

“VALUE CO-CREATION AND VALUE CO-DESTRUCTION IN THE SPORT SERVICE SECTOR: IS CUSTOMER ENGAGEMENT ALWAYS BENEFICIAL?”

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Customer engagement

Customer relationship is a priority for companies and if firms ignore non-transactional behaviour of their customers they may lose values generated through co-creation (Verhoef, et al., 2010). Nowadays, we are the witness of applying a growing construct so-called “Customer Engagement” in marketing and service articles. Van Doorn, et al., (2010, p.253) define customer engagement as “customers behavioural manifestation toward a brand or firm, beyond purchase, resulting from motivational drivers”. Robert and Alpert (2010, p.198) state “businesses today face a number of difficult challenges that make customer engagement more important than ever.” Next sections explain two main types of customer engagement in service processes, i.e., value co-creation and value co-destruction.

Value co-creation

Service-dominant Logic (S-D logic), as a paradigm and reaction against Goods-dominant logic, highlights the role of intangible resources (e. g. skills and knowledge) and interactions to create value (Lusch and Vargo, 2006). This logic emphasizes on the fact that the customer can become a co-creator of value (Payne et al., 2008). Value co-creation is the process during which consumers take an active role and cocreate value together with the company (Prahalad and Ramaswamy, 2004, p.8). It is concluded value co-creation helps to achieve competitive advantages (Payne, et al., 2008) and fulfil personalized demands (Zhang and Chen, 2008). Firms and customers receive mutual benefits of value co-creation. Firm-related benefits are lower prices, faster speed (Claycomb, et al., 2001); brand awareness, idea generation marketing insight, cost savings (Deloitte, 2008); effectiveness, efficiency and increased complexity (Hoyer, et al., 2010). Customer-related advantages are enhanced operating efficiencies, greater service value (Claycomb, et al., 2001); the ability to fulfil personal needs and interests (Di Gangi and Wasko, 2009); fit with consumer needs, relationship building, engagement and satisfaction (Hoyer et al., 2010). Pini (2009) indicates customer participation in co-creation activities results in increased interest in the firm and reduced communication and new product development costs. In service-dominant logic, the inherent tendency of value co-creation is assumed as a result of the interactions between the parties. However, if value can be created in such situation, the possibility of co-destruction must also be supposed due to the interactions (Ple and Caceres, 2010).

Value co-destruction

Marketing literature has been criticised because of focusing on positive aspect of customer engagement to date (Van Doom, et al., 2010). Ple and Caceres (2010, p.431) note “in terms of S-D logic, it would seem that the notion of value co-destruction has been rather implicit until now”. These scholars define value co-destruction as “an interactional process between service systems that results in a decline in at least one of the systems’ well-being” (p. 431). Echeverri and Skalen (2011) mention both the upside and the downside of interactive value formation should be considered. They go on to convey that value co-destruction, like value co-creation, can occur when providers and customers have interactions. Likewise, Brady (2006) indicates customer engagement in value creation may be positive or negative. Indeed, actions such as word of mouth, blogging, online reviews and brand recommendation can be done positively or negatively. Mochon, Norton and Ariely (2012, p.6) believe there are risks when involving consumers in co-creation. Activities such as negative word of mouth (Ple and Caceres, 2010) and negative complaining (Van Doom, et al., 2010) can lead to destruction of value in organisations. Some scholars such as Jaworski and Kohli (2006) and Woodruff and Flint (2006) confirm the possibility of devaluation processes (e.g., value co-destruction) during customer engagement in value co-creation activities. For instance, this view is in line with Echeverri and Skalen’s (2011) report that there is not always value creative process in interactions between supplier and customers, rather value destructive outcomes are also possible. Like Ple and Caceres (2010), they claim possibility of value co-destruction at the provider-customer interface. Gregoire, et al., (2009) point out co-destruction of value may have negative effect on firms’ profits. Customers who are disappointed of services offered by a firm may have a negative engagement through negative word of mouth or writing negative reviews or blogs.

Conclusions/implications

According to the marketing literature, customer engagement does not always result in value creation; but, it sometimes causes value destruction. It should be mentioned that a negative customer engagement can be changed to positive one by proper management (Voorhees, et al., 2006). In order to identify, analyse and remedy value co-destruction, it is necessary to understand how the issue happens (Ple and Caceres, 2010). It is suggested that researchers investigate more about value co-creation (Ostrom, et al., 2010). But, research on value co-creation is in an early stage (Zhang and Chen, 2008) and there are many aspects of the construct could be

understood (Hoyer, et al., 2010). Likewise, value co-destruction is an emerging construct suggested by researchers such as Ple and Caceres (2010) and Echeverri and Skalen (2011) and needs more investigations, especially its antecedents and consequence.

Selected references

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