

# A Conceptual Model for Developing Customer Value Co-Creation Behaviour in Retailing

Amjad Shamim<sup>1</sup> and Zulkipli Ghazali<sup>2</sup>  
Department of Management & Humanities,  
Universiti Teknologi PETRONAS,

Bandar Seri Iskandar, 31750 Tronoh, Perak, Malaysia

*\*Corresponding author Email: amjadshamim@gmail.com*

## Abstract

**Purpose:** This study proposed a conceptual model for developing customer value co-creation behaviour in Retailing. The model is proposed based on in-depth analysis of value co-creation from experiential value and social influence perspective.

**Design/methodology/approach:** Extensive review of literature on three different domains namely value co-creation, experiential value, and social influence was carried out to propose the conceptual model. Books and research articles on retailing were also consulted to see the emerging trends in global retail settings.

**Findings:** Drawing from experiential value theory and theory of social influence, a conceptual model was proposed that highlights the factors that can play important roles in developing customer value co-creation behaviour. It is argued that customer return on investment, service excellence, aesthetic value and playfulness are few of the important factors in retailing which can significantly develop customers' participation and citizenship behaviour towards value co-creation. It has also been proposed that social influence in the form of compliance, internalization and identification can significant play moderating roles in further shaping customer value co-creation behaviour.

**Research limitations/implications:** This study is conceptual in nature. Proposed propositions need to be verified empirically.

**Originality/value:** This study is first of its kind to observe customer value co-creation behaviour from two lens namely experiential value and social influences simultaneously. The idea will significantly add value in value co-creation, experiential value and retailing literature.

**Keywords:** Service-Dominant logic, value co-creation, experiential value, social influence, Retailing, Malaysia

**Paper Type:** Conceptual paper

## 1. Introduction

Value co-creation concept has recently received broad research interest because of its strategic applicability both in theory and practice (Ehrenthal, Stölzle, & Rudolph, 2012). It refers to the joint creation of value during the interaction process between the firm and the customers (Gronroos, 2000; Vargo & Lusch, 2004). It is a co-creational activity performed by the actors and the recipients in mutual integrated networks by the means of operant resources for mutual benefits (Ehrenthal et al., 2012; Grönroos, 2011; Vargo & Lusch, 2004). Contrary to traditional marketing practices, value co-creation primarily considers customer as an active player and part of the firm during the interaction process to equally co-produce and co-create value (Gronroos, 2000; Prahalad & Ramaswamy, 2000). The concept remains an attractive area of interest among marketing scholars following the evolution of Service-Dominant Logic which primarily focused on the value co-creation and the role of customers in co-creating value (Vargo & Lusch, 2004). S-D Logic proponents customer as always co-creator of value (Vargo & Lusch, 2008b). Thence, many scholars have explored value co-creation and the role of customers through various theoretical frameworks. Among others, a process-based conceptual framework of managing value co-creation was proposed by presenting two-way process of value co-creation with relationship experiences in customer processes on one side, and co-creation and relationship experience design practiced by the supplier on the other side (Payne, Storbacka, & Frow, 2008). The framework highlighted that customers are the co-creators of value, marketing is a source of building relationships, knowledge is an important stream of gaining competitive advantage and the emphasis on

operant resources is a key unit of exchange in the business process. Xie, Bagozzi, and Troye (2008) discussed the process of customers' participation in value creation by using 'prosumption' as a trying process in value creation. Similarly, Zhang and Chen (2008) developed a theoretical model for examining the mechanism of value co-creation with the customers and found that customers' key co-creation activities results in customerization and enhance service capabilities. Another framework developed by Nambisan and Baron (2009) debated on value co-creation in virtual customer environment by investigating customer interaction characteristics and perceived customers benefits in value co-creation. They argued that customer participation in product support activities are enhanced by customers' beliefs of getting benefits in engaging value co-creation activities. Numerous other theoretical and conceptual models have discussed value co-creation from different perspectives in different industries. Nonetheless, it has been observed that most of these models are generic in nature discussing broader perspective on value co-creation, primarily debating on central issues of value co-creation between customer and service provider, looking at the processes and the outcomes of value co-creation. Interestingly, no such model is found discussing the factors that can develop customer behaviour towards value co-creation. As Xie et al. (2008) and Yi and Gong (2013) stated that customers are active player in value co-creation, therefore, it is imperative for the firms to focus on customers' behaviour in this regard. Hence further studies are required to identify the important factors behind the development of customers' behaviour towards value co-creation. To overcome this knowledge gap, this study proposed a conceptual model by highlighting experiential value and social influence as important factors in developing customer value co-creation behaviour.

