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Value Co-Creation Orientation: Conceptualization, Measurement and Impact on Firm Performance

Mariachiara Restuccia,
PhD Candidate (Marketing)
HEC Montréal
mariachiara.restuccia@hec.ca
3000 Chemin de la Cote Sainte-Catherine
H3T 2A7 Montréal (QC), Canada
Tel. : +1 (514) 340 6829

Supervisor:
Jean-François Ouellet
Associate Professor (Marketing Department)
HEC Montréal, Canada
jean-francois.ouellet@hec.ca
3000 Chemin de la Cote Sainte-Catherine
H3T 2A7 Montréal (QC), Canada
Tel. : +1 (514) 340 6932

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“*It is no longer a question of creating value for the customer;*
rather, it is about creating value with the customer
and incorporating the customer’s value creation into the system.”
S. Wikström (1996: 9)

1. Introduction

Drinking an espresso shot at the café is not just drinking coffee anymore. In fact, the person seated at the counter, sipping her coffee is more than just a customer, as stated in the words of the president of the Italian Espresso Quality Certification Institute:

> "*[W]e aim to increase the involvement of the customer; a consumer that knows how to choose a quality cup of coffee will drive the entire chain - from the coffee bean to the coffee roasters and the cafés - to improve production everyday.*"
>
> (http://www.espressoitaliano.org/, free translation)

What has the approach of this quality certification institute in common with the one of companies such as the Swedish home furniture giant IKEA, the customizable computer manufacturer Dell, the open-source operating system Linux, and the houseboat producer Sumerset? All these companies implement what is described as an emerging trend in the business world: co-creation of value (Prahalad and Ramaswamy 2004b; Prahalad and Krishnan 2008). In its basic definition, co-creation of value occurs when "the consumer and the firm are intimately involved in *jointly creating value that is unique to the individual consumer* and sustainable to the firm" (Prahalad and Ramaswamy 2004b: x, emphasis in the original).

The companies cited above adopt practices such as customization, direct involvement of the customers in the production process, high quality interactions and customer training as a way to implement co-creation of value in their daily business activities. In fact, the more active the role of the customer in the marketplace, the more, this is likely to influence how firms conduct their business and how they look at their customers and business partners (Prahalad and Ramaswamy 2004b). Therefore, co-creation of value is becoming relevant as practice and concept in the marketing world. But how do companies develop this orientation? Does this orientation to co-creation of value lead to a superior competitive advantage? How do they assess its consequences? Moreover, are all the companies in the marketplace equally oriented toward this business practice?

Despite the growing relevance of co-creation of value, these questions still remain underexplored in the literature. In fact, the majority of the research conducted insofar on co-creation of value is managerially oriented, based on anecdotal evidence (Prahalad and Ramaswamy 2004b, Prahalad and Krishnan 2008) and/or is conceptual in nature(Vargo and Lusch 2004, Etgar 2008, Vargo and Lusch 2008). Moreover, little empirical research has been conducted (remarkable exceptions are Dong, Evans and Zou 2008, Fang, Palmatier and Evans 2008[1], Payne, Storbacka and Frow 2008). A gap therefore emerges in terms of a rigorous and systematic empirically based theory of co-creation of value, involving the lack of a clear definition of its meaning, especially in its strategic dimension. Moreover, to the best of our

[1] Even if Fang does not speak directly of co-creation of value, the definition he uses is the one shared with many scholars of co-creation of value. The 2008 paper by Fang and colleagues does not provide a clear definition of what value creation is. Instead, Fang's dissertation (2004) provide a more precise definition of value creation ("overall joint product benefits created through collaboration between supplier and customer" ,p.3) and value sharing ("proportion of created product benefits that are taken away by the customer through value competition", p.3), identified as customer product value underlying mechanisms.

knowledge, there is no empirical study whose primary focus is the development of a measure for co-creation of value.

