



IJMRBS

ISSN 2319-345X
Vol. 5, No. 1, January 2016

International Journal of Management Research and Business Strategy

www.ijmrbs.com



MEGHANA PUBLICATIONS

www.meghanapublications.com

DIVERSE CATEGORIES OF CO-CREATING CONSUMERS FOR OPERATIVE CO-CREATION IN HOSPITALITY SERVICE PERSPECTIVE: AN EMPIRICAL STUDY IN INDIAN CONTEXT

Sunishtha Dhaka^{1*}

*Corresponding Author: **Sunishtha Dhaka** ✉ dsunishtha@gmail.com

Number of paper focusing on Co-creation and customer involvement has increased significantly in number of years. However there is lack of study on the variety of customers should be intricate in co-creation in hotel service framework. By this paper we want to cultivate an understanding concerning the prominence of Co-creation in hotel service background and to find out which variety of Co-creating consumers must be convoluted in Co-creation with respect to hotel service. An empirical research is conducted by filling up the questionnaire through 250 respondents who has availed the hotel services. The interviews conducted were semi-structured which consisted mostly of closed-ended questions. The leading findings of Fuller (2010) there were four types of Co-creating consumers, i.e., Intrinsically-interested participant, Curiosity-driven participant, Reward-oriented participant and Need-driven participant. According to empirical survey, Intrinsically-interested participant and curiosity-driven participant consumers should be involved in Co-creation in hotel service context. Hotel managers and employees can use the consumer type matrix to know which consumers should be emphasized in Co-creation activities. This study can provide voluminous opportunities while participating Co-creation and can know which sort of consumers should intricate.

Keywords: Co-Creation, Customer involvement, Intrinsically-interested, Curiosity-driven participant, Reward-oriented participant, Need driven participant

INTRODUCTION

The customer focused orientation of hospitality has been largely based on the philosophy of adaptation of goods to meet the perceived needs of the customer, which is contrary to the guiding principles of a Co-creation based approach. Wherein the focus is on providing customer's

access to interact with the firm to create their own experience is at the crux of the service orientation. The adoption of a new service tradition means a deep-seated change for an organization, involving the management of dynamics both inside and outside the organization, changes in culture and philosophy and the adaptation of organizational factors.

¹ Assistant Professor, Faculty of Management, Manipal University, Jaipur.

Since about the year 2000, customers have become more involved in the value creation process, and been viewed as active stakeholders (Prahalad and Ramaswamy, 2000). (Prahalad and Ramaswamy, 2002) in "The Co-creation connection" kept on functioning on their novel ideas, they use extensively the word "Value Co-creation". They explained that there are five powers to connect with the consumers, i.e.: Information Access, inclusive View, Networking, Experimentation and Activisms (Prahalad and Ramaswamy, 2004b) furnished the concept of building blocks of interactions for Co-creation of value through DART Model: Dialogue, Access, Risk/Benefit and Transparency. They also put forward the new frame of reference for value creation and migrated to Co-creation experiences.

Co-creating value through Building blocks of value creation through DART Model: Dialogue, Access, Risk assessment and Transparency. They explained Co-creation experiences through examples by what company thinks versus what consumer thinks. They also emphasized on traditional exchange versus co-creation experiences (Prakash Chathoth and Fevzi Okumus, 2010) has developed a process-based continuum which brings together the Co-production and Co-creation frameworks to address specifically how the service orientation in hotels could move along the continuum.

Defining Co-creation

Co-creation is a theory that emphasizes on a deep interactive dialogue between consumers and firms, enabling consumers to be involved in product or service creation. The change from company centric value creation to consumer-centric value creation asks for a new frame of

reference, called value Co-creation. In general Co-creation of value can be described as an interaction between customers and businesses, consumers and products or businesses and businesses.

Prahalad and Venkat Ramaswamy are the first who posited the concept of Co-creation and are known for adding experience as part of the purchasing process as a new dimension to Co-creation of value in their book, *The Future of Competition: Co-creating unique value with customers*. Wherein it is stated as "the practice of product or service creation that is collaboratively executed, by both the firm and customer, together at multiple points of interaction within experience environments to create mutual value" (Prahalad and Ramaswamy, 2004). In reality nonentity exists that meets the definition of Co-creation, as mentioned above. In practice, some examples are referred to as a Co-creation initiative. However, often these are examples of Co-creation related concepts. These concepts are related to Co-creation, but can differ in the role of the firm or consumer in the process or differ in the type of value which is created.