## 2. Literature Review

### Emergence in Marketing

The principles and theories of the marketing science were largely rooted from economics, philosophy, psychology and sociology. Though, some literature indicates its birth in early of 20<sup>th</sup> century, but its history congregates back to Adam Smith's concepts of the wealth of nation and division of labor in 1776. According to Adam Smith, labor of every nation is considered as "*fund which originally supplies it (the nation) with all the necessaries and conveniences of life which it (nation) annually consumes, and which consist always either in the immediate produce of that labor, or in what is purchased with that produce from other nations*" ((Smith, 1937) cited in (Vargo & Morgan, 2005)). A close lens (Vargo & Morgan, 2005) realized that Adam Smith emphasized on the importance of services (types of labor) that contributes to the national well-being through the production of surplus of commodities that can be exchanged for trade. Services are those activities that are consumed at the time of consumption itself" ((Say & Biddle, 1851) cite in (Vargo & Morgan, 2005)). Similarly, "value of production is not in the objects themselves, but in their utility" (Mill, 1929 cited in (Vargo & Morgan, 2005)) argued as. Therefore, labor is "not creative of objects, but of utilities". In this way, Smith's value and exchange concept has divided into two paradoxes; 'value as object' (Smith, 1937) and 'value as usefulness' (Say, 1821 and Mill. 1929 cited in (Vargo & Morgan, 2005)). The first paradox, 'value as object' means that value is associated with the wealth of nations which can be generated by producing valuable goods (value-in-transaction). This type of value can be observed in finance, accounting and economics, and can be recorded in balance sheet (Pongsakornrungrungsilp, Schroeder, & Stringfellow, 2010). For instance, company value, stock value, profit value and so forth. Whereas 'value as usefulness' indicate that value is associated with usefulness or utility of goods (value-in-use) which is the functional and symbolic value of goods and services (Pongsakornrungrungsilp et al., 2010). By observing these fragmented thoughts on value, marketing scholars in the late decades of the 20th century observed a paradigm shift in the marketing discipline and the way value is created. Henceforth, more advanced concepts in the discipline were introduced. However, the concept of value remains an integral part even though there were variegated opinions about value-in-exchange and value-in-use. Based on the Adam Smith's thought of exchange on goods and thereafter a diverging thought by other scholars in the form of value-in-use concept; Vargo and Lusch (Vargo & Lusch, 2004) came up with an embryonic thought that marketing is being shifted from goods-dominant logic to the service-dominant logic. This study described previous era based on Adam Smith's Philosophy as Goods-Dominant era while the present and future era as Service-Dominant marketing era.

This new logic is primarily based on the value-in-use concept where exchange means the exchange of competence (knowledge and skills) of the human and is the actual thing in the exchange process; goods are only the means of interactions. This S-D logic has been built on eight foundational premises (FPs) initially which later upgraded to ten foundational premises (FPs) in 2008. The proposed Foundational Premises corresponds to the development of a collaborative effort to build a better marketing-grounded understanding of value and exchange (Payne et al., 2008). The logic has described value as a co-creation activity between customer and the firm, and customers as partial

employees and always value co-creators. FP6 specifically correspondence to value co-creation that “the customer is always a co- creator of value” and is one of the most debated concept due to its strategic applicability both in theory and practice (Ehrenthal et al., 2012).

#### ***What is value co-creation?***

Historically, the concept of value co-creation was coined by Parahald and Ramaswamy (Prahalad & Ramaswamy, 2004; Prahalad & Ramaswamy, 2000) in discerning emerging trends in the business environments beginning from provision to succeeding trends of customization, personalization, and recently to co-creation. The authors argued that the customers of the earlier days were passive audience who wanted to get value integrated in the products and services for their benefits but now they are active players and equally co-produce and co-create value with the firm. Subsequently, the seminal work of Vargo and Lusch (Vargo & Lusch, 2004, 2008a) has emphasized on value co-creation in S-D logic framework as a mutual process in which customers and firms are equally involved in value creation (Vargo & Lusch, 2004). They stated that value is equally and mutually created by the customers and the firm during the interaction processes. One party alone can't create value for the other. Value is co-created by both parties. In this regard, an earlier view of Gummesson (Gummesson, 1998) says “value creation is only possible when a good or service is consumed. As such, unsold good has no value, and a service provider without customers cannot produce value”. Similarly, Vargo and Lusch stated “*Value is always uniquely and phenomenologically determined by the beneficiary. It is always intangible, heterogeneously experienced, co-created, and potentially perishable*”(Vargo & Lusch, 2008c) and “*customer is always a co-creator of value*”(Vargo & Lusch, 2008b).

By extending the similar thought, Xie et al. argued that customers are the active player in value creation therefore it is necessary for the firms to focus on customer behaviour (Xie et al., 2008). Thence, Yi and Gong developed a two-dimensional construct of ‘customer value co-creation behaviour’ namely customer participation behaviour and customer citizenship behaviour (Yi, Gong, & Lee, 2013). According to Yi and Gong *Customer Participation Behaviour* is in-role customer’s behaviour essential for value co-creation. It is categorized with four sub-dimensions which include information seeking, information sharing, responsible behaviour, and personal interaction. Whereas *Customer Citizenship Behaviour* is an extra-role customer’s behaviour which is not really required for value co-creation but if performed, it will give supplementary value to the firm (Bove, Pervan, Beatty, & Shiu, 2009; Yi et al., 2013). This behaviour can give an additional advantage to the firms for further value co-creation with other customers, and is useful in devising further value co-creation strategies. Similarly, it has four sub-dimensions namely feedback, advocacy, helping, and tolerance.

#### ***Emergence in Retailing***

Modern retailing is not confined to financial, economic, commercial, or marketing advantages but it has emerged as a setting for social interactions, discoveries, experiences, entertainment, and joys (Amine & Lazzaoui, 2011; Filser, 2001). It has changed the concern from “how you shop” to “where you shop” (Elms, Canning, De Kervenoael, Whysall, & Hallsworth, 2010). Retailing has been upgraded from traditional buy and sells to cash and carry stores, warehouse clubs, convenience stores, forecourt stores, discount stores, superstores, supermarket, and hypermarket (Ahlert, Blut, & Evanschitzky, 2006). Current retailing strategies are formulated to meet utilitarian and hedonic needs of the customers (Amine & Lazzaoui, 2011; Holbrook & Hirschman, 1982).

