

Does Co-creation Always Produce Values: An Experimental Study

By Weiling Zhuang, Barry Babin, and Joanne Tran

Since Vargo and Lusch (2004) introduced the service-dominant logic of marketing, consumer co-creation has attracted considerable attention among both academics and practitioners. However, the concept of consumer co-creation and its impact on service production and consumption remains understudied. More research is needed to understand how a salesperson and consumer together create value through their actions. Results of an experimental study show that salesperson customer orientation and consumer participation come together to enhance consumer perceptions of hedonic value while not increasing utilitarian value. In contrast, the service consumption outcome drives utilitarian value. This study contributes to the marketing literature by suggesting that consumer co-creation does not always benefit value production and that service quality is a pivotal component of service production (Crosby and Stephens 1987). The article concludes with implications of its findings for societal welfare as well as for academic researchers.

INTRODUCTION

The traditional marketing perspective focuses on the understanding of sellers' activities with an emphasis on those actions that generate sales revenue and potentially increase firm profits. Consistent with this thought, prior research has focused on the active sellers promoting goods and services, thereby enhancing a relatively passive buyer's value perceptions and decision-making process (Vargo and Lusch 2004, 2008). While recent literature suggests that consumers and sellers each have important roles to play, both together and separately, in creating valuable consumption experiences (Lengnick-Hall 1996; Prahalad and Ramaswamy 2004), scant attention has been given to the role of consumers during purchase and consumption processes (Donaldson, Tzokas, and Saren 2001).

One important aspect in the exchange principle is the role of consumers as value co-creators (Vargo and Lusch 2008). For example, supermarket consumers can participate in the service by selecting, scanning, bagging, and carrying out their own purchases.

Alternatively, consumers may log onto websites to search, compare, and purchase many of the same types of items. Automobile owners can either bring their car to a service center for the most mundane services (e.g., putting air in tires), or they can participate to a much larger degree by buying parts from dealers and customizing their cars in their own driveway. Furthermore, a consumer may even use open source software to develop new applications. Therefore, as consumer participation increases, consumers rely not only on intermediate products produced by firms, but also rely on their own competences, skills, tools, time, and other resources to co-create value derived from goods and services consumption and experience (Bendapudi and Leone 2003; Vargo and Lusch 2008).

Although marketing practitioners and academicians recognize consumers as indispensable in the value creation process, the marketing literature does little to show how consumers and sellers interact with each other to enhance value (Woodruff and Flint 2006). By investigating the effects of consumer and seller interaction, the present study extends previous co-creation literature by further illustrating the possibility that co-creation efforts by consumers and marketing agents do not always produce better outcomes. Specifically, the current research examines both consumer participation and salesperson customer orientation effects on consumer perceived utilitarian value and hedonic value. In the following sections, the paper reviews the consumer co-creation literature with an emphasis on consumer participation, salesperson customer orientation, and the effects on consumer value perceptions, and motivates

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the subsequent research hypotheses. Then, the paper describes an experimental study performed to assess the proposed relationships. The final parts of the paper present and interpret the empirical results and conclude with implications of its findings for societal welfare as well as for academic researchers.

LITERATURE REVIEW AND HYPOTHESES

Value Co-Creation

Consistent with Prahalad and Ramaswamy (2004), co-creation is defined as the value created together through input from a service provider and consumer allowing consumers to interact and construct their own experiences. Research describes value co-creation from different perspectives including a holistic approach (Prahalad and Ramaswamy 2004); a co-production approach (Bendapudi and Leone 2003); and within S-D logic (Vargo and Lusch 2004). According to Payne, Storbacka and Frow (2008), there is extensive research on co-creation highlighting S-D logic (e.g., Jaworski and Kohli 2006; Oliver 2006) including their own conceptual framework on managing the co-creation of value. Specifically, S-D logic highlights that value creation is an interactive and networked based process involving different resource integrators (e.g., customers, firms, nations, etc.). While value can be created within and between systems at various levels of aggregation, the present research focuses specifically on the interaction of a buyer and a salesperson and the value co-created as outcomes of experience rather than the perspective of how a consumer creates and judges their value-in-use. In other words, it is a value in experience perspective (Babin and James 2010). Value is extracted from the experience of resources and not from objects.

