

## Literature Review of Value Co-creation

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### Abstract

**The value co creation idea originates from the relevant research of service economics. The customer oriented logic and the service oriented logic have laid the foundation for the modern value co creation theory research. With the rapid development of modern digital technology, the value co creation theory is also advancing. Considering that value co creation is of great significance to the innovation performance of enterprises, the research context of value co creation is divided into two research contexts: dual value co creation based on customer experience and multi value co creation based on service leading logic. Finally, the deficiencies of value co creation research are summarized and prospects are put forward.**

### Keywords

**Value Co Creation; Research Review; Dual Value Co Creation; Multi Value Co Creation.**

### 1. Introduction

The idea of value co creation can be traced back to the relevant research of service economics in the 19th century. Some scholars put forward the theory that value creation is jointly affected by producers and customers (Storch, 1823). After the 1960s, the proposition and development of the "consumer production theory" more affirmed the value creation role of consumers. In the 21st century, the rapid development of digital technology has driven the development of people's social field, spawned a research boom of modern value co creation theory, and formed two schools. First, Prahalad and other value co creation concepts based on customer led logic believe that the realization of value co creation depends on the interaction between customers and enterprises to achieve better customer stickiness and customer satisfaction. Second, Vargo and other value co creation ideas based on the service leading logic highlighted the pivotal position of use value, which is generated from the interaction between customers and enterprises when using products and receiving services. Customer oriented logic and service-oriented logic have laid the foundation for the research of modern value co creation theory, especially service-oriented logic. In the digital economy era, the types and relationships of value co creation participants are increasingly rich and complex, and scholars pay more attention to it. The value co creation theory is also constantly deepened and developed under the service-oriented logic, and gradually changes to the research paradigm under the ecosystem scenario. According to the different research objects and logical basis of value co creation, the research on value co creation can be divided into two research threads: dual value co creation based on customer experience and multi value co creation based on service leading logic.

### 2. Research on Dual Value Co-creation based on Customer Experience

The early research on value co creation focused on the dual perspective of "enterprise customer", took customers as the key variables of co creation, and analyzed the influencing factors, process and effects of customer participation in value co creation.

## 2.1. Influencing Factors of Customer Participation in Value Creation

Scholars mainly refined the key factors affecting the value co creation of customer participation from the aspects of customer psychological perception and behavioral motivation, and mostly used structural equation model to conduct empirical analysis on the influence relationship and effect among various factors. In terms of customers' psychological perception, Sun Yongbo et al. (2020) pointed out that customers' psychological perception of social business platforms has a positive impact on their value co creation behavior; Nadeem et al; Al Kumaim et al. (2021) studied 308 respondents from five research universities in Malaysia, and found that perceived benefits and other factors have a significant impact on customers' willingness to participate in value co creation. In terms of customer behavior motivation, Yi&Gong (2013) pioneered the two dimensions of customer value co creation: participation and citizens, and analyzed the antecedents and consequences of the two behaviors; Tang Fangcheng (2018) and Chen Kunliang (2020) further analyzed the impact of customer participation motivation and citizen behavior motivation on customer value co creation participation willingness in the virtual brand community; Tajvidi et al. (2021) Taking the brand website of a social networking website in China as the research object, through empirical research, it is found that "consumer consumer" interaction and "consumer enterprise" interaction positively affect social support, thereby enhancing the willingness of consumers to create value together.

## 2.2. Customer Participation in the Process of Value Creation

Prahalad&Ramaswamy (2004) first proposed the DART model of value co creation management, and believed that the main process of value co creation includes four stages: dialogue, access, risk assessment and transparency. Subsequently, the scholars expanded their research scenarios and perspectives, and proposed a richer and more diversified value co creation process model. For example, Corsaro (2019) built a value co creation process model that includes four links: value exchange, value division, value measurement and value expression through the interview and survey of functional personnel from all walks of life, It also points out that value co creation management needs to consider the complex model of value process; Li Yanqin et al. (2020) took the second season of "Mysterious Travel" of Flying Pigs as the research object, and proposed a value co creation process model in five stages: enhancing perceived communication, improving perceived acquisition, improving perceived balance, increasing accumulation and conducting appropriate marketing; Xi Luyang (2020) proposed the system model of corporate brand value co creation at the strategic level, and clarified the core path of "interactive customization co construction platform co creation management" of brand value co creation; Ainhize et al. (2021) taking 984 French and Spanish tourists as research objects, this paper discusses the process of value co creation between tourism enterprises and customers, finds that the process of customer participation in value co creation includes three stages: tourism organization, information search and psychological time travel, and further discusses the contribution of knowledge behavior to these three stages through empirical research.

