Factors Affecting Customers Engagement In Value Co-Creation: An Exploratory Study

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Abstracts:
Due to changes in the global market economy, it becomes essential for companies to communicate with customers to gain a competitive advantage and improve the quality of products and services. Previously, studies have been done to identify the effect of customer engagement in the value co-creation process on outcomes, i.e., customer loyalty and customer satisfaction. However, minimal literature is available to identify the motivational factors that motivate customers to engage in value co-creation. This research study discusses motivational factors that engage customers in the value co-creation process.

Keywords: Value Co-creation, Customer Engagement, Motivational Factors

1. Introduction
The adoption of modern technologies accelerated the process of interaction between companies and customers that goes beyond the traditional exchange. It makes it possible for the companies to engage the customers in a new and sustainable way. Companies are no longer supposed to be individual goods providers, nor are customers observed merely as money sources. Hence, both companies and customers are commencing new methods to substantiate the process of value creation for each other. This development has led companies to strategically push to review their customers’ parts in present business practices, which is an essential characteristic of the current argument on value co-creation. Incorporating and acknowledging customers’ capabilities and skills has empowered businesses to more efficiently and effectively serve their customers (Bajwa, Kitchlew, Shahzad, & Rehman, 2015). Value co-creation generally relates
to the mechanism of collaboration and interplay between customers and service providers, which results in experienced value for both parties. The value co-creation concept has received extensive research attention because of its deliberate applicability in practice and theory (Kaartemo & Helkkula, 2018).

Contrary to the traditional marketing practices, value co-creation considers the customer a primary actor to create value. Therefore, the conception of customer engagement in value creation gains considerable interest from both academicians and marketing practitioners. Customer engagement is context-dependent, evident in different intensity levels (Rehman & Galib, 2021). In the modern era, customer engagement in the value co-creation process becomes the critical factor for companies to gain a competitive advantage and create value. Customer involvement improves the quality of the product, increases company sales, and decreases the risk associated with the product (Yen, Teng, & Tzeng, 2020). The concept of customer engagement into value co-creation received extraordinary attention by researchers in the first decade of this century. Then researchers started to identify the impact of customer engagement on outcomes like customer loyalty, customer value, customer retention, and customer satisfaction (Sashi, 2021). Both customers and companies can benefit from the value co-creation process. Customers can become more loyal to the company due to active involvement, and companies can gain a competitive advantage through customers’ experience (Alexander & Jaakkola, 2015). Customer engagement conception is quite different from the customer’s point of view and the company’s point of view. From the companies’ point of view, customer engagement is the facilitating activity that makes psychological, emotional, and physical investment of customers stronger regarding brand due to repeated interaction with the company. From the customers’ point of view, customers engage with the companies to share their experience and knowledge to satisfy their own needs and other customers’ needs in the community. Customer engagement in value co-creation is one of the components or determinants of customer satisfaction (Zhang, Guo, Hu, & Liu, 2017). Companies can gain a competitive advantage based on customer satisfaction, as they become satisfied based on repeat experience with the company (Oyner & Korelina, 2016).

2. Literature Review

2.1. Value Cocreation

Value co-creation is a collaborating practice involving the customer and the service provider to jointly create the value of services and products. Value co-creation is developing a new paradigm in management literature, allowing customers and companies to create value through interaction to satisfy their needs and other community needs. From the start of the new millennium, value co-creation conception has been dominated by academic literature. In value co-creation, customers and companies exchange the resources, and modern communication technologies are needed to exchange the resources. Interaction is essential among customers and companies about the relevant issue to understand how to value co-creates (Nangpiire, Silva, & Alves, 2021). The value co-creation concept has received extensive research attention because of its deliberate applicability in practice and theory.
Contrary to traditional marketing practices, value co-creation considers the customer a primary actor to create value. Therefore, the conception of customer engagement in value creation gains considerable interest from both academicians and marketing practitioners. Customer engagement is context-dependent, which can be evident in different intensity levels. Customers with different interests participate in the value co-creation process, and few customers will take part in the value co-creation process out of a large customer population or community. Value is intangible, co-created, and always determined by the beneficiary (Hafeez, Maitlo, Lashari, & Rehman, 2021).