As a consequence, this dissertation proposal attempts to address this gap. Its goal is to investigate co-creation of value as a possibly new strategic orientation, adopting a discovery-oriented approach (Kohli and Jaworski 1990). The combination of literature-based and field-based insights will better define the construct and its components and serve in developing a valid and reliable measure of the co-creation of value strategic orientation. The scale developed as a main outcome of the forthcoming study could contribute to the academic research in the domain of co-creation of value, increasing our understanding of the phenomenon and of its consequences. In addition, this research could provide a measure of how much firms are oriented towards co-creation and this measure could be used in future research in marketing and in management. At the same time, this research might also benefit practitioners: the scale developed could be a concrete tool to evaluate the position of their organization in the co-creation area in terms of strengths and weaknesses, as nowadays such a tool is not yet available.

The paper is structured as follows. We first examine the literature in marketing and related disciplines, in order to obtain a state of the art review of the co-creation of value concept. Building on this close examination of the literature, we discuss the research goals pursued by the dissertation and the methodology used to achieve these research goals. After some concluding remarks, the work plan for the dissertation is also discussed in order to provide an appreciation of the work conducted so far and of the next stages of the research program.

2. Literature Review

2.1. Background

With its first steps in the practitioner literature back in 1999[2], co-creation has been extensively developed and diffused by Prahalad and colleagues, mainly through books (Prahalad and Krishnan 2008; Prahalad and Ramaswamy 2004b) and articles in managerially oriented journals (Prahalad and Ramaswamy 2000; Prahalad and Ramaswamy 2003, Prahalad and Ramaswamy 2004a). Their view is mirrored in the professional magazines, news aggregators and online blogs[3] , where co-creation of value looks like a buzz-word. Moving to the academic side, Prahalad and Ramaswamy's definition (quoted in the introduction) is often used as a reference when dealing with co-creation related issues[4].

More recently, co-creation has also emerged as a building block of the Service-Dominant (S-D) logic (Vargo and Lusch 2008; Vargo and Lusch 2004). Following the most recent advances to this logic, the

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[2] Accenture's Outlook Journal published an article that pointed at co-creation as the new source of value for companies (Kambil, Friesen and Sundaram 1999).

[3] A Google query with the words « co-creation of value » provided 7 700 results, among which the following pages : http://www.12manage.com/methods_prahalad_co-creation.html, http://www.fastforwardblog.com/2008/01/30/decentralized-co-creation-of-value-and-meaning/, http://the56group.typepad.com/pgreenblog/2008/07/crm-20-co-creat.html

[4] Examples of this can be found in the following papers: Payne, Storbacka and Frow (2008) appreciate the holistic perspective to co-creation held by Prahalad and Ramaswamy; Fang, Palmatier and Evans (2008) use this emerging trend as a starting point for the discussion about the influence of customer participation in creating and sharing the new product value; Dong, Evans and Zou (2008) adopt their shift for the changing role of customers, from passive audience to active co-producer

customer is always a co-creator of value (Vargo and Lusch 2008, Foundational premise, henceforth FP, #6), instead of a mere co-producer[5] of value (Vargo and Lusch 2004, FP #6). This change emerged from the acknowledgment that while "involvement in 'co-production' is optional and can vary from none at all to extensive co-production activities by the customer or user" (Vargo and Lusch 2008: 8), co-creation instead always occurs, because "value cannot be created unilaterally but *always* involves a *unique combination* of resources and an idiosyncratic determination of value" (Vargo and Lusch 2008: 8, emphasis in the original). As stated by its founders, "S-D logic makes the consumer endogenous to the value-creation process […] Value, then, becomes a joint function of the actions of the provider(s) and the consumer(s), but is always determined by the consumer" (Vargo and Lusch 2006). As a consequence, is co-creation of value susceptible to change the role traditionally played by the firm in the marketplace?

2.2 Changing role for the firm?

According to Prahalad and Ramaswamy (2004b), the question above should receive an affirmative answer. Firms in fact should "creat[e] an experience environment in which customers can have an active dialogue and co-construct personalized experiences" (Prahalad and Ramaswamy 2004b: 8). Supplier processes are now conceived as a support to customer processes, as stated in the S-D logic (Vargo and Lusch 2004, 2008, Payne, Storbacka and Frow 2008) and by the Nordic School of Marketing (Wikström 1996, Grönroos 2006).

In the S-D logic, "the enterprise cannot deliver value, but only offer value propositions" (Vargo and Lusch 2004, FP#7), because the ultimate value of the offering is determined by the beneficiary (FP#10, Vargo and Lusch 2008). As a consequence, firms are asked to change their production logic from *Inside-Out* (making, selling and servicing) to *Outside-In* (listening, customizing and co-creating), in order to improve their performance (Payne, Storbacka and Frow 2008).