There is plethora of reasons that contributed to the changing retailing trends around the globe. In the United States, by and large, the changing trends were influenced by size and importance of the customers of two age cohorts - baby boomers and generation Y, growing ethnic diversity and increasing sophistication of shoppers (Weitz & Whitfield, 2010). In East Asian countries, the growing population, excellent economic growth and less intense competition have boosted the local retailers and emergence of international retailers in the sector as a whole (Cao & Pederzoli, 2013; Larke, 2006). The emergence in retailing in the European markets is mainly due to fast growth of large firms, more strategic approach to managerial decision making, complex organizational structures, and more retailer coordinated value chains, as well as the changes in the consumer cultures and consumption patterns (Dawson, 2006). These changes in consumer cultures have led the retailers revising their strategies by providing experiential appeals in their settings that entertain the customers during their shopping trips as observed in the hypermarkets, supermarkets and other stores. The aesthetics, environment, mood of service employees at counters, music, lighting, appealing colors and other attractions impact the customers’ senses, feelings and emotions towards retailers. These types of formats and new formulae help the retailers to enter into relationships with customers, suppliers and

manufacturers. The common feature in these new formats and formulae is the “experience aspects” in which customers go beyond the shopping to involve with the retailers and remain the part of the formula (Dawson, 2006). The retailers’ formula generates an experience for the customers that directly involve them to co-create unique experiences (Prahalad & Ramaswamy, 2000). They became more personalize to the retailers and try to get memorable experiences by interacting more with the retailers. This kind of customers’ personalization and interacting activities result in co-creation of value between customer and retailers (Dawson, 2006) in Figure 1. In modern retailing system, customer is not merely visitors and shoppers but also value co-creators. Traditional ‘give and take’ retailing is concept of the past and it is vital for retailers to focus on strategies that involve customers in the retailing equation.

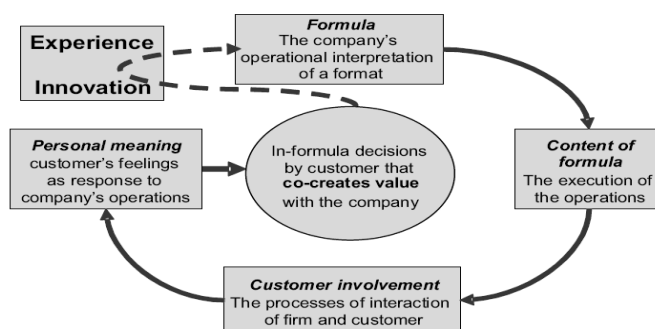


Figure 1: Value Co-creation with formula development (Dawson, 2010; Parahald and Ramaswamy, 2003)

### ***Experiential value and value co-creation***

The importance of experiential concern in value co-creation has been discussed in various studies. An earlier paper states “we need to understand that when an experience environment is sufficiently compelling; consumer communities can evolve beyond the firm’s control and potentially without the firm’s knowledge. Suddenly, whole communities of individuals can directly co-create value”(Prahalad & Ramaswamy, 2004). The authors further explained that co-creation is about creating an experience environment in which both the service providers and the customers can be involved in dialogue to co-create experiences. Therefore, a comfortable interface that motivates customers to be involved in value co-creation activities is essential (Prahalad & Ramaswamy, 2004). Another view stated “value is experientially and contextually perceived and determined by the customer” (Grönroos, 2012). And, another view in this regard stated that “there is the need to shed some light on how the right environment and setting for the desired customer experience should be created in such a way as to contribute to the value creation for customers and the company itself” (Gentile, Spiller, & Noci, 2007).

Similarly, this study used experiential value as a driver in engaging customers in value co-creation. The aim of experiential value is to focus on customers’ perceptions about an environment, product or service based on their interactions either direct usage or indirect observations (Mathwick, Malhotra, & Rigdon, 2001). These interactions provide them with relativistic preferences based on their involvement with the service encounters (Holbrook & Corfman, 1985). As a result, the customers enjoy extrinsic and intrinsic benefits (Mathwick et al., 2001). In retail environment, extrinsic benefits are obtained from shopping trips that are utilitarian in nature while intrinsic benefits are obtained as an appreciation of experience which are hedonic in nature (Holbrook, 1994). Based on the earlier thoughts on utilitarian and hedonic values, four dimensions of experiential value were proposed namely consumer return on investment (extrinsic/ active), service excellence (extrinsic/ reactive), aesthetics (intrinsic/ reactive), and playfulness (intrinsic/ reactive) (Mathwick et al., 2001).

*Consumer Return on Investment (CROI)* - It encompasses the consumers’ active investment of financial, behavioural, emotional, time and psychological resources that lead to return on investment (Mathwick et al., 2001). Customers perceive CROI in terms of economic gains, convenience shopping, availability of the goods, excitement gained at the time of service consumption, and psychological satisfaction. Earlier studies have shown that due to the preference for one-stop shopping, retailing businesses have extended their facilities to include cinemas, restaurants, children play ground, banks and other conveniences for the customers (Kimberly, 2003). These moves have generated not only financial value but also time value, energy value and experience value worthy of the customer investment that consequently enhance their behavioural intentions towards retail stores (Keng, Huang, Zheng, &

Hsu, 2007). Based on significance of CROI in retailing and behavioural intentions, it is predicted that if customers get good return on investment, they would be more willing to participate in value co-creation behaviour. Since customer value co-creation behaviour has been operationalized as customer participation behaviour and customer citizenship behaviour, therefore, following propositions are proposed:

*Proposition 1a: Higher Consumer return on investment will significantly develop customers' participation behaviour in value co-creation.*

*Proposition 1b: Higher Consumer return on investment will significantly develop customers' citizenship behaviour in value co-creation.*

*Service Excellence* – Service excellence is reflected in terms of superior service providers' commitments, service efficiency, employees' greetings, employees' attitude and behaviour, and smooth shopping environment (Yuan & Wu, 2008). Earlier studies have found significant impact of service excellence on behavioural intentions. Keng and colleagues indicated that service excellence in terms of high-service quality generate favorable behavioural intentions while low-service quality generates unfavorable behavioural intentions (Keng et al., 2007). By considering this, we predict that service excellence in the retail environment will generate favorable customers' value co-creation behaviour. Hence, following propositions are presented:

*Proposition 2a: Higher level of service excellence will significantly develop customers' participation behaviour in value co-creation.*

*Proposition 2b: Higher level of service excellence will significantly develop customers' citizenship behaviour in value co-creation.*

*Aesthetics Value* – In retail environment, aesthetics are mainly reflected through visual elements of the retail environment and entertaining aspects of the service performance (Mathwick et al., 2001). Visual appeal refers to the design, physical attractiveness and beauty of the environment (Holbrook, 1994). Consumers perceive shopping experience as an activity of entertainment more than the purchase opportunity (Mathwick et al., 2001). Earlier studies highlighted aesthetic retail environment as an important factor in engaging customers in shopping activities (Harris, Harris, & Baron, 2001), has positive impact on retail preferences (Mathwick et al., 2001) and significant predictors of customers' behavioural intentions (Keng et al., 2007). As such, we propose that aesthetic value in retail environment will significantly develop customers' behaviour towards value co-creation. Hence the following propositions are presented:

*Proposition 3a: Stronger aesthetic values will significantly develop customers' participation behaviour in value co-creation.*

*Proposition 3b: Stronger aesthetic values will significantly customers' citizenship behaviour in value co-creation.*

*Playfulness* – It is the feeling of attraction and engagement in the activities (Yuan and Wu, 2008) and intrinsic enjoyment that usually comes from engaging activities that attracts customers at consumption places (Mathwick et al., 2001). Appealing retail environment engages customers to interact with the environment, spend more time, and feel excitement rather than just shopping and parting. Finn and colleagues stated that variety of patronage activities motivate customers to spend more time in shopping centers (Finn, McQuitty, & Rigby, 1994). Customers who like recreational activities visit shopping centers more frequently than those who shop only for utilitarian values (Roy, 1994). The pleasure customers experienced due to the pleasant retail environments motivate them to spend extra time in the retail stores, spending more money (Donovan, Rossiter, Marcoolyn, & Nesdale, 1994) and have stronger behavioural intentions towards shopping (Keng et al., 2007). With that in view, retailers need to offer value propositions in a way that enable to create occasions of experiential interaction (both rational and emotional) with the customers through which they can mutually create value (MONTAGNINI & SEBASTIANI, 2009). Based on these thoughts, we propose that playfulness can be a strong driver of developing customers' behaviour towards value co-creation.

*Proposition 4a: Playfulness will significantly develop customers' participation behaviour in value co-creation.*

*Proposition 4b: Playfulness will significantly develop customers' citizenship behaviour in value co-creation.*

***Social Influence***

Social influence is a significant driver of attitude change (Kelman, 1958). Three different kinds of social influence include compliance, identification and internalization. Compliance occurs “when an individual accepts influence from others because he wants to obtain a reward or punishment. He accepts induced behaviour not because he believes it is beneficial but because it produces desirable consequences like rewards, gains and avoids punishment or disapproval. Thus the satisfaction derived from compliance is due to social effect of accepting influence” (Goodwin, 1987; Kelman, 1961). Internalization occurs “when an individual accept influence because the content of the induced behaviour is intrinsically rewarding. He adopts induced behaviour because it is congruent with his value systems. He may consider it a solution of problem or find it congenial to his needs. Thus satisfaction derived from internalization is due to the content of new behaviour” (Kelman, 1961). Identification occurs “when an individual accepts influence because he wants to establish or maintain a satisfying self-defining relationship with another person or a group. Attitudes and behaviour adopted through the identification process will be expressed only when the role relationship and the expectations of alter (McCall & Simmons, 1978) becomes salient and attractive” (Goodwin, 1987; Kelman, 1961).