Co-production versus Co-creation

Co-production means that the customer participates in creating the core offering itself through shared inventiveness and co-design, but the Co-creation is closely tied to usage, consumption, Value-in-use, (i.e., value that occurs at the time of use, consumption or experience), and the premise that value can be determined only by the customer. Co-creation is about the process through which customer interact with the company and generates their own experience, which is the basis of value and future of innovation and creates a unique personalized experience.

The literature suggests (Prahalad and Ramaswamy, 2006) that experience of Co-creation itself can be a source of unique value for each individual. In co-production, the role of customer is relatively passive. Co-production is firm-centric, whereas Co-creation is customer and experience centric.

Firms generate innovation in Co-production whereas Co-creation suggests that customers and stakeholders have more control over the product, allowing them to play with company's product through their imagination and creativity in ways that were not intended by the product supplier. In terms of communication, co-production is less transparent. Co-creation is built on constant and intensive dialogue with customers, operators, service and content providers and a variety of other partners.

Purpose of the Research

The aim of this paper is to understand the importance of Co-creation in hotel service context as well as to explain the different types of customers which could be used by hotel industry, when using Co-creation as one of the engagement marketing strategy.

CO-PRODUCTION AND CO-CREATION MATRIX

Among the key differences between Co-production and Co-creation are whether value creation is derived through a production and consumption process whether the involvement and communication between the firm and customer is predominantly firm or consumer driven, whereas the involvement/communication is irregular or continuous (Figure 1). Provides a matrix outlining these two key elements (Value creation and involvement/dialogue type) and the

relationship to Co-production, customisation, service innovation and Co-creation. Based on the literature Co-creation and Co-production are largely dichotomous approaches to service production. However, (Prakash chathoth and fevzi okumus, 2012) proposed that these service production approaches are on continuum, with Co-production at one end and Co-creation on other end. Service production approaches such as customization and service innovation, are proposed as being somewhere in the middle of this continuum. The bottom portion of the matrix in Figure 1 is defined by the primary value creation method. The left side of matrix defines the type of involvement and dialogue that the firm uses in service production process.

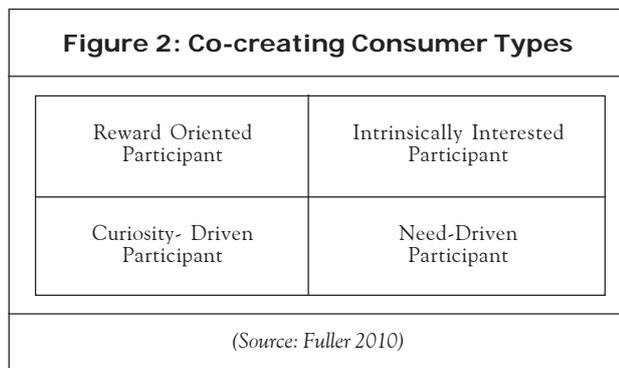
The heart of any service innovation process is the engagement of the customer and allowing them to interact with the company's product.

Figure 1: Co-production and Co-creation Matrix		
Customer-Firm: Continuous Involvement/Dialogue Type	Co-creation Approach	Customer-Driven Customisation
	Firm-driven Service Innovation	Co-production Approach
Firm-Customer: Irregular	Production Process	Consumption/ Usage Process
<i>(Source: Prakash Chathoth and Fevzi Okumus)</i>		

This clarifies two intermediate service production processes: Firm-driven service innovation process and customer-driven customization. Because Co-production and firm-driven service innovations are more firm-centric in nature, Conversely, Customer-driven customisation and Co-creation appear to be more customer-centric.

DIFFERENT CO-CREATING CONSUMER TYPES

Füller (2010) has divided the Co-creating consumer into four different types. This is the first study which identifies different Co-creating consumer types. The empirical study used questionnaires filled out by 727 consumers, who had participated in at least one Co-creation initiative. In addition, expert interviews and consumer interviews were used to test the outcomes of the questionnaire. The figure below shows the four different Co-creation consumer types, split in these four expectation levels.



RESEARCH METHODOLOGY

The proposed study incorporates quantitative research approach with the help of data, where empirical findings show the level of significance of the relationship. While conducting a research two types of approaches were used: qualitative and quantitative research. Quantitative research method emphasizes quantification in the collection and analysis of the information. The aim is to gather numerical evidence where conclusions can be drawn from or they can be used to test hypotheses. In order to get reliable results it is necessary to study relatively large sample group where information is collected from questionnaire survey, and to analyze that collected information computer software is used.

