

You cannot do it Yourself: Enhancing Experience through Co-creation

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Abstract

Purpose of the article: To evaluate the individual factors of co-creation value in urban public transport and their impact on customer experience. Customer experience management is a new marketing direction that will allow companies to differentiate themselves and gain a competitive advantage. The core ability of companies adopting the customer experience management approach is to be able to understand customers' perceptions of their business, which is often significantly different from the conventional company's view. It encompasses every aspect of a company's offering from advertising, features of products and services to ease of use, reliability or the quality of customer care. Co-creation is a management initiative, or form of economic strategy, that brings different parties together in order to jointly produce a mutually valued outcome. Co-creation brings a blend of ideas from direct customers which in turn creates new ideas to the organization. This article focuses on the issue of co-creating value in transport across the city.

Methodology/methods: Secondary research of scientific articles and primary research using a questionnaire, informal interviews and captured memorable moments.

Scientific aim: To assess how important is value co-creation in urban public transport and what factors influence the co-creation of value. The article identifies which factors influence the co-creation of value and to what extent they are influenced by the company itself and to what extent it affects only the customers.

Findings: In the area of urban public transport, co-creation of values is very important because it affects customer experience and customers are interested in participating in this co-creation.

Conclusions: Other customers who use the same service have a negative impact on value creation and customer experience. Modern technology can greatly contribute to co-creation of value and better perception of customer experience. Customers are interested in contributing to value creation and improving customer experience.

Keywords: co-creation, customer experience, value, public transport, Uber, taxi

JEL Classification: M31

Introduction

Customer experience management is a new marketing direction that will allow companies to differentiate themselves and gain a competitive advantage, according to Bolton *et al.* (2014). According to Meyer, Schwager (2007), customer experience (CX) encompasses every aspect of a company's offering, for example, advertising, packaging, features of product and services, ease of use, reliability or the quality of customer care. Managers evaluate customer experience management (CEM) as one of the most promising marketing approaches to meet the challenges of the market (Homburg *et al.*, 2017). Gentile *et al.* (2007) define customer experience as holistic in nature, based on personal interactions between a customer and a brand, service provider or product that is composed from various cognitive, affective, emotional, social and physical responses of this customer. Recent definitions have considered experience as a customer's individual and subjective response to any direct or indirect contact with the provider, as stated by Verhoef *et al.* (2009). According to Cova, Dalli (2009) and Schau *et al.* (2009), in contemporary markets, interaction is increasingly occurring not only in provider-customer dyads but also between networks of actors, as customers share and co-create experiences collectively in communities organized around shared interests. Value creation entails a process that increases the customer's well-being, such that the user becomes better off in some respect (Nordin, 2010).

1. Methodology

This paper makes use of the secondary data and primary research. Secondary data for this article was collected through the research of scientific articles on customer experience and co-creation of the customer value and capturing critical value creation moments for

the customer. Due to greater research validity, primary data was also collected. This was obtained through a structured questionnaire that captured the experience and needs of customers in the city transport area. Part of the primary data was also collected through informal interviews. Primary data related to the different services has been captured in the form of captured memorable moments, critical incidents and experiences from the long-term personal use of various services.

1.1 Data collection

Primary data for this research was obtained through a structured questionnaire completed by the respondents online. This questionnaire consisted of closed-ended and open-ended questions. Primary research was conceived as a test, before further extensive research, so it did not aim to collect as many answers as possible, but to test the correctness of the questionnaire. Therefore, 85 respondents participated in the survey. Other primary data was collected from several informal interviews with users of individual services and from captured memorable moments, critical incidents and experience from long-term personal use. Quantitative results from the online questionnaire were then statistically processed in spreadsheet software.

1.2 Co-creation

In the traditional conception of process of value creation, consumers were "outside the firm". Several authors have argued that the increased focus on intangible assets such as relationships, interactivity and mutual creation within wide range of business areas, has resulted in the move from a firm and goods-dominant (G-D) marketing paradigm to a paradigm which focuses on relationship marketing and customers as co-producers of value (Gummesson, 2008; Grönroos, 2008). High-quality interactions that enable an individual customer to co-create unique experiences with the company are the key to unloc-

king new sources of competitive advantage. Value will have to be jointly created by both the firm and the customer (Prahalad, Ramaswamy, 2004). Vargo, Lusch (2004) introduced the concept of Service Dominant (S-D) logic and customer-centricity, which emphasizes the development of relationships between consumers and organizations through dialogue and ongoing interaction. The S-D logic sees the customer as an operant resource, a resource capable of acting on other resources, a collaborative partner who co-creates value with the firm (Vargo, 2009), rather than being just a consultant or a resource for ideas. The concept of the S-D logic provides basis for understanding roots of co-creation.