Management literature shares this preoccupation, as Priem (2002) states that the role of the firm is "to aid consumers in maximizing the use value that is created and experienced during consumption […] Consumers and firms can be viewed as partners in producing value during consumption" (Priem 2002: 222). These suggested changes are likely to impact the organizational structure and the activities carried out, as well as require an adequate support inside the organization. According to the management framework recently developed by Payne and colleagues (2008), the priority in the co-creation process must be given to customers and their experiences. In fact, the framework "places customer explicitly at the same level of importance as the company as co-creators of value" (Payne, Storbacka and Frow 2008: 83). The co-creation management framework adopts a more global view of the firm's offering often described as a solution (Lusch and Vargo 2006b, Cova and Salle 2008), not limited to the customer's purchase, but instead expanded to include pre-, during- and post- usage activities (Grönroos 2006, Payne, Storbacka and Frow 2008). Hence, the perspective on co-creation opportunities is extended also to service recovery, when the encounter is not successful (Dong, Evans and Zou 2008). Accordingly, the firm needs to align its processes with the customers' processes and to make value propositions that would "facilitate the co-creation of experiences" (Payne, Storbacka and Frow 2008: 86). This alignment is seen by the authors as "a substantial advance on the traditional

[5] Co-production is defined in terms of customer's "participation in the creation of the core offering itself [,] through shared inventiveness, codesign, or shared production of related goods and can occur with customers and any other partners in the value network" (Lusch 2007: 265).

perspective of customer orientation, at least as practiced by many large organizations" (Payne, Storbacka and Frow 2008: 88).

For the Nordic School, customers and clients can be co-producers and as a consequence, value is generated from the interaction between them and the firm (Wikström 1996). The closer relationship between the parties is at the origin of the value generation process and it can lead to a series of benefits, among which greater innovation generation, faster development process and customization (Wikström 1996). According to Gummesson (2004, in Bolton et al. 2004), customers and providers contribute to value-creation not only independently, but also jointly. Wikström (1996) stated that to effectively implement co-production, the firms in B2B and B2C sectors need to build the following preconditions: first, develop appropriate learning mechanisms and organizational conditions encouraging reflection; second, encourage appropriate attitudes, norms and finally adapt front-line and organizational structure. Grönroos (2006) specifies further the role of the firm when he claims that the firm does not make only value propositions, but stays active in the value fulfilling process, keeping the promises made to customers. More recently, Grönroos (2008) revisited the entire notion of co-creation of value, affirming that "contrary to the views expressed in the conventional literature on value creation and value in use, it is not the customers who get opportunities to engage themselves in the suppliers' processes, but rather the supplier that can create the opportunities to engage itself with its customers' value generating processes" (ibidem: 307), being either a value facilitator or a value co-creator (Grönroos 2008). For him, value facilitation occurs "when value is created by customers in isolation from the suppliers [… and] suppliers have no direct means of engaging with the consumption process. In other words, suppliers cannot influence value creation in the customers' processes" (Grönroos 2008:305). Value co-creation instead occurs when "the firm can actively take a role in the customers' value-generating processes and directly influence them" (Grönroos 2008: 307). It is believed that these two positions could be different degrees of the orientation to co-creation of value, on a low (i.e. value facilitator) / high (value co-creator) continuum.

In summary, it is clear that "consumer-company interaction [emerges] as the locus of value creation" (Prahalad and Ramaswamy 2004b: 23), as underlined also by the Nordic School of Marketing (Gronroos 2006; Grönroos 2008; Gummesson 2007; Wikström 1996). Over time, the scope of these value-creating interactions has broadened beyond the dyad consumer- company: in fact, "value is co-created through the combined efforts of firms, employees, customers, stockholders, government agencies and other entities related to a given exchange, but it is always determined by the beneficiary (e.g., customer)" (Vargo, Maglio and Akaka 2008: 148). The prominence of value network partners is becoming more and more present in the latest papers on S-D logic. Moving beyond formal alliances (extensively discussed in management and marketing literature; see Kandemir, Yaprak and Cavusgil 2006, Palmatier, Dant and Grewal 2007), the decisive contribution of business partners and stakeholders to value creation is acknowledged by Vargo, Maglio and Akaka (2008) through the notion of service system. This means that "the producer- consumer distinction disappears and all participants [being "firms, employees, customers, stockholders, government agencies, and other entities related to any given exchange", p. 148] contribute to the creation of value for themselves and for others" (ibidem: 149). In such a systemic perspective, the interdependence among the actors[6] (Vargo, Maglio and Akaka 2008, Cova and Salle 2008) could drive the transformation of these actors from individual parties to partners (Gummesson 2004 in Bolton et al. 2004).