The notion of value co-creation in recent literature suggests that consumer participation influences a consumer's evaluation of shopping value along both experiential and instrumental dimensions. Prior literature supports these two value dimensions, utilitarian and hedonic, as capturing the outcome of shopping experiences (i.e., Babin, Darden, and Griffin 1994; Holbrook and Hirschman 1982). In particular, consumers receive value based on the manner in which resources are leveraged by marketers to produce: (1) immediate (hedonic) gratification often derived from

sensory or psychological attributes of the shopping experience itself, and/or (2) instrumental (utilitarian) outcomes related to task completion signaling that the experience successfully serves as a means to some end. For example, a customer who purchases a new flat screen TV from Best Buy may feel like the shopping experience was highly engaging and pleasurable in addition to feeling successful in finding and acquiring the TV, signaling a completion of the shopping task. The experience thus produces hedonic value and utilitarian value, respectively. Hedonic shopping value is more experiential and consumers derive it from the consumption of the experience itself. In contrast, utilitarian shopping value results from a conscious pursuit of an intended consequence, such as acquiring the product initiating the shopping. As such, the present research focuses specifically on the relationships between the interaction of consumers and salespeople (i.e., consumer participation and salespeople customer orientation) and the outcome of consumers' perceived hedonic and utilitarian value.

Research suggests that consumer participation helps buyers realize greater utilitarian value (Dowling and Staelin 1994). Specifically, this research suggests that consumers engage in co-creation to reduce risks associated with receiving imperfect products or services. These risks include physical, performance, psychological, social, and financial hazards (Stone and Gronhaug 1993). Physical risk proposes the possibility of physical injury to consumers. Performance risk refers to the possibility of potential losses incurred when the product or service fails to produce value. For example, when a consumer does not experience pain relief after receiving physical therapy, performance failure has taken place. Psychological and social risks represent the possibility that the association with a particular brand, product, or service may harm consumers' self-esteem. For instance, a consumer may be concerned that a gift recipient will be disappointed upon receiving the gift purchased with the help of a retail sales associate. Financial risk refers to the financial loss the consumer encounters due to making a purchase. Consumers can respond to these risks by taking on aspects of value-production themselves, and when they do the tasks well, they increase utilitarian value.

In co-creating outcomes, consumers use their resources (e.g., time, skills, expertise) to work in conjunction with salesperson efforts to compare and narrow down alternatives matching his or her specific needs, and to select an appropriate alternative. That is, consumers can make more effective and efficient purchase decisions through well-applied efforts in the co-creation process as opposed to a less effortful process that leads to one buying an imperfect product and getting lower utilitarian value. In theory, consumer participation should reduce consumer vulnerability to the various risk elements through active participation not only in search, but also in production and consumption. Co-creation can reduce these risks by enabling direct control to consumers over the production process and provide economic rewards to consumers (Lusch, Brown, and Brunswick 1992). Consequently, the mitigation of risk provides a cost reduction of sorts. Hence, consumers receive greater value, particularly utilitarian value, when they successfully participate in value creation. Based upon the above discussion, we propose that in a given consumption experience:

H1: Consumer participation positively influences consumer reports of utilitarian value.

Consumers' participation in co-creation may also generate hedonic value independently from acquisition of goods or services obtained during co-creation including intrinsic, psychological, and social benefits. Similar to hedonic experiences, intrinsic values are defined as the experience appreciated for its own sake (Holbrook 2006). Therefore, consumers perceived psychological benefits include intrinsic values such as happiness or pleasure. Co-creation may also produce various extrinsic benefits to consumers including those related to excellence, autonomy, self-expression and uniqueness, and self-confidence (Norton, Mochon, and Ariely 2012). Excellence refers to instances where the object or experience is appreciated for its capacity to enable consumers to co-produce high quality products or services. Self-confidence is defined as a perceived feeling of "I am able to get things done" (Holbrook 2006). For example, a consumer may perceive feelings of pride and self-confidence while assembling a backyard playground with the help of a set of instructions. Consumers sense autonomy when they

experience a sense of freedom through co-creation. This may happen, for example, when a consumer deviates from the instructions provided to create a customized play set for the family to play on. Self-expression and uniqueness suggest that co-creation by consumers could satisfy their needs to construct and maintain their identity by separating themselves from the lived and mediated daily experiences. Consumers may participate in co-creation activities specifically because of various intrinsic values (Holbrook 2006). Consumers may also perceive fun and playfulness directly through the co-creation process. For example, a consumer can buy or make a birthday cake. In the first case, the marketer provides the value more directly than in the second (Vargo and Lusch 2008). The latter experience may not always produce a better tasting cake, but the experience itself provides an opportunity for fun, pride, and self-satisfaction. Sometimes, consumers may participate in value creation as a way of creating variety from their daily routine. A busy professional may find that an afternoon baking a cake provides a gratifying break from an otherwise hectic schedule.