Value co-creation is a strategic means that emphasizes the generation of shared value and provides a forum for customers and companies to share competencies and resources to generate value through interaction. Vargo and Lusch (2004) propose the service-dominant logic instead of traditional goods dominant logic. S-D logic emphasizes the networked and interactive nature of the company with customers. The focus is on the operant resources, making it possible for the companies to use operant resources to produce output. The skills and knowledge of workers are examples of such operant resources. These references are presented in associated S-D logic foundational premises (FPs). FP6 indicates that the customer is always a value co-creator, which entails that the value co-creation process is interactional among the company and the customer. FP8 indicates that the S-D perspective is inherently relational and customer-oriented because values are determined based on customers' awareness in the value co-creation process. Instead, G-D logic focuses on the operand resources, making it possible for the companies to produce output through operations. Machinery, land, labor, and capital are examples of operand resources. Value determined and perceived based on “value in use” by the customers. It is evident that the customer is the co-producer of products and services, and companies can grow by adequately using the operand resources, i.e., skills and knowledge of employees (Rehman, Aslam, et al., 2021).

Different dimensions of value co-creation have been identified, i.e., social, emotional, functional, and economic aspects. The economic aspect relates to the benefits received from engagement in the value co-creation process due to special offers, rewards, and cost reduction of products or services. Social value relates to increases in self-esteem and status of customers due to engagement in the value co-creation process as a member. The emotional aspect relates to customers’ positive feelings and emotions induced by the participation in value co-creation and using products or services. The functional aspect relates to information sharing with other customers in the community about product quality and efficiency, which the customers acquire during the value co-creation process (Rehman, Mata, et al., 2021). Technological advancement is significant in the value co-creation process, and the development of new communication channels makes it possible for companies to interact with customers more efficiently. Advancement in technology changes the role of the customer from passive to active and from unaware to aware. Cocreation also referred to co-innovation and crowdsourcing. Crowdsourcing relates to publishing problems online by the companies and getting feedback from the customers in the form of solutions. At the same time, co-innovation relates to the inclusion of customers in the new product development process. At the beginning of the co-creation era, companies practiced the user-centered approach in which individual consumers are studied while providing feedback and performing any task. Then, companies considered
consumers as partners who contribute their expertise to the development process (Cheung, Pires, Rosenberger III, Leung, & Ting, 2021).

Based on company-customer interaction, value co-creation can be classified into four types, i.e., co-creation, co-production, customer-driven customization, firm-driven service innovation based on the type of co-created value, and type of involvement. In co-production, the company does the process, and the usage and experience of customers generate value. Self-service and self-reservation on mobile applications or websites are examples of co-production. In the co-creation process, companies actively involve the customers in the value creation process and make changes in the product according to customer experience. Customers engage in this process to satisfy their own needs and other customer needs in the community. Customer-driven is the activity in which the customer and companies do major activities provide initiatives or forums to the customers to continue the activity. Planning and managing events are an example of the customer-driven process. While firm driven is the activity in which the usage of product and firm generates value by identifying the customer needs and making possible changes in the product. Target marketing is the best example of a firm-driven process (Chathoth, Altinay, Harrington, Okumus, & Chan, 2013).

### Primary value Co-creation

#### Involvement/Dialogue Type

It is identified that customer engagement in value co-creation is a continuum and classified as the highest and lowest level of customer engagement in value co-creation. In a high level of customer engagement, companies give freedom to the customers to make decisions, which motivates them to engage fully in the value co-creation process. In a low level of customer engagement, co-creation is operated and initiated by the companies, giving limited freedom to the customers to improve the products. To successfully engage the customers in the value co-creation process, companies have to choose the type of co-creation according to the characteristics of the target market, which helps them to determine at what conditions each form of co-creation would be the best one (Zine, Kulkarni, Chawla, & Ray, 2014).
There are two types of co-creation processes, i.e., company-led co-creation and customer-led co-creation. Companies openly request customers to create and lead the process further in the company-led co-creation process. A well-known example of this process is Starbucks. People submit their ideas through “My Starbucks Ideas Platform,” and Starbucks gets an opportunity to improve their services and products according to customer ideas. In the customer-led co-creation process, customers continue to take the lead in the co-creation process; instead, companies want to take the lead or not. Customers take the lead in the value creation process to satisfy their own needs or other customers’ needs in the community rather than giving free R&D to the companies. Amazon is one of the well-known examples of this process. Customers self-organize the discussions, messages, and even social network the product assessment segment of social network websites.