The elements presented insofar should be linked to the status of resource integrators of all economic and social actors (Lusch and Vargo 2006a; Lusch, Vargo and O'Brien 2007; Vargo and Lusch 2008). As affirmed by Lusch and Vargo (2006b), "[v]alue creation is a process of integrating and transforming resources (FP9), which requires interaction and implies networks" (ibidem: 285). In line with the service system perspective, co-creation of value involves in fact "dynamic […] configurations of resources (people, technology, organizations, and shared information)" (Maglio and Spohrer 2008: 18). It seems that with co-creation of value, a new conception of relationships among firms, customers, employees, and suppliers is therefore put forward (Lusch and Vargo 2006b): firms are invited to shift from "value added" to "value aided" (Priem 2002). Therefore, the relationship between this new conception and a firm's strategic orientation – that is "strategic directions implemented by a firm to create the proper behaviours for the continuous superior performance of the business (Narver and Slater 1990)" (Gatignon and Xuereb 1997: 276) – is discussed more in details in the next section.

2.3 Co-creation of Value and Strategic Orientations

Prahalad and Ramaswamy (2004b) and Lusch, Vargo and O'Brien (2007) suggest that the new logic implied by co-creation of value invests not only the operational level. It could also affect the strategic level, as it introduces a systemic view to the path a firm needs to follow to be successful (Maglio and Spohrer 2008). We recall that superior performance is associated to the achievement of competitive advantage (Porter 1985). Back in 1997, delivering superior customer value[7] was identified by Woodruff (1997) as the next source of competitive advantage. According to the author, firms have to integrate customer value data in their marketing process in order to translate this learning into action and consequently deliver superior value to customers. This firm-centric approach has also been the dominant approach in market orientation literature, where value is created by the firm **for** customers (Narver and Slater 1990, Gatignon and Xuereb 1997, Zheng Zou, Yim and Tse 2005).

The limitations of this approach have been underlined by both management and marketing scholars. In management, Priem (2002) underlines how "value typically has been viewed in strategic management from the supply side, as something created solely by producers" (Priem 2002: 221). In marketing, Prahalad and Ramaswamy (2004a) and Vargo and Lusch (2004) criticized such a perspective, advocating instead a "market **with**" approach to both marketing and value creation. This claim builds on a long tradition in marketing literature of direct involvement of the customer in the production process as mentioned by several authors, especially by those working on co-production[8] in marketing literature

[6] Vargo, Maglio and Akaka (2008) point out the importance of the interaction between service systems of different nature, such as the public service system, the private service system and the market-facing service system both on the customer and firm side (p. 149).

[7] The author offers the following synthetic definition of value: ""*Customer value is a customer's perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in use situations*." (Woodruff 1997: 142).

[8] It has to be noted that co-creation and co-production are often used interchangeably (as in Payne, Storbacka and Frow 2008). Little distinction is made when looking at their theoretical foundations, such as the literature on customer participation and

(Bendapudi and Leone 2003). The customer has been depicted as "partial employee" (Mills, Chase and Margulies 1983, Bitner et al. 1997), as co-producer (Wikström 1996), as well as key participant in the service provision (according to the interactive marketing approach, proposed by the Nordic School; Grönroos 1998, 2006). Thus, the notion of customer as co-producer is not an entirely new one. However, the novelty is in the awareness of customer participation as the next source of competitive advantage and as a key contribution to value creation (Woodruff 1997, Alam 2002, Bendapudi and Leone 2003, Vargo and Lusch 2004). In fact, more recently, Ramani and Kumar (2008) identified the next source of lasting competitive advantage in interaction orientation[9], because of the crucial weight the interaction between firms and customers in the business environment holds.