Finally, consumers also may perceive social benefits from the co-creation process. Holbrook (2006) provides a list of social benefits that consumers can attain from co-creation including social status and social esteem, perceived control, and social contact values. Co-creation may help consumers gain social status and esteem, i.e., a consumer gains status and self-esteem among his colleagues if he builds his own house. A marketer that helps create a sense of control through consumer co-creation efforts provides another potentially important benefit. Perceived control is one of the key features in the adoption of self-service technologies (Lee and Allaway 2002). Further, co-creation produces social contact values for consumers and the gratification of interacting with others of similar interests and desires (Berthon and John 2006). For instance, a group of Jeep fans working together to customize their vehicles may feel significant camaraderie and enjoyment during group co-creation processes.

To summarize, co-creation can generate intrinsic, extrinsic, and social benefits for consumers (Norton, Mochon, and Ariely 2012). These three groups of psychologically related benefits contribute to hedonic

shopping value because they are capable of providing immediate gratification through positive feelings associated with consumption experiences. Therefore, we propose that in a given consumption setting:

H2: Consumer participation positively influences consumer reports of hedonic value.

In a retail setting, co-creation represents a joint effort involving a salesperson and a consumer. One of the central aspects of the S-D logic is the exchange of service for service through the application of knowledge and skills called operant resources (FP1, FP5) (Vargo and Lusch 2004, 2008). Sweeney (2007) conveys that this exchange of operant resources is from both providers and consumers. In other words, the salesperson offers operant resources, such as expertise and experience, as consumers' knowledge and skills are also used in the value co-creation process, such as giving feedback or input. The type of operant resources a salesperson provides depends on his/her market orientation. The market orientation literature suggests that consumer-oriented sellers, those that focus on consumers' needs as opposed to the salesperson's needs, are more likely to achieve long-term success (e.g., Deshpande, Farley, and Webster 1993; Donavan, Brown, and Mowen 2004; Tzokas and Donaldson 2000).

Saxe and Weitz (1982) first studied customer orientation (CO) in a selling context and define customer-oriented selling (COS) as "a way of doing business on the part of salespeople. The term refers to the degree to which salespeople practice the marketing concept by trying to help their customers make purchase decisions that will satisfy customer needs" (p. 344). Saxe and Weitz further propose an opposite concept of COS, selling-oriented selling (SOS) - that is, salespeople seeking to increase the probability of an immediate sale, potentially at the expense of lower customer satisfaction.

In addition, Porter (1985, p. xiv) suggests, "Competitive advantage grows fundamentally out of the value a firm is able to create for customers." Similarly, S-D logic argues that operant resources are the fundamental source of competitive advantage (FP4) (Vargo and Lusch 2008). Therefore, the key goal of market orientation is to increase customer satisfaction by creating superior customer value (Narver and Slater 1990). To generate

superior customer value, for instance, a salesperson and a consumer may co-create to help the consumer achieve a better trade-off between benefits (e.g., the perfect good or service to purchase, the enjoyable shopping experience) and sacrifices (e.g., paying high price, spending extra time, experiencing stress and frustration when purchasing wrong items), thus gaining competitive advantage. Among these different benefits, buying the right product is necessary and fundamental. For example, in a typical shopping scenario, a consumer may express his or her needs to a salesperson and hope to purchase the right product/service to satisfy these needs. Unlike a selling-oriented salesperson, a customer-oriented provider actively learns about and acts upon consumers expressed needs by focusing on finding the ideal solution for the consumers (Deshpande, Farley, and Webster 1993; Donavan, Brown, and Mowen 2004). In addition, a customer-oriented salesperson is likely to go beyond these expressed needs by proactively understanding and addressing the consumers' latent and future needs as part of a continuing, value co-creation, relational process (Beverland, Farrelly, and Woodhatch 2007; Tuli, Kohli, and Bharadwaj 2007). Therefore, based on the relevant literature of market orientation, we argue that a salesperson customer orientation is likely to help consumers decide and purchase the right product in a transaction context. Hence, we hypothesize:

H3: Salesperson customer orientation positively influences consumer reports of utilitarian shopping value.