The literature on customer motives to co-create value confirms that customers expect different benefits in return for co-creation (Verleye, 2015). According to Nambisan, Baron (2009), customers who co-create in virtual environments expect hedonic benefits (*i.e.* pleasurable experiences), cognitive benefits (*i.e.* knowledge about products, services, and technologies), social benefits (*i.e.* relational ties among participants), and personal benefits (*i.e.* status and self-efficacy).

The popularity of co-creation is quickly growing, and with good reason: co-creation leads to results. Products developed in co-creation with consumers score relatively high on the dimensions of “relevance”, and “fulfils personal needs”. Furthermore, products with the claim “developed with consumers” sell significantly better than products without this claim (Jansen, Pieters, 2017). Complete co-creation means actively involving end-users and other relevant parties in a development process, from the identification of a challenge to the implementation and tracking of its solution. Complete co-creation is foremost a procedure which may evolve into an organizational principle, and potentially even a co-ownership (Jansen, Pieters, 2017).

3. Results

The co-creation of value is possible owing to the development of new technologies, owing to changes in the logic of the industry and also due to changes in people’s thinking. This is also boosted with advanced technologies such as the mobile Internet access, GPS mobile phones, social networks, or QR code readers. Changes in people’s minds are above all a greater focus on individuality, customization, targeting a particular person, *etc.*

Examples of co-creating values can be divided into several dimensions. It is a desire to engage the customer in value-creation, willing partner engagement for better customer experience or the use of another firm for better customer experience.

The first case, that is to say, the involvement of the customer in the value creation, concerns, for example, transport companies (PPL or DHL) that enable the customer to build up their experience by, for example, allowing to select the delivery time, change the place of delivery or track the shipment on the map. Another example is Uber, which, owing to the mobile application, offers the customer the location of the vehicle they have ordered, the ability to evaluate the driver and listen to their own music. Co-creation is also used by Google, which collects geolocation data to show traffic jams or current usage in a particular building.

Companies also involve partners in value creation. An example might consist in the sale of Apple products, which in the Czech Republic does not have an Apple-operated business, but there are pet shoppers who sell and offer customers an experience comparable to that of the Apple Store. The ČD Rail Carrier in turn uses the connection with Starbucks and offers its clients a better customer service experience with the service. A frequent phenomenon is also the use of bricks-and-mortar shops to pick up goods ordered in another online store.

Table 1. Co-creation dimensions.

Co-creation options	Firm	Example
customer engagement	PPL, DHL, UPS	Select delivery time, courier tracking on the map, and change of delivery date/address
	Uber	Collecting customer ratings, checking the quality of drivers, watching cars and routes on the map, or playing your own music
	Flixbus, Regiojet	Collecting satisfaction questionnaires
	Google	Geolocation data collection, usage for traffic applications (Waze), traffic density monitoring, and occupancy time monitoring of different locations
partner involvement	Apple + iStyle	In many countries, Apple’s stores are not operated directly, but are run by local partners (Istyle)
	ČD + Starbucks	Collaboration between ČD and Starbucks for premium dining services
	Úložanka	Cooperation of online shops with stores
engaging another company	hotel + another firm	Ordering a taxi, arranging a ticket purchase, or ordering a restaurant table
	transport company + another firm	Buy SMS tickets, vehicle position tracking, or online delays information

Source: own elaboration, primary research.

Another way to improve the customer’s perceived value is to use collaboration with a completely different company. The examples can include the hotel’s services which can safely invite a taxi, arrange tickets for various cultural events or book a table in the restaurant. In this dimension, we can also include the cooperation of transport companies and banks, for example, where you can have a public transport ticket on your credit card. Urban public transport is also associated with the last case when individual transport companies cooperate with external partners and offer customers SMS tickets, for example.

All the previous examples help companies improve customer experience with value co-creation. However, even the co-creation of values has dull sites and can bring some negatives into the perception of customer experience. The negative perception of a particular service may be caused by another entity. For example, when using Uber, you need to have an enabled location on your mobile phone, have a good GPS module, and use the Internet on your mobile. If any

of these conditions are not met, the application does not work at 100% and the customer may experience this situation in a negative manner. Yet, it is another customer who has the most important role in negative co-creation Companies can influence a lot of things when building the co-creation, but they can hardly influence who their customer is and how they will affect other customers. Entities that have an impact on value co-creation are other customers, employees, supporting services, product / service and communications.