Besides market orientation (Kohli, Jaworski and Kumar 1993; Narver and Slater 1990; Narver, Slater and MacLachlan 2004), it also seems that other strategic orientations (such as innovation orientation, (Siguaw, Simpson and Enz 2006) or product orientation (Voss and Voss 2000)) are also firm-centric and so do not fit well with or integrate a co-creation of value perspective. Other orientations could appear as having a better fit with the co-creation perspective, as in the case of interaction orientation by Ramani and Kumar (2008) or alliance orientation by Kandemir, Yaprak and Cavusgil (2006). In both cases, however, only one of the facets of co-creation of value is developed, respectively the relationship with customers and the one with business partners. In this regard, Vargo and Lusch (2006) affirm that the S-D logic implies but goes beyond traditional marketing concepts such as customer orientation. They mention that value co-creation and resource integration orientations are associated to S-D logic, but they do not define clearly these two concepts (Lusch and Vargo 2006b: 285).

3. Research Goals

As it emerged from the literature review, co-creation of value is a complex phenomenon and it is likely to affect the way firms determine and implement their strategy (Payne, Storbacka and Frow 2008; Prahalad and Ramaswamy 2004b). If from one hand, some strategic dimensions of co-creation of value are discussed in the papers examined (e.g. the value facilitator and value co-creator roles described by Grönroos 2006), on the other hand, little research has been done in order to develop an empirically based theory of co-creation of value, especially in its strategic facet. As a consequence, there seems to be room to investigate this issue and a series of research questions in this direction are discussed in the next pages.

In order to explore this issue, we adopt the following working definition of co-creation of value orientation, building on the contributions from the literature examined:

Co-creation of value orientation[10] (Co.Cr.Or.) is:

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involvement, synthesized by Bendapudi and Leone (2003) and used as background for co-created service recovery by Dong, Evans and Zou 2008, when the article puts a clear emphasis on the co-production aspect.

[9] Interaction orientation is defined as the "firm's ability to interact with its individual customers and to take advantage of the information obtained from them through successful interactions to achieve profitable customer relationships" (Ramani and Kumar 2008:27). The construct consists of 4 elements, namely, customer concept, interaction response capacity, customer empowerment and customer value management. The consequences of this orientation are an increased customer based profit and relational performance and its antecedents are: higher reliance on customer metrics, lower dependence on trademark and patent protection, greater outsourcing expertise, greater institutional pressure to adopt interactive technologies.

[10] This working definition is different from the one included in the abstract submission. The previous wording ("*Co-creation is a process of integrating and transforming resources (people, technology, organizations, and shared information), which implies*

- *… an organizational culture:*
    - *viewing the customer as ultimate judge and value creator (Priem 2002, Grönroos 2006);*
    - *… and conceiving firm processes as support to customer value-generating processes (Priem 2002, Vargo and Lusch 2004, Payne, Storbacka and Frow 2008).*
- *It is translated into practice as a process of integrating and transforming resources (Vargo and Lusch 2008, Vargo, Maglio and Akaka 2008)*
- *… which implies network and requires interaction (Vargo and Lusch 2008, Vargo, Maglio and Akaka 2008)*
- *… through the offering of a customer-centric solution (Lusch and Vargo 2006b, Cova and Salle 2008)*
- *… likely to improve firm performance.*

The main goal of the dissertation proposal (synthesized in the conceptual framework below, Figure 1) is to conceptualize and to develop a valid and reliable measure of co-creation of value orientation (henceforth, Co.Cr.Or.). Indeed, it is believed that co-creation of value could be a novel strategic orientation, as none of the existing scales takes into account this new business reality and firms might vary in terms of its adoption (as expressed by Grönroos 2008 in the two roles of value facilitator and value co-creator). To the best of our knowledge, there is no empirical research addressing measure development for co-creation of value as strategic orientation.