Market orientation literature further indicates that COS practices enhance customer perceived hedonic shopping benefits (Goff et al. 1997; Narver and Slater 1990). Transaction performance is an important determinant of experiential value customers derived from the shopping process (Goff et al., 1997). As the above discussion suggests, COS practices should positively influence customer hedonic value perception in addition to perceived utilitarian value (Beverland, Farrelly, and Woodhatch 2007; Narver and Slater 1990; Tuli, Kohli, and Bharadwaj 2007). In other words, if a salesperson helps a consumer to successfully acquire a product and accomplish the shopping task, the exchange should not only produce instrumental benefits related to the shopping task completion, but also provide emotional

gratification derived from the shopping experience (Blocker et al. 2011). Therefore, we hypothesize:

H4: Salesperson customer orientation positively influences consumer reports of hedonic shopping value.

The literature also suggests that consumers attain significant value when they are engaging in relational exchanges with service providers (Bitner, Booms, and Mohr 1994; Gwinner, Gremler, and Bitner 1998). COS practices focus on better understanding buyers' needs and maximizing the benefits buyers may receive through an active personal interaction between the consumer and provider. Customer-oriented providers not only learn about and respond effectively to buyers' current, expressed needs (e.g., Narver, Slater, and McLachlan 2004), but also proactively study and act upon buyers' latent and future needs (Tsai, Chou, and Kuo 2008). In a co-creation context, customer-oriented providers are likely to recognize consumers' needs and facilitate the co-creation by involving balanced input not only from himself or herself, but also from the consumers. Thus, customer-oriented salespeople may assist consumers in making wise purchase decisions that accomplish the shopping task. In addition, customer-oriented practices transmit a feeling of care and friendliness to the consumer and these feelings may produce an enjoyable interaction between the buyer and provider. Therefore, consumers are likely to experience an enjoyable shopping experience beyond buying the right product. In sum, we posit that consumer participation produces higher utilitarian value and hedonic value under the customer orientation condition. This leads us to the following hypotheses:

H5: Consumer participation has a stronger effect on consumer reports of utilitarian value for the customer orientation condition than the selling orientation condition.

H6: Consumer participation has a stronger effect on consumer reports of hedonic value for the customer orientation condition than the selling orientation condition.

Seldom do consumers separate their evaluations of consumption experiences from their evaluations of the service outcome (Crosby and Stephen 1987). In other

words, consumers are more likely to imbue products they have contributed to the production with value when the service outcome is positive. In contrast, consumers tend to claim less responsibility for a service failure and attribute this failure to the provider in the value co-creation process (Bendapudi and Leone 2003). Therefore, although not hypothesized, we include the service outcome as a control variable in our study.

RESEARCH METHOD

Study Design and Procedure

A computer-simulated gift-shopping experiment was conducted to empirically examine the proposed hypotheses reflecting how a consumer and salesperson together co-create value. A 2 (consumer participation: high vs. low) \times 2 (salesperson customer orientation (CO): selling-oriented vs. customer-oriented) between-subjects design was performed. Service outcome was also manipulated with positive and negative outcome conditions. In doing so, we examine how the treatments influence the dependent variables when the controlled variable, service outcome, was measured and included in the analyses. A causal design was used because it allows for systematic manipulations of the diverse combinations of consumer participation and salesperson CO.

The experiment was implemented using an online survey tool. Subjects were recruited from students enrolled in upper level business classes in three universities across the U.S. The class instructors posted the survey instructions and corresponding links on the universities' online learning platforms. Subjects were asked to participate in a simulated shopping task involving the purchase of a wedding gift. A gift-shopping scenario was chosen because buying an important gift for a friend is relevant and of interest to university students. The questionnaire asked participants to play the role of the shopper and indicate their thoughts and feelings after describing the gift-shopping experience.