Earlier studies have discussed these social influence factors in customers’ participation in virtual communities (Bagozzi & Dholakia, 2002) and the findings indicated that identification and internalization are significant predictors of customer participation in virtual communities whereas compliance is an insignificant predictor. Similarly, Dholakia and colleagues identified social identity and group norms as mediators between value perceptions and participation behaviour in virtual communities (Dholakia, Bagozzi, & Pearo, 2004). Findings of another study noted that under the feeling of compliance, social influences have negative impact on user’s attitude towards the use of a new system (Malhotra & Galletta, 1999). On the contrary, the feelings of identification and internalization have significant positive impact on user’s attitude towards the use of new information system. Similarly, Povey and colleagues identified social influence as a moderating function between perceived behavioural control, attitude and intentions (Povey, Conner, Sparks, James, & Shepherd, 2000). Recently, Yi and colleagues identified social identity (identification) as a moderating factor in the relationships of ‘other customer citizenship behaviour’ and ‘customer citizenship behaviour’ (Yi et al., 2013). Hence it can be wisely mentioned that social influence has been well debated and investigated concept in consumer behaviour studies. But interestingly, the dimensions of social influence such as compliance, internalization and identification were narrowly discussed in value co-creation. We believe that the three factors are significant in motivating customers to involve in value co-creation activities. This is because customers’ intentions are shaped by external factors. They eventually want some reward out of the shopping trips like excitement, need satisfaction, memorable experiences, or even some tangible objects like discount in price, free gifts and so on. Alternatively, they want to avoid any kind of unpleasant encounters during their shopping trips. Hence, compliance as a social affect can shape customers’ behaviour to involve in value co-creation. In the similar vein, customers will involve in value co-creation when customers’ induced behaviour is consistent with their value systems and intrinsically rewarding. Therefore, internalization can be a substantial component in shaping customers’ behaviour towards value co-creation. As such, identification (social identity) can be significant moderator of engaging customers in value co-creation. Hence the following propositions are proposed:

Table 1: Compliance as a moderating function in customer value co-creation behaviour

Sr. No.	Propositions
P(5a)	The relationship between customer return on investment and customer participation behaviour in value co-creation behaviour is moderated by compliance in such a way that the higher the compliance, the stronger the relationship.
P(5b)	The relationship between customer service excellence and customer participation behaviour in value co-creation behaviour is moderated by compliance in such a way that the higher the compliance, the stronger the relationship.
P(5c)	The relationship between aesthetic value and customer participation behaviour in value co-creation behaviour is moderated by compliance in such a way that the higher the compliance, the stronger the relationship.
P(5d)	The relationship between playfulness and customer participation behaviour in value co-creation behaviour is moderated by compliance in such a way that the higher the compliance, the stronger the relationship.
P(6a)	The relationship between customer return on investment and customer citizenship behaviour in value co-creation behaviour is moderated by compliance in such a way that the higher the compliance, the stronger the relationship.
P(6b)	The relationship between customer service excellence and customer citizenship behaviour in value co-creation behaviour is moderated by compliance in such a way that the higher the compliance, the stronger the relationship.
P(6c)	The relationship between aesthetic value and customer citizenship behaviour in value co-creation behaviour is moderated by compliance in such a way that the higher the compliance, the stronger the relationship.
P(6d)	The relationship between playfulness and customer citizenship behaviour in value co-creation behaviour is moderated by compliance in such a way that the higher the compliance, the stronger the relationship.

Table 2: Internalization as a moderating function in customer value co-creation behaviour

Sr. No.	Propositions
P(7a)	The relationship between customer return on investment and customer participation behaviour in value co-creation behaviour is moderated by internalization in such a way that the higher the internalization, the stronger the relationship.
P(7b)	The relationship between customer service excellence and customer participation behaviour in value co-creation behaviour is moderated by internalization in such a way that the higher the internalization, the stronger the relationship.
P(7c)	The relationship between aesthetic value and customer participation behaviour in value co-creation behaviour is moderated by internalization in such a way that the higher the internalization, the stronger the relationship.
P(7d)	The relationship between playfulness and customer participation behaviour in value co-creation behaviour is moderated by internalization in such a way that the higher the internalization, the stronger the relationship.
P(8a)	The relationship between customer return on investment and customer citizenship behaviour in value co-creation behaviour is moderated by internalization in such a way that the higher the internalization, the stronger the relationship.
P(8b)	The relationship between customer service excellence and customer citizenship behaviour in value co-creation behaviour is moderated by internalization in such a way that the higher the internalization, the stronger the relationship.
P(8c)	The relationship between aesthetic value and customer citizenship behaviour in value co-creation behaviour is moderated by internalization in such a way that the higher the internalization, the stronger the relationship.
P(8d)	The relationship between playfulness and customer citizenship behaviour in value co-creation behaviour is moderated by internalization in such a way that the higher the internalization, the stronger the relationship.

Table 3: Identification as a moderating function in customer value co-creation behaviour

Sr. No.	Propositions
P(9a)	The relationship between customer return on investment and customer participation behaviour in value co-creation behaviour is moderated by identification in such a way that the higher the identification, the stronger the relationship.
P(9b)	The relationship between customer service excellence and customer participation behaviour in value co-creation behaviour is moderated by identification in such a way that the higher the identification, the stronger the relationship.
P(9c)	The relationship between aesthetic value and customer participation behaviour in value co-creation behaviour is moderated by identification in such a way that the higher the identification, the stronger the relationship.
P(9d)	The relationship between playfulness and customer participation behaviour in value co-creation behaviour is moderated by identification in such a way that the higher the identification, the stronger the relationship.
P(10a)	The relationship between customer return on investment and customer citizenship behaviour in value co-creation behaviour is moderated by identification in such a way that the higher the identification, the stronger the relationship.
P(10b)	The relationship between customer service excellence and customer citizenship behaviour in value co-creation behaviour is moderated by identification in such a way that the higher the identification, the stronger the relationship.
P(10c)	The relationship between aesthetic value and customer citizenship behaviour in value co-creation behaviour is moderated by identification in such a way that the higher the identification, the stronger the relationship.
P(10d)	The relationship between playfulness and customer citizenship behaviour in value co-creation behaviour is moderated by identification in such a way that the higher the identification, the stronger the relationship.

