stokburger-Sauer, 2012). However, these studies overlooked the importance of customer competencies (Lusch et al., 1992). That is, a successful co-creation experience is possible only when customers have adequate knowledge, time, skills, and willingness to participate (Chathoth et al., 2013; Prahalad and Ramaswamy, 2000). Based on the previous studies of customer participation and engagement, this study chose three elements as the customer-related drivers of co-creation: knowledge (e.g., Auh et al., 2007), motivation (e.g., Lengnick-Hall, 1996) and self-efficacy (e.g., Xie et al., 2008).

Therefore, this study proposed that resources available in the experience environment (i.e., perceived physical environment and perceived support for customers) influence customer-related drivers (i.e., self-efficacy and motivation) that ultimately lead to a higher degree of customer co-creation. In addition, customers' knowledge was discussed as a driver of customer co-creation.

2.2. Hypotheses development and research framework

This study employed the social cognitive theory (Bandura, 1986) as an overarching theory to build a proposed research model (Fig. 1). Social cognitive theory postulates that a person's behavior is determined by the interaction between environment, person, and behavior (Wood and Bandura, 1989). In particular, environmental influences on a person's behavior consist of interpersonal factors and situational factors while personal factor is made up of personality and demographic factors (Bandura, 1977). The theory elucidates how people's beliefs and capabilities determine their behavior and how people gain knowledge and competencies through interaction within the social system (Verma et al., 2008).

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