A computer randomly assigned the subjects to one of the four experimental conditions. After deleting respondents with an abnormally high amount of missing data and multiple invalid answers (attention filers) for the experiment conditions, the data comprised of 189 university undergraduate and graduate students (82% between 20-34 years old, 50.3% female). In addition,

there were 98 subjects assigned to the negative service outcome condition and 91 subjects assigned to the positive service outcome condition. The number of subjects ranged from 35 (high participation \times selling orientation) to 56 (high participation \times customer orientation) in the four experimental conditions. The fact that subjects were taken from different universities accounted for the variation in the group cell sizes. A grouping variable including university as a predictor showed no differences attributable to the school and thus was dropped prior to the final analyses.

Manipulations and Measurement

Consumer participation was manipulated over two levels. The low consumer participation condition describes a consumer who does no research before visiting the shopping mall and completely follows the service provider's suggestion to purchase a gift from the couple's registry. In the high participation condition, the scenario describes the consumer as doing substantial research before visiting the mall and then spending considerable time shopping in the store for a very special gift. Salesperson CO was described as "the store associate seems very concerned with making sure she sells something expensive" in the selling orientation condition versus "the store associate is very helpful and friendly and seems concerned with recommending something appropriate instead of selling something expensive" in the customer-oriented condition. The service outcome was measured by providing the positive condition with "A couple of weeks later, your friend makes a special effort to take you to lunch and tell you how special the gift was and how much it meant to the newlywed couple." In contrast, the negative service outcome stated "A couple of weeks later, you receive an email with a note from your friend that simply said "thanks for the gift."

Two dependent variables, hedonic value and utilitarian value, were measured using multiple-item scales. Hedonic value represents the experiential gratification and psychological pleasure obtained from the shopping experience itself. Utilitarian value represents the gratification through accomplishing the shopping task in a resourceful manner. Drawing on Babin, Darden, and Griffin (1994), we used an eleven-item scale to assess hedonic value and a six-item scale to measure utilitarian value. Furthermore, service outcome perception was included as a control variable because

a good or bad service outcome is likely to influence personal shopping value. We adapted four items from Crosby and Stephen (1987) assessing service outcome (see Appendix).

DATA ANALYSIS

Manipulation Checks

Manipulation checks test that treatment manipulations indeed relate to the measures of latent independent variables (Perdue and Summers 1986). The manipulation check for consumer participation consists of responses to the following statement: "How much effort did you put into creating this shopping experience?" (5-point Likert scale: 1 = a little to 5 = a tremendous amount). Significant differences were found between high consumer participation ($M = 3.69$) and low consumer participation ($M = 2.58$; $F [1, 187] = 79.3, p < .01$). As a manipulation check for salesperson CO, the following question was used: "The store associate had my best interests in mind" (7-point Likert scale: 1 = strongly disagree to 7 = strongly agree). Again, significant differences were found between selling orientation ($M = 3.73$) and customer orientation ($M = 5.56$; $F [1, 187] = 39.8, p < .01$). In addition, the manipulation check for service outcome was assessed by asking the subjects: "What do you feel after your friend thanked you for the gift?" (7-point Likert scale: 1 = negative to 7 = positive). The results again suggested significant differences between negative service outcome ($M = 3.87$) and positive service outcome ($M = 6.40$; $F [1, 187] = 109.36, p < .01$). Thus, the manipulation checks were successful. In addition, the consumer participation variable did not affect the salesperson CO manipulation check and vice-versa, suggesting no confounding issues.

Measurement Model

Table 1 reports the means, standard deviations, and correlations between the constructs. The latent measurement structure was assessed using confirmatory factor analysis (CFA) (Anderson and Gerbing 1988). An initial CFA, including all items, suggests the factor loading estimates (λ) of two utilitarian value items were below the .50 level. After deleting these two items, the overall measurement model included 19 items measuring three constructs. The resulting χ^2 fit statistic is 287.7 with 149 degrees of freedom ($p < 0.01$).

Table 1

Means, Standard Deviations, and Correlations

Variable	Mean	Standard Deviation	Hedonic Value	Utilitarian Value	Service Outcome
Hedonic Value	4.31	1.09	—		
Utilitarian Value	5.54	.92	.45**	—	
Service Outcome	5.13	1.99	.04	.19*	—

* Indicates a .05 significance level (2-tailed); ** Indicates a .01 significance level (2-tailed).