**Conceptual Model**

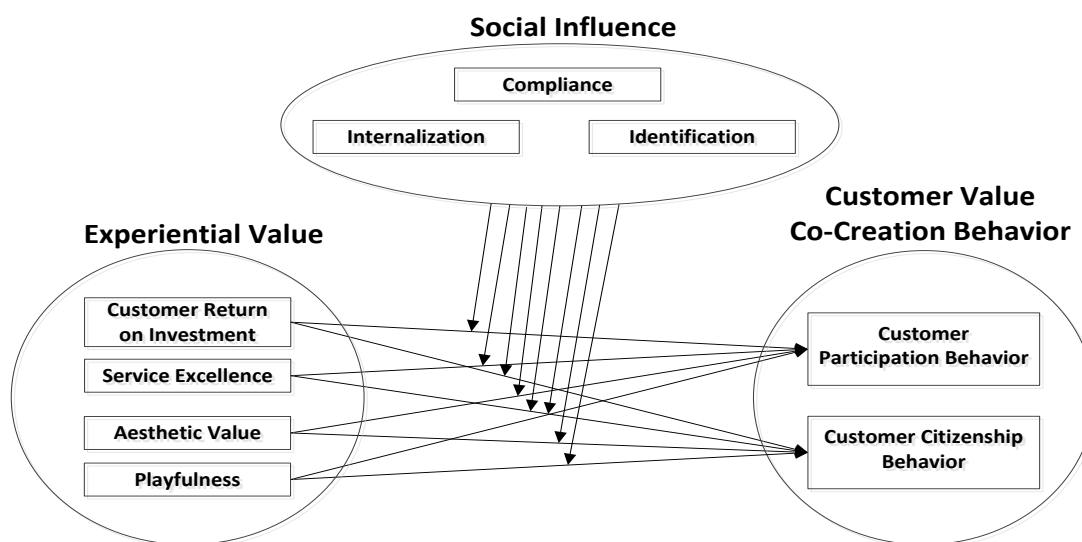


Figure 2: A model for developing customer value co-creation behaviour



### Discussion

The area of value co-creation is still in its nascent stage of development in terms of rigor and relevance. It remains one of the hottest topics of discussion in service marketing literature during the recent decade. Researchers have discussed various perspectives on value co-creation including the role of firms and customers in shaping co-creation environment, the value co-creation experiences, eco-systems of value co-creation, value co-creation from social perspective and so forth. The most important debate persisted to elucidate the role of customer in value co-creation. Broadly, the understanding of the role of customer falls into two schools of thought. One believe that customer is always co-creator of value (Vargo & Lusch, 2008b). While other negate this understanding and posit that customer is not *always* value co-creator, rather, customer is always value creator (Grönroos, 2011). For co-creation, customer and the firm need to interact in a joint sphere and involve in dialogue. If there is no interaction and dialogue, co-creation is not possible (Grönroos, 2011). When it comes to other theoretical and empirical development, various other framework and thoughts have been observed debating the central concerns in value co-creation practice. Taking the note of divergent thoughts, this study debated on the ways through which customer role in value co-creation in the form of their behavioural development can be further strengthen. Two broad perspectives were analyzed and integrated with value co-creation, that is, experiential value and social influence.

The analytical reason for proposing experiential value as a factor behind customer value co-creation behaviour is based on the findings of earlier researches which proved that experiential value is significant predictor of customer behavioural intentions towards shopping (Keng et al., 2007) and online retailing (Shobeiri, 2011). Since behaviour towards shopping and online retailing is an action oriented phenomenon similar to value co-creation, therefore, it is predicted that experiential value can also be a significant predictor of customer behaviour towards value co-creation. By taking the four dimensions of experiential value developed by Mathwick et al. (2001) namely customer return on investment, service excellence, aesthetic value and playfulness, this study proposed eight propositions saying that these four dimensions can significantly predict customer participation and citizenship behaviour towards value co-creation. The model is proposed for retailing because it is observed that the retailing concept is changing globally where main emphasis is being given to the experiential environment with full of utilitarian and hedonic features. Customers in this new retail environment would like to spend more time in the shopping malls, interact with the environment, and make the shopping trip memorable by creating unique experiences. As it is general phenomenon that every customer want to get intrinsic and extrinsic satisfaction. The retail environment full with experiential value is the best giving them opportunity to explore the shopping mall in a more comfortable situation. As a result, they are more eager to show both active and reactive responses in the form of their interaction with the environment, its resources and the service employees. These interactions led them to involve in dialogue for information seeking, information sharing and co-creating value. Once they get higher value out of their interaction, they would also like to start sharing feedback with other customers, act as a citizenship agent for the retailer and facilitate other customers in getting more value.

Besides, these significant relationships of experiential value and customer value co-creation behaviour is proposed to be positively moderated by social influence. Analytical reasoning behind this prediction is the earlier investigations in which social influence is proved as a strong predictor behind many action oriented phenomenon like customer engagement in feedback sharing (Stibe, Oinas-Kukkonen, & Lehto, 2013), customers intentions towards recycling (White, Smith, Terry, Greenslade, & McKimmie, 2009), customers participation in virtual communities (Dholakia et al., 2004), customers patronage intentions (Evans, Christiansen, & Gill, 1996), customer buying behaviour (Burnkrant & Cousineau, 1975), and so forth. Studies also proved that social influence plays a moderating role in perceived behavioural control, attitude and intentions (Povey et al., 2000), and customer citizenship behaviour (Yi et al., 2013). However, much of these studies discussed role of social influence on individual level outcomes while the role of social influence in value co-creation is rather rare. Exception is the study by Edvardsson, Tronvoll, and Gruber (2011) who examined value co-creation from social lens. The study proposed social structures and social systems as mechanism of service exchange and value co-creation. Some scholars have shifted the focus of their studies from service-dominant logic to social-dominant logic in examining the social influences on the exchange of services and value co-creation. In line with these findings, this study proposed twenty four propositions that shows social influence as a moderating function in the relationships of experiential value and customer value co-creation behaviour. Theoretical underpinning behind these propositions is the theory of social influence (Kelman, 1958) which indicates that social influence has three dimensions namely compliance, internalization and identification. It is argued that high level of compliance would give more intrinsic and extrinsic