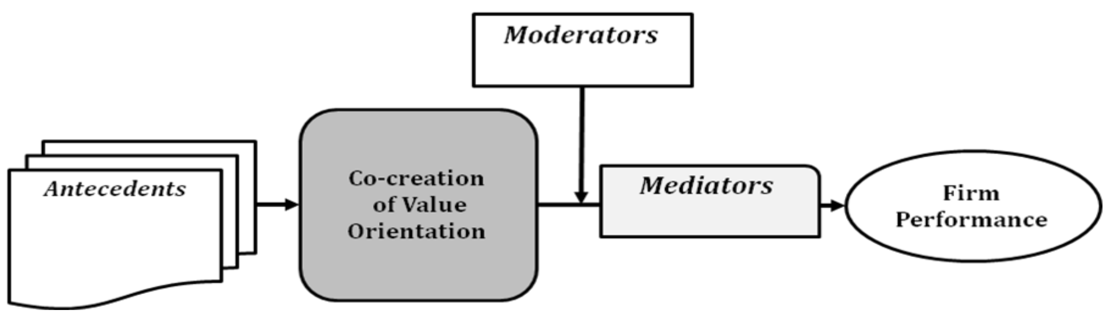

Figure 1: Conceptual Framework

To begin with, the working definition will be used as a starting point to investigate the nature (cultural and/or behavioural, *in progress*), the components and the antecedents (*in progress*)of Co.Cr.Or.:

1.a. What are the components of Co.Cr.Or.?
1.b. What are its antecedents?

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value-network partners and requires interaction with customers.") was modified during the preparation of the full paper, due to the following limitations. We've found that the original wording:
- didn't fully account for the cultural and behavioural aspects
- didn't attribute a proper role to the customer, limited to the interaction aspect
- didn't provide details on the mechanisms through which co-creation happens
- didn't mention its consequences.

The new working definition is therefore proposed as a way to address these limitations.

With respect to the components, Prahalad and Ramaswamy (2004b) identify four building blocks of interactions for co-creation of value, namely: dialogue, access, risk-benefit assessment and transparency (acronym: DART). Dialogue and learning appear as crucial elements linked to co-creation (Lusch and Vargo 2006a, Payne, Storbacka and Frow 2008), as well as the focus on experience (Prahalad 2004; Payne, Storbacka and Frow 2008) and on processes, resources and practices (Vargo and Lusch 2008, Payne, Storbacka and Frow 2008: customer value generating processes, supplier value-generating processes, and encounter processes). Moreover, an integrated network mentality appears essential to it (Lusch and Vargo 2006a). These elements will be further developed through the field exploration and will constitute the building blocks of the scale development, described in the methodology section.

The scale development is the main goal of the study and its outcome will be the central piece of a broader, more comprehensive framework, including the consequences of the adoption of Co.Cr.Or. on firm performance. Similarly with regards to the link between market orientation and performance (Kirca, Jayachandran and Bearden2005, for a meta-analysis), several authors list the benefits associated with customer participation in co-production and co-creation (Sawhney, Verona and Prandelli2005, Fang, Palmatier and Evans 2008, Dong, Evans and Zou 2008) and describe in very positive terms the overall effect of customer participation (Etgar 2008, Payne, Storbacka and Frow 2008). However, some negative aspects are emerging from the empirical papers that explore this topic. In fact, Fang and colleagues (2008) point out how, under some circumstances, customer participation may also cause potential conflict, lead to the circulation of damaging information and be ultimately dysfunctional. Moreover, Fang (2008) presents some trade-offs associated with customer participation in the realm of NPD, mainly in terms of new product innovativeness and speed to market. Therefore, the consequences - both in positive and negative terms - will be at the core of the second set of research questions, investigating also possible moderation and mediation relationships (*in progress*).

2. Does Co.Cr.Or. influence firm performance?
- *2.a If so, how does Co.Cr.Or. affect firm performance?*
- *2.b Are there some specific circumstances under which this influence is stronger (moderation)?*
- *2.c Are there some intervening variables in this relationship (mediation)?*

Finally, the discussion conducted leads to the hypothesis that Co.Cr.Or. might be a separate strategic orientation. However, through the exploration of the field, it will be possible to test this hypothesis and assess whether or not co-creation of value can be conceptualized as different from existing strategic orientations and if so, to determine its distinguishing features. These considerations lead to the third and final set of research questions:

3 a. Does Co.Cr.Or. exist as a separate strategic orientation?
3 b. If so, what distinguishes Co.Cr.Or. from the other strategic orientations previously identified in the literature?