Then, we assessed other measurement properties. Construct reliability coefficients ranged from .79 to .98 (see Appendix) and all factor loading estimates (λ y) were above .50 and statistically significant ($p < .05$), yielding adequate internal consistency and convergent validity. The average variance extracted (AVE) estimates are from .46 to .92. In addition, a valid construct should share more variance with its direct indicators than it shares with other constructs, and discriminant validity is evident when the AVE exceeds the squared intercorrelation between the focal construct and other constructs in the measurement model (Fornell and Larcker 1981). As all squared correlation estimates among three constructs are less than the AVE estimates for the respective constructs, the results suggest good discriminant validity. Altogether, the results of CFA analysis suggest an adequate model fit and acceptable validity.

Test of Hypotheses

We first conducted ANCOVA analyses to examine the main effects of consumer participation and salesperson CO, and the interaction effect between consumer participation and salesperson CO on hedonic and utilitarian value while assessing service outcome as a covariate. The ANCOVA results suggest that both consumer participation and salesperson CO influence subjects' reported hedonic value ($F_{\text{participation-hedonic}} [1,187] = 9.29, p < .01$; $F_{\text{orientation-hedonic}} [1,187] = 6.59, p < .05$), while neither experimental variable affects utilitarian value ($F_{\text{participation-utilitarian}} [1,187] = .84, p > .10$; $F_{\text{orientation-utilitarian}} [1,187] = 2.57, p > .05$). More specifically, follow-up mean comparisons suggest that higher levels of consumer participation produce

greater perceived hedonic value ($M_{\text{high participation-hedonic}} = 4.58$ vs. $M_{\text{low participation-hedonic}} [1,187] = 4.07, F = 10.60, p < .01$) supporting H2, with no significant differences for utilitarian value ($M_{\text{high participation-utilitarian}} = 5.60$ vs. $M_{\text{low participation-utilitarian}} = 5.49, F [1,187] = 0.60, p > .10$). The latter result is not consistent with H1. The model takes into account perceived service outcome as a covariate, which influences utilitarian value significantly ($F_{\text{outcome-utilitarian}} [1,187] = 4.14, b = 0.07, p < .05$), but not hedonic value ($F_{\text{outcome-hedonic}} [1,187] = .48, b = 0.03, p > .10$).

The interaction between consumer participation and salesperson CO does not influence hedonic value ($F_{\text{interaction-hedonic}} [1,187] = .06, p > .10$) or utilitarian value ($F_{\text{interaction-utilitarian}} [1,187] = 2.06, p > .10$). Thus, the results are inconsistent with H5 and H6. Follow-up t-test analyses contrasting the high consumer participation and customer orientation combination versus the other three conditions as a group suggest higher hedonic value in the consumer participation – customer-oriented condition (4.71 versus 4.15, $t = 3.84, p < .01$, Table 2). However, the effect on utilitarian value is not significant (5.59 versus 5.52, $t = 0.46, p > .05$).

Salesperson Orientation. To examine whether salesperson CO influences consumers' perceived shopping value, we conducted mean comparisons using ANOVA to compare the perceived hedonic value and utilitarian value across the customer orientation and selling orientation conditions. Specifically, customer orientation yields significantly higher perceived hedonic value ($M_{\text{customer orientation-hedonic}} = 4.51$ vs. $M_{\text{selling orientation-hedonic}} = 4.06, F [1,187] = 8.12, p < .01$) supporting H4, but the effect on utilitarian value is not significant (M_{customer}

Table 2
Means by Experimental Condition

DVs:	Salesperson Orientation			
	Customer Orientation		Selling Orientation	
	Utilitarian Value	Hedonic Value	Utilitarian Value	Hedonic Value
High Consumer Participation	5.59	4.71	5.61	4.37
Low Consumer Participation	5.71	4.29	5.27	3.84

n = 189; the numbers refer to the averaged hedonic value scores and averaged utilitarian value scores.

$M_{\text{orientation-utilitarian}} = 5.64$ vs. $M_{\text{selling orientation-utilitarian}} = 5.41$, $F[1,187] = 2.95$, $p > .05$). Thus, the result is inconsistent with H3.