2.2. Customer Engagement
Customer engagement is the reaction and experience of customers with companies regarding their brand offers and with others in the community. Traditionally, companies engage customers through radio and television advertising and measure the results of customer engagement based on return on investments or sales. Recently, internet usage has become a robust source to engage the customers and change the measurement level of engagement. Customer engagement through online sources is quite different from customer engagement through offline sources due to the interaction nature. Online customer engagement facilitates companies to respond to essential modifications in customer behavior, which is brought up by advanced internet usage. Online customer engagement also has some negative aspects, and it reduces the customer engagement towards companies due to the availability of vast choices of products on the internet and lower switching cost (Cossío-Silva, Revilla-Camacho, Vega-Vázquez, & Palacios-Florencio, 2016). Customer engagement in the value co-creation process
is essential for companies to produce innovative products and services to satisfy customer needs (Vargo, Maglio & Akaka, 2008). Customer engagement is an extended view of relationship marketing that discloses the growth of long-term relationships of companies with customers. Customer engagement in the value co-creation process can vary from mandatory to optional. Traditionally, customer role has been concerned from various viewpoints like human resource (Shahzad, Bajwa, Ansted, Mamoon, & Rehman, 2016), personal resource (Syed, Rehman, & Kitchlew, 2018), employee, and enhancer of productivity (Kuula, Haapasalo, & Tolonen, 2018).

Recently, value focus has been shifted and viewed customer role as equity and source of competence. Customers engage with the company because they always want to modify the services and products to satisfy their individual and other needs. Business knowledge customers have many ideas about what they want; thus, companies make the perfect experience and fulfill customers’ high expectations. In today’s modern life, products are available anywhere, and customer engagement becomes a critical aspect for the survival and sustainability of companies. Customer engagement is a holistic categorization of sub-aspects of human behavior such as satisfaction, involvement, loyalty, complaining, awareness, filtering, marketing intelligence, and advertising. Customer satisfaction is the minimum essential condition for continuing the relationship to create value. Customers become more loyal when highly engaged and openly communicating with companies. This high level of engagement allows customers to engage in free advertising, filter the information, review their decisions, and make valuable recommendations to companies to enhance the quality of products and services. Listening, empowering, and using modern communication is the best way to engage the customers with the company. Companies’ focus shifted from a product-centric view to a customer-centric view, enabling the customer to become an integral part of the company’s marketing process. Hence, it becomes essential for the company to engage the customers at all stages of the marketing process.

Customer engagement is driven by different forces, i.e., technology emergence (new digital technologies are emerging- “postmodern technologies”), globalization, and ubiquitous connectivity (consumers are well informed and connected) (De Veirman & Hudders, 2020). Customer engagement outcomes can be gained indirectly or directly, and consequences may be harmful (adverse word of mouth) or positive (innovations). Different research has been done to identify the relationship between customer engagement and value co-creation forms. It is identified that value co-creation can vary and depend on customer engagement. New services, products, and processes are created at the highest level of customer engagement. Process and product elements are improved at a moderate level of customer engagement. At the lowest level of customer engagement, communication is done with other customers to solve the problem (Ren et al., 2019). Customer engagement concept traditionally developed in organizational behavior and advertising field, and then this conception takes a primary role in marketing research. Customer involvement in the value co-creation process makes the customer familiar with the constraints and cost of creating a new product, resulting in preference adjustment and superior product admiration. Traditionally, customer engagement is evident as unidirectional in which customers engage with the company to satisfy their product needs. However, now the customer engagement is bidirectional in which companies engage with customers to learn the
experience of customers and customer engagement with companies to satisfy their needs and improve the product and services (Plasek & Temesi, 2019).

Customer engagement is classified into different types, i.e., co-developing behavior, influencing behavior, augmenting behavior, and mobilizing behavior. Co-developing behavior relates to contributing customer resources like skills and knowledge to make it possible for the companies to produce output. Co-developing behavior may contain new ideas about the product, new designs, and development. Many researches indicate that customers engage in co-developing behavior due to dissatisfaction with existing offerings and fulfill their needs better. Companies can ease co-development by presenting resources (open communication) to assist customers (Eigenraam, Eelen, Van Lin, & Verlegh, 2018). Influencing behavior relates to contributing customer resources like skills, experiences, and knowledge to influence other customers’ company perceptions. Due to the trustworthiness of information, customers mostly rely on each other information for evaluating the product and services. Influence behavior can include sharing negative and positive experiences about firm-related information and product. Influencing behavior can change individuals’ priorities and purchasing intentions regarding product and company, which have positive outcomes such as customer loyalty and adverse outcomes such as negative outcomes about the company. Augmenting behavior relates to contributing customer resources such as knowledge, experience, and skill to enhance directly and add to company offerings, which is essential for operations. It relates to customer resources such as time and relationships to change other stakeholders’ actions towards the company. Mobilizing behavior forces the company to carefully listen to customers’ needs and forces companies to change their decisions (Chuah, El-Manstrly, Tseng, & Ramayah, 2020).