Research Design

The approach of Research is Quantitative. The type of research method used in this study is based on the objectives were Descriptive and Empirical.

Data Collection

Based on the above, the researcher framed the structured questions and filled by the 250 customers who has availed the various hospitality services. The structured interview was conducted by the researcher.

Sampling Method

Sampling frame may be based on geographical basis such as state, type of industrial sector, etc. In this research, it is made on the basis of type of industry and region as the study comprises of the individual consumer interest and employees perspective towards value Co-creation process in hotel industry service sector. The sampling unit of this study is from luxury service hotels of Jaipur city, Rajasthan.

Sampling Method

Sampling is a process of selecting units (e.g., people, organisation) from the population of interest/research. Researcher used probability sampling and sample was drawn using convenience sampling technique, as it ensures prior fixation of criteria.

Data Collection

Primary data collection is done with the help of questionnaire designed by the researcher and these were filled by the consumer respondents from the Jaipur luxury hotels, conducted with 10 marketing managers of Jaipur luxury hotels. 250 questionnaires were collected from hotel customers for this study.

Research Questions

The questions which were used in the questionnaire were on the 5 points likert scale i.e. strongly Disagree to strongly agree.

The Main question in the questionnaire was:

Which Factors interest you to involve in co-creation (The sub-points of the above question are as follows {Likert Scale base})

- (a) I do it for enjoyment and entertainment
- (b) I can express myself through Interaction
- (c) I feel empowered
- (d) I can develop myself
- (e) I can increase my network with people
- (f) I like to help others
- (g) It reduces dependency
- (h) I have personal interest
- (i) I have trust on the company
- (j) It pays me inform of experience
- (k) It pays me inform of Money.

Figure 3: The Sub-points of Interest Factors Were Categorised Shown Below in Types of Co-creating Consumers Matrix

Reward-Oriented Participant (Sub-point j & k)	Intrinsically-Interested Participant (Sub-point c, d, & i)
Curiosity- Driven Participant (Sub-point a, b, h & e)	Need-Driven Participant (Sub-point f and g)

Hypotheses

H₁: Reward-Oriented participants are succeeding for better Co-creation

H₂: Intrinsically-Interested Participants are succeeding for better Co-creation

H₃: Curiosity-Driven participants are succeeding for better Co-creation

H₄: Need-Driven participant are subsequent for better Co-creation

RESULTS AND ANALYSIS

The data was calculated in the software SPSS version 16.0, the results were analysed on the basis of frequencies.

The results were as follows:

Descriptive Statistics

Table 1: Frequency of Age

Age		Frequency	Percent Valid	Percent Cumulative	Percent
Valid	less than 30	154	57.8	58.0	58.0
	30-50	75	34.9	35.0	93.0
	above 50	21	7.0	7.0	100.0
	Total	300	99.7	100.0	
Total	250	100.0			

Inferential Statistics

One-way ANOVA test

A) Reward-Oriented consumer participant

B) Intrinsically Interested consumer participant

C) Curiosity- Driven consumer participant

RESULTS

H₁: Reward-Oriented participants are succeeding for better Co-creation

The significance value of reward-oriented participant's factors is .154 which includes that the alternate hypothesis is not rejected and it is moderately contributing for better co-creation.

	Enjoyment and Entertainment		Express Interaction		Feel Empowered		Develop Myself		Network with People	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Strongly Disagree	12	9	9	3.6	7	2.4	12	4	11	5
Disagree	19	8	14	5.5	8	3.2	18	9	24	10
Neutral	65	25.7	63	24.9	32	12.6	38	15	41	16
Agree	103	40.7	103	41	66	26.1	83	33	79	32
Strongly Agree	52	20.6	61	21.8	137	55.8	99	38	95	35
Total	250	100	250	100	250	100	250	100	250	100
	Help Others		Reduces Dependency		Personal Interest		Money		Experience	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Strongly Disagree	14	6	11	5	6	2	26	11	33	14
Disagree	10	4	42	17	13	6	55	22.2	79	31.2
Neutral	35	14	51	20.2	38	16	42	16.6	43	17.2
Agree	70	27.7	90	35.6	85	34	87	34.4	54	21.3
Strongly Agree	121	48.3	56	22.2	108	42	40	15.8	41	16.2
Total	250	100	250	100	250	100	250	100	250	100

Sum of Squares	df	Mean Square	F	Sig.		
It pays me in form of experience	Between Groups	0.953	2	0.476	0.253	0.176
	Within Groups	558.327	297	1.88		
	Total	559.28	299			
It pays me in form of money	Between Groups	4.197	2	2.099	0.87	0.12
	Within Groups	716.803	297	2.413		
	Total	721	299			

H₂: *Intrinsically-Interested Participants are succeeding for better Co-creation.*

The significance value of intrinsically interested participant's factors is .395 which includes that the

alternate hypothesis is not rejected and it is less moderately contributing for better co-creation.