In the public transport, 71% of the passenger negatively assesses the low level of

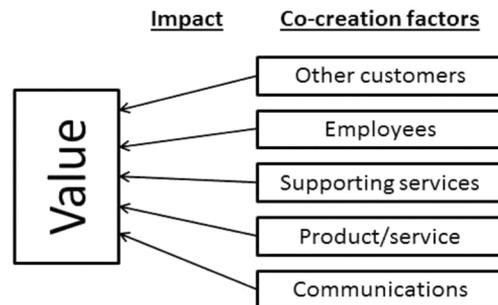


Figure 1. Co-creation factors.

Source: own elaboration.

Table 2. Co-creation in transport.

	Public transport		Taxi		Uber	
	Positive	Negative	Positive	Negative	Positive	Negative
degree of privacy	9%	71%	41%	15%	40%	8%
comfort	22%	54%	73%	6%	53%	7%
un/known price before ride	75%	8%	10%	75%	61%	7%
price	52%	22%	6%	73%	49%	11%
order speed	–	–	45%	28%	55%	9%

Source: own elaboration and the questionnaire.

privacy and 54% of the passengers negatively assess the comfort of the car. This negative rating is mainly caused by an inadequate passenger and a high number of passengers. It follows that transport companies cannot fully control customer experience because individual customers are involved in value creation and may affect customer experience negatively.

In the area of taxi services, customers value especially negative pre-unknown price and the price for transportation. Specifically, 75% of customers evaluate negatively that they do not know the price before they reach the destination and 73% of customers assess the transport price negatively. Furthermore, 28% of taxi customers perceive negatively the speed of ordering the taxi.

In contrast to the taxi services, there is Uber, where 61% of customers are positively evaluated, that they know the price for the ride before they order Uber and 49% of customers positively evaluated the transport price. Also, the ordering speed of Uber is positively evaluated by 54% of customers.

From the questionnaire that was focused on identifying customer experience and co-creation in the field of city transportation, public transport, taxi, Uber, and similar applications have shown that customers have a keen interest in co-creation and actively use or even have their account with many applications. The questionnaire showed that the most popular application that customers use is public transport applications, which 55% of the respondents actively use. Furthermore,

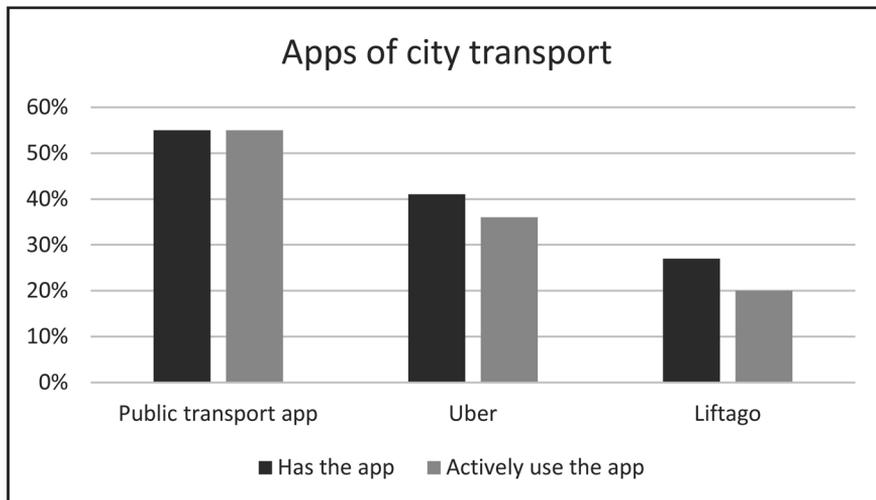


Figure 2. Apps of city transport. Source: questionnaire.

Uber is a very popular application, which is actively used by 36% of the respondents. The third most popular application is the Liftago application, a Czech start-up that compares individual offers from taxis. 27% of the respondents have installed Liftago on their phone and 20% of the respondents are actively using it.

Owing to the active use of the applications by customers, companies can monitor the needs and habits of their customers and thus improve their services. As a result of the use of applications, the customer engages in value creation for other customers.

4. Conclusion

This scientific article deals with the issues of customer experience and co-creation of value for the customer in the field of urban transport. The findings of co-production are based on the research of also used primary research, primarily a structured online questionnaire, customer interviews, and captured memorable moments.

This primary research was aimed at identifying what factors affect customer value generation and what are the differences in each type of transport across the city. It was found

that other customers who use the same service affect the value of the service significantly negatively. Conversely, value-building with the use of modern technologies, such as mobile Internet and GPS localization in mobile phones, has a very positive impact on co-creation and improves customer experience with a particular service. For companies, it is very important to use modern technology to create higher value for the customers; on the other hand, it is very difficult for companies to influence all aspects of value creation.

The article also mentions the dimensions of cooperation in creating value. These dimensions are described and specific examples are given of companies that work together to create value with another entity.

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