2.3. Factors Engage in Value Co-creation
The following factors motivate customers to engage in the value co-creation process, i.e., motivational factors (intrinsic and extrinsic motivation), personal factors (hedonic factors, learning factors, psychological factors, cognitive factors), social and financial factors. Intrinsic motivation relates to an individual’s internal feelings about a particular activity or action without external benefits. The internal motivation for one activity cannot be the same for other individuals and varies from individual to individual. In value co-creation, an individual is intrinsically motivated for the activity to satisfy their psychological needs. Extrinsic motivation is the motivation that engages in the activity with external benefits like incentives. An individual can be externally motivated when value co-creation activity leads to an economic reward. It becomes impossible to identify that an individual is externally or internally motivated in some situations. Personal integrative benefits relate to rewards or benefits, which customers achieve through accomplishing a task and gaining reputation (Ryan & Deci, 2000). Customer engagement allows the customers to present their problem-solving capabilities and product-related experience, which ultimately enhance the professional status in the host company and among the other customers in the community. Personal factors consist of different factors, i.e., hedonic factors, learning factors, psychological factors, cognitive factors. Hedonic factor relates to a mentally inspiring, exciting, and pleasant experience. Through customer engagement, customers can enjoy pleasure regarding usage and features of the product. Learning factor relates to engagement of customers into value co-creation process
when they learn from technology that facilitates certain services and products and acquires knowledge that can be perceived as valuable. The psychological factor relates to an individual’s values and inner beliefs, and intrinsic motivation corresponds to the psychological factor. In the value co-creation process, the psychological factor relates to the strong affection of customers with companies and their brands and has an inner feeling that it should be of value to that firm (Beckers, Van Doorn, & Verhoef, 2018).

Cognitive benefits relate to information gaining and disclosing improved understanding of the product market, technologies, and usage. Companies learn to experience and know customers regarding products and services through continuous customer interaction, and customers learn about product usage and their markets. Financial factors motivate customers to engage in the value co-creation process and influence customers directly or indirectly. Customers engage directly in the value co-creation process for financial rewards like profit sharing and engage indirectly in the value co-creation process through intellectual property rights. Social integrative benefits relate to building up solid emotional bonding with other customers in the community, enhancing social identity and sense of belongingness. Customer engagement is formed by the interaction among companies and participating members. Therefore, both companies and participating customers (Eigenraam et al., 2018).

From the above discussion, it is proposed:

Proposition 1: Motivational factors (intrinsic and extrinsic motivation) enhances customer engagement in the value co-creation process
Proposition 2: Personal factors (hedonic factors, learning factors, psychological factors, cognitive factors) enhances customer engagement in the value co-creation process
Proposition 3: Social factors enhances customer engagement in the value co-creation process
Proposition 4: Financial factor enhances the customer engagement in the value co-creation process

Methodology

Content analysis is used in this research paper to identify specific themes, concepts, and words within the previously available literature. This method is helpful to identify and quantify the relationship between certain concepts. The source of data in this method could be from open-ended questions, interviews, field notes, and any communicative language, i.e., essays, books, newspapers, and historical documents. There are two types of content analysis, i.e., conceptual and relational analysis. The conceptual analysis defines the occurrence and presence of concepts in a text.

In contrast, relational analysis advances conceptual analysis by investigating the association among concepts in a text. In this research, relational analysis was used to identify the relationship among concepts in a text. The type of analysis was first identified in the relational analysis and then reduced the text to patterns and categories. In last, the relationship between concepts was explored (Lindgren, Lundman, & Graneheim, 2020)

Conclusion
Due to advancements in technologies, the communication between customers and the company enhances. It enables the companies to engage the customer in a new way and change the role of the customer from passive to active. Contrary to traditional marketing practices, value co-creation considers the customer a primary actor to create value. Customer engagement in the value co-creation process is critical in creating value and gaining a competitive advantage by improving the quality of products and services. Both customers and companies can benefit from the value co-creation process. Customers can become more loyal to the company due to active involvement, and companies can gain a competitive advantage through customers’ experience. Value co-creation and customer engagement is a multidimensional concept having multiple dimensions. Future studies will focus on different dimensions of value co-creation, i.e., social, emotional, functional, economic aspects, and customer engagement, i.e., customer purchasing, referral, influence, and knowledge behavior.

References