H₃: *Curiosity- Driven participants are succeeding for better Co-creation.*

Table 4: ANOVA						
Sum of Squares	df	Mean Square	F	Sig.		
I feel empowered	Between Groups	1.551	2	0.775	0.51	0.601
	Within Groups	451.236	297	1.519		
	Total	452.787	299			
I have trust on the company	Between Groups	1.789	2	0.894	0.591	0.554
	Within Groups	449.128	297	1.512		
	Total	450.917	299			
I can develop myself	Between Groups	12.444	2	6.222	3.545	0.03
	Within Groups	521.223	297	1.755		
	Total	533.667	299			

Table 5: ANOVA						
Sum of Squares	df	Mean Square	F	Sig.		
I do it for enjoyment and entertainment	Between Groups	6.274	2	3.137	1.726	.180
	Within Groups	539.656	297	1.817		
	Total	545.930	299			
I can express myself through interaction	Between Groups	1.802	2	.901	.631	.133
	Within Groups	424.384	297	1.429		
	Total	426.187	299			
I have personal interest	Between Groups	1.702	2	.851	.673	.111
	Within Groups	375.695	297	1.265		
	Total	377.397	299			
I can increase my network with people	Between Groups	5.374	2	2.687	1.653	.193
	Within Groups	482.823	297	1.626		
	Total	488.197	299			

Table 6: ANOVA						
Sum of Squares	df	Mean Square	F	Sig.		
It pays me in form of experience	Between Groups	0.953	2	0.476	0.253	0.176
	Within Groups	558.327	297	1.88		
	Total	559.28	299			
It pays me in form of money	Between Groups	4.197	2	2.099	0.87	0.12
	Within Groups	716.803	297	2.413		
	Total	721	299			

Table 7: Summary of all Factor Through One-way ANOVA Test

S.No	Co-creating consumers	Factors of Co-creating consumer	F	Sig.
1.	Reward-oriented	It pays me inform of experience	.253	.176
		It pays me inform of money	.870	.120
2.	Intrinsically-interested	I feel empowered	.510	.601
		I have trust on the company	3.545	.030
		I can develop myself	.591	.554
3.	Curiosity-driven	I can do it for enjoyment and entertainment	1.726	.180
		I can express myself through interaction	.631	.133
		I have personal interest	.673	.111
		I can increase my network with people	1.654	.193
4.	Need-driven	I like to help others	1.660	.192
		It reduces dependency	1.769	.172

The significance value of curiosity-driven participant's factors is .148 which includes that the alternate hypothesis is not rejected and it is highly contributing for better co-creation.

H₄: *Need-Driven participant are subsequent for better Co-creation.*

The significance value of Need- driven participant's factors is .182 which includes that the alternate hypothesis is not rejected and it is less moderately contributing for better co-creation.

The analysis articulates that consumers are showing interest in Co-creation activities beneath services context. By way of consumers are divided under various categories on the basis of their interest. The results on the foundation statistical analysis clears that Curiosity-driven consumer participants are the utmost interested in the co-creation. Secondly, the Reward oriented consumer participants are on the second position if hotel industry wants to involve consumers in

co-creation. Intrinsically interested consumer participants and need driven consumer participants should be considered at last in the Co-creation activities.

CONCLUSION AND RESEARCH LIMITATIONS

The above results and analysis concludes that the co-creation has various profits if used in hotel service sector. The survey is done on the customers who has availed the hotel services and were interested in involving themselves within the firm or business activities. Through which firms could augment the value as well as the customer satisfaction. The survey was done to know what type of customer should be involved while steering co-creation in hotel service sector. The study is conducted by asking the questions to the customers which was evaluated in form empirical research. It gave the results, that which type of customers should be focused. The data included the demographic question too as it could

give an improved depiction to the firm that what age segment of customers is more over interested in conducting an activities of Co-creation.