DISCUSSION AND CONCLUSION

Empirical Findings and Managerial Implications

Based on the findings of the experimental study, the results reveal that the joint creation efforts by buyers and sellers (consumer participation and salesperson customer orientation) have distinct impact on hedonic shopping value and utilitarian shopping value. In particular, the results suggest that higher consumer participation and salesperson customer orientation generate higher hedonic value. These findings indicate that both consumer participation and salesperson customer orientation in the value creation produce a more rewarding and gratifying service experience. The findings also suggest that consumers react favorably toward the transaction when (1) they interact with a customer-oriented salesperson, and (2) consumers experience greater hedonic value as they contribute their labor to the service outcome (Norton, Mochon, and Ariely 2012). This finding is consistent with the notions of Norton, Mochon, and Ariely's (2012) IKEA effect and Troye and Supphellen's (2012) associative self-anchoring effect. In contrast, co-creation efforts by a consumer do not appear to influence perceived utilitarian value. A possible explanation for this result is that the transaction outcome is the key determinant

of utilitarian value perceptions regardless of the level of consumer participation. Based on this result, co-creation with highly engaged consumers does not necessarily result in better outcomes of a transaction when the service outcome is not acceptable. Thus, the level of expertise of the salesperson or service provider may be an essential element into leveraging the experience into utilitarian value.

Similar to Crosby and Stephens's (1987) work suggesting that the core service outcome is central to a consumer's overall evaluation of a transaction, our study reveals that service outcome significantly impacts consumers' perceived transaction shopping value. In other words, a consumer will perceive high utilitarian value when the transaction outcome is successful (the friend likes the wedding gift in the current study). On the other hand, a consumer will feel low utilitarian value if the transaction outcome is negative (the friend does not like the wedding gift) regardless of the levels of consumer participation and salesperson customer orientation. Therefore, it is the service quality/outcome instead of other factors, such as consumer participation, that influences the evaluation of perceived utilitarian value.

In addition to the theoretical contributions discussed above, this study also brings relevant managerial implications to practitioners. First, the study offers empirical support of significant and positive effects of customer orientation on consumer perceived hedonic

shopping value. Although some studies suggest customer orientation may have negative impact on the buying experience (Noble, Sinha, and Kumar 2002; Voss and Voss 2000), the results of the present study indicate that customer orientation may enhance experiential benefits derived from the service co-creation process. However, the interaction between salesperson customer orientation and consumer participation is surprisingly not significant for either dependent variables. A post-hoc analysis suggests that the high consumer participation \times customer orientation condition actually produces the highest level of hedonic shopping value compared to all other three experimental conditions. However, the effect on utilitarian value is not significant. Therefore, customer orientation only matters when consumer participation is high. In contrast, consumers who are relatively unengaged in the experience respond similarly to a customer- or selling-oriented salesperson. For marketers, this result is a potentially important finding. The extra attention and resources required to implement a customer orientation may only be necessary when consumers are actively engaged in value co-creation and the salesperson's input is expected.

Another implication for practitioners is that the results suggest that consumer participation demonstrates different impact on hedonic value and utilitarian value. Consumer participation is likely to bring about fun, excitement, happiness, and other feelings that lead to hedonic shopping value, but participation does not necessarily make them more successful buyers when shopping goals are not accomplished successfully. In other words, a consumer's participation does not necessarily facilitate completion of the shopping task. Particularly, our results reveal that service quality/service outcome is the ultimate driver of utilitarian value. Therefore, marketers should recognize that higher level of consumer participation may not lead to better results for both the consumer and business. Service efforts should be directed toward understanding how to implement procedures that help consumers successfully accomplish shopping goals instead of encouraging potentially unnecessary customer participation. Such effort can needlessly exhaust resources from both service provider and customer perspectives (Chan, Yim, and Lam 2010; Pelham 2006). That is, requiring significant participation from

consumers may overwhelm consumers with selections that make task completion less efficient. In addition, selling orientation may not be as friendly, but it can be efficient. When the service quality is similar across multiple competitors, hedonic shopping value may be pivotal. The key to managing successful value in experience outcomes is matching the customer and selling orientation to the motivation of the consumer to participate in shaping that particular experience.