The next section discusses the methodology planned to fulfill the research goals and to answer the related research questions.

4. Methodology

The main goal of the planned dissertation is to develop a measure of Co.Cr.Or.: as a consequence, we will follow the procedures for scale development found in the literature (Churchill 1979, Gerbing and Anderson 1988). Earlier papers of scale development in the domain of strategic orientations were examined to gain additional methodological insights and guidelines. Drawing from a broader literature review, our examination focused on the following scales: market orientation (MARKOR by Kohli and Jaworski 1990, Kohli, Jaworski and Kumar 1993; MARKETOR by Narver and Slater 1990; in conjunction with the Proactive market orientation scale, MOPRO, by Narver, Slater and MacLachlan 2004); interaction orientation (Ramani and Kumar 2008); alliance orientation (Kandemir, Yaprak and Cavusgil 2006); entrepreneurial orientation (Voss, Voss and Moorman 2005); resource orientation (Paladino 2007) and learning orientation (Sinkula, Baker and Noordewier 1997). The methodology used to develop the scales showed many similarities in terms of item reduction and confirmatory analysis. However, in terms of item generation, two main approaches emerged from a close examination. The first one is literature-based: item generation starts from the review of marketing literature (and related fields) and the dimensions of the scale are often identified *a priori* (as in the case of the MARKETOR scale by Narver and Slater 1990 or of the alliance orientation scale by Kandemir, Yaprak and Cavusgil 2006). The second one involves a combination of insights from the literature and from a field research (Kohli, Jaworski and Kumar 1993, Ramani and Kumar 2008), as basis for the item generation and the discovery of dimensions not yet covered by the literature. This second approach is used when there is the need to push existing knowledge a step further (as it was for the MARKOR scale developed by Kohli and colleagues in 1990-1993 or the Interaction orientation by Ramani and Kumar in 2008), through the systematic comparison of elements issued by the literature and of emerging findings from the field. This approach appears very helpful when the research has an exploratory dimension.

We believe that the second approach is more appropriate in the investigation of co-creation of value, due to the relative newness of the construct and the lack of a large pool of empirical studies as a basis for the identification of the construct dimensions. As a consequence, the literature review synthesized in this proposal helped in defining the questions of the research protocol to be used in the qualitative exploratory investigation (Appendix 1). As main instrument of the qualitative data collection, we are planning to conduct semi-structured interviews under the generic heading of "business practices investigation". With a first set of more general questions, we will ask each respondent to describe the firm's current strategy and business practices, with the aim of tapping (but not being limited to) the dimensions associated to co-creation identified in the literature (in *italics* in the research protocol). Based on their answers to these questions, the questioning will go deeper in the value co-creation dimension, in order to uncover eventual new aspects. A second set of more specific questions aims to further explore co-creation of value (if the topic is mentioned but not fully developed in the general section), going deeper in its components, antecedents and consequences. This second set of questions is based on previous studies on strategic orientations scale development that include an early exploratory phase before item generation (Kohli and Jaworski 1990, Ramani and Kumar 2008).

Top managers and/or CXOs will be the main target of this qualitative investigation. Respondents will be selected through a snowball sampling method, starting from contacts of the researchers involved in the research project. Earlier publications on co-creation of value (Prahalad and Ramaswamy 2004b; Prahalad and Krishnan 2008; Prahalad and Ramaswamy 2000; Vargo, Lusch and O'Brien 2007; Etgar

2008; Sawhney, Verona and Prandelli 2005) served as a basis to select industries and sectors the interviewees should belong to. Due to their recurrence, the following sectors were selected: high technology; industrial machinery, "do-it-yourself", fashion and textile, arts and culture. Such a variety of sectors will ensure enough variance in the respondents (i.e. B2B and B2C, small and large corporations) and will increase the generalizability of the findings.