## 2.3. Effect of Customer Participation in Value Creation

On the one hand, scholars affirmed the positive impact of customer participation in value co creation on customer satisfaction, customer loyalty and enterprise performance. For example, Luo et al; Riana et al. (2019) found that value co creation has a positive role in promoting customer satisfaction, business performance, brand influence, etc; When Kurnia and Rizal et al. (2019) explored the effect of customer participation in value co creation by using independent hypothesis testing, they concluded that value co creation has significant direct or indirect effects on improving customer satisfaction, business performance, brand influence and other aspects; Liu Xiaoyu (2020) took the platform cross-border e-commerce enterprises as the research object, and found that there was a significant positive relationship between value co

creation and innovation of overseas social commerce platform enterprises; Shulga&Busser (2020) research shows that customers can improve their perception of welfare, satisfaction and their own advantages by participating in value co creation; On the other hand, some scholars pointed out that the non real name, poor control, uncontrollability and other characteristics of the Internet make it possible for customers to participate in value co creation. For example, Hauser et al. (2017), based on online community conflict simulation analysis, found that the interaction of online social platforms may bring bad evaluation and contradictory social conflicts to enterprises; Pan Jiaxin (2020) found that the excessive intervention of enterprises in the virtual brand community will lead to the damage of customers' motivation to participate in value co creation, leading to the loss of a large number of customers; Fang et al; Tian et al. (2021) took 473 small and medium-sized enterprises of AGI as research objects, and used structural equation model to explore the relationship between value co creation and enterprise performance. The results showed that the value co creation behavior of enterprises was negatively related to innovation capability.

### **3. Research on Multi value Co-creation based on Service Logic**

With the rapid development of digital economy, the participants of value co creation have become more complex and diverse, different subjects such as suppliers, partners, competitors and customers all participate in the dynamic process of value co creation (Pinho et al, For example, Zhou Wenhui et al. (2019) analyzed the interactive relationship and mechanism between various subjects of value co creation in the incubator context by using the grounded theory method; Di Rong et al. (2020) explored the value co creation mechanism of service-oriented enterprises in the context of "Internet plus" with knowledge integration as the intermediary variable, and found that knowledge integration plays an intermediary role between value consensus and value win-win; Li Yanping and Li Yang (2020), based on the perspective of dynamic capability, analyzed the impact of value co creation initiating capability, value co creation operating capability and value co creation realization capability on the final value co creation in the context of maker space. With the rise of innovation ecosystem research paradigm, exploring the multi value co creation mechanism in the context of innovation ecosystem has become the hotspot and frontier of value co creation theory research, but a relatively mature research paradigm has not been formed. For example, Barbara et al, By designing the investment process, allocating resources and digital platforms, we can achieve value co creation among multiple entities; Zhou Qing et al. (2020) proposed three value co creation models of innovation ecosystems: platform guidance, population promotion and mutual cooperation.

### **4. Conclusion and Prospect**

On the basis of combing the traceability and development context of value co creation, this paper launches the evolution of value co creation theory, and makes a comparative analysis of two important sub statements of value co creation theory - the value co creation theory based on consumer experience proposed by Prahalad and Ramaswamy from the perspective of organizational strategic management and competition and cooperation, and the value co creation theory based on service leading logic proposed by Vargo and Lusch, It shows the evolution and development of value co creation from different research perspectives, and also points out a good direction for future research. In addition, previous scholars only put the value co creation theory at the non-core position of the enterprise, and did not realize its important role. They focused more on the impact of value co creation on the innovation performance of the enterprise, and did not have a systematic thinking on how to build a systematic value co

creation system, which is exactly where the development of value co creation theory requires great attention.

Based on the above analysis, this paper believes that the value co creation theory still has the following research topics worthy of further exploration:

(1) The value co creation is not only integrated in the dual value co creation relationship, but also converges in the complex innovation ecosystem where multiple subjects coexist. In the future, other stakeholders, such as scientific research institutions, platform enterprises, universities, industrial clusters, can be included in the value co creation model from the perspective of the innovation ecosystem;

(2) Secondly, the existing research emphasizes the leading role of customers in the process of value co creation, which ignores and restricts the role of enterprises as advocates in value co creation. Future research should focus on positioning the role of enterprises in value co creation, and explore more appropriate roles and relationships on the basis of recognizing the coexistence of the two;

(3) In addition, any service will have the possibility and risk of failure, and value co creation is no exception. Future research should focus on exploring the risk of value co creation, and timely make positive feedback on the corresponding dissatisfaction of customers, so as to minimize the risk and loss of the enterprise and achieve the most ideal innovation effect;

(4) Finally, the research on value co creation has begun to take shape, and shows a research trend from "dual value co creation" to "multi value co creation", but the theoretical system of research on multi value co creation in the context of innovation ecosystem has not been deeply constructed.

The existing value co creation research mainly focuses on the "enterprise customer" dual value co creation under the "customer leading logic". Although it has shown the trend of changing to the research paradigm of innovation ecosystem that reflects the multi agent network collaboration and interaction under the "service leading logic", the stage and level are still relatively low. The relevant research is in a fragmented and non-systematic state, and has not yet formed a complete theoretical system. As the research paradigm of value co innovation, innovation ecosystem is also the core activity of innovation ecosystem operation and the underlying logic of evolution. The lack of research on multi value co creation in the context of innovation ecosystem inevitably affects the further extension of the theoretical connotation of value co creation and the disclosure of the "black box" of innovation ecosystem evolution mechanism.

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