value to the customers. As a result they will show positive participation and citizenship behaviour towards value co-creation. Similarly, higher level of internalization would strengthen intrinsic and extrinsic value and motivates customers towards value co-creation practice. And finally, it is argued that higher level of identification will also further strengthen the relationships of experiential value and customer value co-creation behaviour.

### Conclusion and Future Research

Based on an extensive review of earlier researches in the domain of value co-creation, experiential value and social influences, a conceptual model is proposed. Drawing from the theory of experiential value and theory of social influence, thirty two propositions are proposed. This study has made two specific contributions to the body of knowledge of value co-creation. Firstly, experiential value has been introduced as a strategic tool in building customer value co-creation behaviour. It has been proposed that both intrinsic values in terms of customer return on investment and service excellence, and extrinsic values in terms of aesthetic values and playfulness would be strong determinants in developing customers' participation and citizenship behaviour towards value co-creation.

Secondly, social influence is proposed as a moderating factor in causal relationship of experiential value and customer value co-creation behaviour. As value co-creation is a social phenomenon, it is argued that compliance, internalization and identification would be strong moderators in the relationships of experiential value and customer value co-creation behaviour.

The paper has focused on the potential application of the concepts of experiential value and social influence in value co-creation practice in retailing. Future research is recommended to empirically verify the proposed model.

### References

- Ahlert, Dieter, Blut, Markus, & Evanschitzky, Heiner. (2006). Current status and future evolution of retail formats *Retailing in the 21st Century* (pp. 289-308): Springer.
- Amine, Abdelmajid, & Lazzaoui, Najoua. (2011). Shoppers' reactions to modern food retailing systems in an emerging country: the case of Morocco. *International Journal of Retail & Distribution Management*, 39(8), 562-581.
- Bagozzi, Richard P, & Dholakia, Utpal M. (2002). Intentional social action in virtual communities. *Journal of interactive marketing*, 16(2), 2-21.
- Bove, Liliana L, Pervan, Simon J, Beatty, Sharon E, & Shiu, Edward. (2009). Service worker role in encouraging customer organizational citizenship behaviours. *Journal of Business Research*, 62(7), 698-705.
- Burnkrant, Robert E, & Cousineau, Alain. (1975). Informational and normative social influence in buyer behaviour. *Journal of Consumer research*, 206-215.
- Cao, Lanlan, & Pederzoli, Daniele. (2013). International retailers' strategic responses to institutional environment of emerging market: Multiple case studies in China. *International Journal of Retail & Distribution Management*, 41(4), 289-310.
- Dawson, John. (2006). Retail trends in Europe *Retailing in the 21st Century* (pp. 41-58): Springer.
- Dholakia, Utpal M, Bagozzi, Richard P, & Pearo, Lisa Klein. (2004). A social influence model of consumer participation in network-and small-group-based virtual communities. *International journal of research in marketing*, 21(3), 241-263.
- Donovan, Robert J, Rossiter, John R, Marcoolyn, Gilian, & Nesdale, Andrew. (1994). Store atmosphere and purchasing behaviour. *Journal of retailing*, 70(3), 283-294.
- Edvardsson, Bo, Tronvoll, Bård, & Gruber, Thorsten. (2011). Expanding understanding of service exchange and value co-creation: a social construction approach. *Journal of the Academy of Marketing Science*, 39(2), 327-339.
- Ehrental, Joachim CF, Stölzle, Wolfgang, & Rudolph, Thomas. (2012). *A Service-Dominant Logic View of Retail On-Shelf Availability*.
- Elms, Jonathan, Canning, Catherine, De Kervenoael, Ronan, Whysall, Paul, & Hallsworth, Alan. (2010). 30 years of retail change: where (and how) do you shop? *International Journal of Retail & Distribution Management*, 38(11/12), 817-827.
- Evans, Kenneth R, Christiansen, Tim, & Gill, James D. (1996). The impact of social influence and role expectations on shopping center patronage intentions. *Journal of the Academy of Marketing Science*, 24(3), 208-218.
- Filser, M. (2001). Re-enchanting the shopping experience: case studies from France. *European Retail Digest*, 39-40.
- Finn, Adam, McQuitty, Shaun, & Rigby, John. (1994). Residents' acceptance and use of a mega-multi-mall: West Edmonton Mall evidence. *International Journal of Research in Marketing*, 11(2), 127-144.