The interviews will be recorded, transcribed and analyzed (Miles and Huberman 1994). The results of the thematic analysis conducted will be systematically compared and/or contrasted with the conceptualizations in the literature, in order to obtain a synthetic portrait of co-creation of value. The integration of the two perspectives (literature-based and field-based) will generate the initial set of scale items. This initial set will then undergo the traditional refinement, purification and reliability testing. Based on a large sample survey, confirmatory factor analysis will be then performed on the Co.Cr.Or. scale obtained as a result of the previous stages; the discriminant validity of the scale will be also assessed. The survey will assess the Co.Cr.Or. consequences in terms of impact on firm's performance and identify possible moderating and mediating variables (in progress: the identification of these variables will be informed by the insights from the interviews and by a more focused literature).

5. Conclusions

The cup of coffee that opened this communication now has a richer taste than expected. The discussion conducted in the previous pages enriched it with a broader set of considerations, ranging from the more active role of the customer (her competence in coffee quality related issues could drive her choices and influence the offering of the barman) to the importance of value-network partners (from the coffee bean producers to the roasting to the barman to the quality certification institute), from the firm's role as support to customers' processes (the enjoyment of the coffee supported by an appropriate preparation process) to the primacy of interactions in the determination of value (the direct contact between the customer and the *barista*). In fact, the literature reviewed so far showed a variety of perspectives on the co-creation of value and pointed at some important issues to be further explored, such as the components of Co.Cr.Or. and the relationship with established strategic marketing concepts.

As a consequence, the purpose of this proposal is to introduce the investigation of Co.Cr.Or. and related issues as part of a forthcoming doctoral dissertation. This proposal is an attempt to clarify the domain of co-creation of value in its strategic dimension, building on the combination of field- and literature-based insights. The main goals of the dissertation are to provide a working definition and to develop a scale for the measurement of Co.Cr.Or. , as well as the assessment of its antecedents and consequences. Additionally, it is planned to explore the underlying mechanisms (in terms of mediators and moderators) of the relationship between Co.Cr.Or. and firm's performance. It is expected that the research to be conducted could contribute to the ongoing reflection on co-creation of value, providing researchers and managers with a concrete, empirically-based measurement tool useful to assess the degree to which firms are oriented towards co-creation of value. This assessment could be part of a larger investigation of the impact of this orientation on performance, as it was the case for market orientation over time (Kirca, Jayachandran and Bearden2005).

As work in progress, this paper attempts to summarize the work done up to now and to open the floor on the discussion about the next stages of the research program, detailed in the next section on the work plan.

6. Work Plan

I started in the PhD program in September 2007 and I am planning to complete the program by June 2011. Since the end of my comprehensive exam (Fall 2008), I have been working on my dissertation proposal, defining the research domain and main research questions: this work is at the origin of the present submission for the doctoral workshop.

Adopting a broader perspective on the research program, the stages and target dates for its completion are the following:

1. Literature review and research questions (January- April 2009);
2. Ethics committee approval (April 2009);
3. Qualitative interviews (June- November 2009);
4. Transcripts, data analysis and scale item generation (December 2009-February 2010);
5. Scale refinement and validation (March - May 2010);
6. Large scale data collection (June- September 2010);
7. Data analysis (October- December 2010);
8. Writing and final revision (January-April 2011); and
9. Dissertation defense (May-June 2011).

Appendix

Research Protocol

<u>Section #1</u>

1. What is the goal of your company? What is your company's mission statement? [*strategic dimensions*]

2. Can you list the resources you use in your business daily activities? [*resource integration*]

3. Who are your business partners? [*value-network partners*]

4. When do you interact with them? How? [*processes, interactions*]

5. What are the (information) technologies your firm uses? [*access and technology as facilitators of value creation*]

6. How do you generate, develop, launch and follow up on new products and services? [*business processes, firm processes as support to customer processes*]

<u>Section #2</u>

7. Do you create value with [list *customers, suppliers, stakeholders, etc…*]?

8. How do you create value with [list *customers, suppliers, stakeholders, etc…*]?

9. How did this approach emerge in your company? [*natural or planned*]

10. Do you know what co-creation of value is? [*dual creation of value, joint efforts of customers, firm and business partners*]

11. What kind of things does a value co-creation oriented firm do?

12. A. What organizational factors foster or discourage this orientation?

OR

12. B. What are the capabilities that firms require to best perform in co-creation of value?

13. What are the positive consequences of this orientation? What are the negative consequences?

14. Can you think of business situations in which this orientation may not be very important?

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