Limitations and Future Studies

The current study possesses several limitations that provide avenues for future research. The first limitation is related to the external validity of the findings. Only one shopping scenario was used in the experimental study. While the manipulation checks suggest that the gift-shopping scenario is relevant and believable to the subjects, other service scenarios should be examined to measure consumer co-creation behaviors across different contexts. Descriptive survey research should address the co-creation issue in actual settings as well for better generalizability. In addition, the customer is purchasing a gift in the shopping trip but not consuming the product resulting from the shopping experience (the gift-recipient consumes the gift). Therefore, the scenario involves a shopping experience that culminates in the purchase of a gift (that is no scenario resulted in not accomplishing this gift-buying task). The scenario presents more opportunity for variance in hedonic shopping value because once the gift is acquired, utilitarian value may be largely achieved and culminates the service experience for the consumer. Future studies may address the transfer of *value in experience* from the gift-buyer to the gift-recipient who may potentially derive a higher ratio of utilitarian value to hedonic value because the recipient is the one who judges the functionality of the gift. The gift-buyer may lack enough information to evaluate utilitarian value in use as the outcome for him/her is captured more by value in experience. Furthermore, the wedding gift-shopping scenario is, by nature, an important and relatively complex shopping trip for many consumers. Therefore, the wedding gift scenario may not be appropriate for considering more mundane service contexts.

Another potential threat to the external validity is the use of student subjects in the experiment. Student

subjects for the gift-shopping experiment were judged to be appropriate for the objectives of this study. Specifically, students are indeed consumers when they are familiar with the shopping tasks. Further studies on a more heterogeneous group of the general population will generate stronger evidence about the proposed relationships in the experimental study.

Other variables warrant future research. First, linking consumer participation to other latent constructs, such as affect, emotion, and perceived control, could enhance the understanding of consumer co-creation. Further studies may also investigate how consumer co-creation influences a consumer's psychological feelings such as self-esteem or self-image in addition to perceived value from the transaction. Second, future research should also pay attention to the effectiveness of consumer participation on the seller's performance. Prior literature on consumer participation and the emerging service dominant logic suggests that consumers' involvement in co-creation activities is necessary and beneficial (e.g., Etgar 2008; Vargo and Lusch 2004, 2008). At the same time, Chan, Yim, and Lam (2010) suggest that consumer participation increases employees' job stress and hampers their job satisfaction. Other studies also find that consumer participation sometimes may increase a seller's cost to the service and even lead to negative consequences (e.g., Bitner, Booms, and Mohr 1994; Lovelock 1994; Price and Arnould 1999). Hence, rigorous attention to the relationships between consumer co-creation and sellers' performance is much needed.

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Appendix – Scale Items

Hedonic Value: (Source: Adapted from Babin, Darden, and Griffin 1994; Construct Reliability = .90)

HV1 The experience provided value because the shopping trip was truly a joy

HV2 I'd continue shopping, not because I had to, but because I would want to

HV3 I accomplished just what I wanted to while in the store

HV4 Compared to other things I could have done, the time spent shopping in this store was truly enjoyable

HV5 While shopping, I enjoyed being immersed in a lot of exciting products

HV6 I enjoyed this shopping trip for its own sake, not just for the item I purchased

HV7 I would have a good time shopping because I could act on the spur of the moment

HV8 While shopping in this store, I felt the excitement of the hunt

HV9 I was able to forget my problems during this shopping trip

HV10 While shopping, I experienced a sense of adventure

HV11 Shopping here would truly be a nice time out

Utilitarian value: (Source: Adapted from Babin, Darden, and Griffin 1994; Construct Reliability = .79)

UV1 Shopping here truly felt like 'an escape'

UV2 While shopping, I found just what I was looking for

UV3 I would feel disappointed because I would eventually go to another store to buy a better gift (Item dropped for data analysis due to a small factor loading)

UV4 I would not have purchased things I really needed to buy (Item dropped for data analysis due to a small factor loading)

UV5 This shopping experience allowed me to complete this shopping task successfully

UV6 The time spent shopping provided value because I finished the job of buying a gift

Service Outcome: (Source: Adapted from Crosby and Stephen 1987; Construct Reliability = .98)

SO1 What do you feel after your friend thanked you for the gift? Pleased – Displeased

SO2 What do you feel after your friend thanked you for the gift? Dissatisfied - Satisfied

SO3 What do you feel after your friend thanked you for the gift? Favorable – Unfavorable

SO4 What do you feel after your friend thanked you for the gift? Negative - Positive