The research articulates that the Curiosity-driven type customers have highest motivation, creativity as well well-informed personality which makes them highly qualified for Co-creation. The hotel sector should first target the customers who are Curiosity-driven customers. Customers who participates in co-creation initiative by contributing content, he/she is curiosity driven participant.

Customers who are willing to take some reward in form monetary incentives or non-monetary incentives like recognition, feedback, experience or interaction are considered as Reward-oriented participant. Through this, the researchers conclude that after Curiosity-driven type customer, the hotel sector should contemplate Reward-oriented type customer for the Co-creation activities. They are on second position to qualify or to consider for better Co-creation.

Customers who are willing to feel empowered, want to develop themselves or has trust on the company are included under Intrinsically-interested customers. The survey concludes that such kind of customers should be considered on the after reward-oriented customers. They are on the third position to consider for Co-creation in hotel service context. The survey states that need-driven customers are less considered for Co-creation.

This concludes that the Curiosity-driven customers should be considered as highly qualified for Co-creation, than secondly the reward-oriented customers should be considered for co-creation, thirdly intrinsically-interested

customers and the need-driven customers should be less considered for Co-creation.

Managerial Implications: This study could be used by the managers of hotel service sector when they are using Co-creation as an engagement marketing tool. They could use this study that which type of Co-creating consumer should include in enhancing the value of the firm. They can utilize this when they are actually involving customers in their business and can target the type of customers which can increase their competitive advantage.

Research Limitations: As this research is confined to analyses and investigating the antecedents or types of Co-creation customers, the review of literature suggests that there is wide range of issues that might have some impact on Co-creation. To keep the study with manageable proportions for analysis and maintain meanness, only four theoretically driven variants have been included in this study as predictors of value co-creation. In addition, due to time and resources constraints, this study explores to luxury sector in hotel industry of India.

REFERENCES

1. Chathoth P, Altinay L, Harrington R J, Okumus F and Chan E S (2012), "Co-production versus co-creation: A process based continuum in the hotel service context", *International Journal of Hospitality Management*.
2. Füller J (2010), "Refining virtual co-creation from a consumer perspective", *California Management Review*, Vol. 52, No. 2, pp. 98-122.
3. Füller J, Hutter K and Faullant R (2011), "Why co creation experience matters?"

- Creative experience and its impact on the quantity and quality of creative contributions”, *R&D Management*, Vol. 41, No. 3, pp. 259-273.
4. Lengnick-Hall C A (1996), “Customer contributions to quality: a different view of the customer-oriented firm”, *Academy of Management review*, Vol. 21, No. 3, pp. 791-824.
 5. Lilien G L, Morrison P D, Searls K, Sonnack, M and Von Hippel E (2002), “Performance assessment of the lead user idea-generation process for new product development”, *Management science*, Vol. 48, No. 8, pp. 1042-1059.
 6. Okumus F, Altinay L and Chathoth P (2010), *Strategic management for hospitality and tourism*. <http://www.sciencedirect.com/science/book/9780750665223>.
 7. Okumus F, Altinay L and Chathoth P (2012), *Strategic Management in the International Hospitality and Tourism Industry*, Routledge.
 8. Prahalad C K and Ramaswamy V (2000), “Co-opting customer competence”, *Harvard business review*, Vol. 78, No. 1, pp. 79-90.
 9. Prahalad C K and Ramaswamy V (2004), “Co-creating unique value with customers”, *Strategy & Leadership*, Vol. 32, No. 3, pp. 4-9.
 10. Prahalad C K and Ramaswamy V (2004), “Co-creation experiences: The next practice in value creation”, *Journal of interactive marketing*, Vol. 18, No. 3, pp. 5-14.
 11. Prahalad C K and Ramaswamy V (2004), *The future of competition: Co-creating unique value with customers*, Harvard Business Press.
 12. Schuler R S and Harris D L (1992), *Managing quality: The primer for middle managers*. Addison-Wesley Longman.
 13. Von Hippel E (2009), “Democratizing innovation: the evolving phenomenon of user innovation”, *International Journal of Innovation Science*, Vol. 1, No. 1, pp. 29-40.



International Journal of Management Research and Business Strategy

Hyderabad, INDIA. Ph: +91-09441351700, 09059645577

E-mail: editorijmrbs@gmail.com or editor@ijmrbs.com

Website: www.ijmrbs.com