- Gentile, Chiara, Spiller, Nicola, & Noci, Giuliano. (2007). How to Sustain the Customer Experience: An Overview of Experience Components that Co-create Value With the Customer. *European Management Journal*, 25(5), 395-410.
- Goodwin, Cathy. (1987). A social-influence theory of consumer cooperation. *Advances in Consumer Research*, 14(1), 378-381.
- Gronroos, Christian. (2000). Creating a relationship dialogue: communication, interaction and value. *The marketing review*, 1(1), 5-14.
- Grönroos, Christian. (2011). Value co-creation in service logic: A critical analysis. *Marketing Theory*, 11(3), 279-301.
- Grönroos, Christian. (2012). Conceptualising value co-creation: A journey to the 1970s and back to the future. *Journal of Marketing Management*, 28(13-14), 1520-1534.
- Gummesson, Evert. (1998). Implementation requires a relationship marketing paradigm. *Journal of the Academy of Marketing Science*, 26(3), 242-249.
- Harris, Kim, Harris, Richard, & Baron, Steve. (2001). Customer participation in retail service: lessons from Brecht. *International Journal of Retail & Distribution Management*, 29(8), 359-369.
- Holbrook, Morris B. (1994). The nature of customer value: an axiology of services in the consumption experience. *Service quality: New directions in theory and practice*, 21.
- Holbrook, Morris B, & Corfman, Kim P. (1985). Quality and value in the consumption experience: Phaedrus rides again. *Perceived quality*, 31, 31-57.
- Holbrook, Morris B, & Hirschman, Elizabeth C. (1982). The experiential aspects of consumption: consumer fantasies, feelings, and fun. *Journal of consumer research*, 132-140.
- Kelman, Herbert C. (1958). Compliance, identification, and internalization: Three processes of attitude change. *The Journal of conflict resolution*, 2(1), 51-60.
- Kelman, Herbert C. (1961). Processes of opinion change. *Public opinion quarterly*, 25(1), 57-78.
- Keng, Ching-Jui, Huang, Tseng-Lung, Zheng, Li-Jie, & Hsu, Maxwell K. (2007). Modeling service encounters and customer experiential value in retailing: An empirical investigation of shopping mall customers in Taiwan. *International Journal of Service Industry Management*, 18(4), 349-367.
- Kimberly, Lamb. (2003). As the retail world turns. *Journal of Property Management*, 68, 68.
- Larke, Roy. (2006). Trends in retailing in East Asia *Retailing in the 21st Century* (pp. 77-93): Springer.
- Malhotra, Yogesh, & Galletta, Dennis F. (1999). *Extending the technology acceptance model to account for social influence: theoretical bases and empirical validation*. Paper presented at the System Sciences, 1999. HICSS-32. Proceedings of the 32nd Annual Hawaii International Conference on.
- Mathwick, Charla, Malhotra, Naresh, & Rigdon, Edward. (2001). Experiential value: conceptualization, measurement and application in the catalog and Internet shopping environment ☆. *Journal of retailing*, 77(1), 39-56.
- McCall, George J, & Simmons, Jerry L. (1978). Identities and interactions: An examination of human associations in everyday life (Rev. ed.): JSTOR.
- MONTAGNINI, FRANCESCA, & SEBASTIANI, ROBERTA. (2009). Co-creating value in retailing: the Eataly case.
- Nambisan, Satish, & Baron, Robert A. (2009). Virtual Customer Environments: Testing a Model of Voluntary Participation in Value Co-creation Activities. *Journal of Product Innovation Management*, 26(4), 388-406.
- Payne, Adrian F, Storbacka, Kaj, & Frow, Pennie. (2008). Managing the co-creation of value. *Journal of the Academy of Marketing Science*, 36(1), 83-96.
- Pongsakornrungsilp, Siwarit, Schroeder, Jonathan, & Stringfellow, Lindsay. (2010). Value co-creation process: Reconciling SD logic of marketing and consumer culture theory within the co-consuming group.
- Povey, Rachel, Conner, Mark, Sparks, Paul, James, Rhiannon, & Shepherd, Richard. (2000). The theory of planned behaviour and healthy eating: Examining additive and moderating effects of social influence variables. *Psychology & Health*, 14(6), 991-1006.
- Prahalad, Coimbatore K, & Ramaswamy, Venkat. (2004). Co-creation experiences: The next practice in value creation. *Journal of interactive marketing*, 18(3), 5-14.
- Prahalad, Coimbatore K, & Ramaswamy, Venkatram. (2000). Co-opting customer competence. *Harvard business review*, 78(1), 79-90.
- Roy, Abhik. (1994). Correlates of mall visit frequency. *Journal of Retailing*, 70(2), 139-161.
- Say, Jean Baptiste, & Biddle, Clement Cornell. (1851). *A treatise on political economy*: J. Grigg.
- Shobeiri, Saeed. (2011). *The Impacts of Perceived Experiential Values on*. Concordia University.

- Smith, Adam. (1937). *The Wealth of Nations (1776)*. New York: Modern Library, 740.
- Stibe, Agnis, Oinas-Kukkonen, Harri, & Lehto, Tuomas. (2013). *Exploring Social Influence on Customer Engagement: A Pilot Study on the Effects of Social Learning, Social Comparison, and Normative Influence*. Paper presented at the System Sciences (HICSS), 2013 46th Hawaii International Conference on.
- Vargo, Stephen L, & Lusch, Robert F. (2004). Evolving to a new dominant logic for marketing. *Journal of marketing*, 1-17.
- Vargo, Stephen L, & Lusch, Robert F. (2008a). From goods to service (s): Divergences and convergences of logics. *Industrial Marketing Management*, 37(3), 254-259.
- Vargo, Stephen L, & Lusch, Robert F. (2008b). Service-dominant logic: continuing the evolution. *Journal of the Academy of marketing Science*, 36(1), 1-10.
- Vargo, Stephen L, & Lusch, Robert F. (2008c). Why “service”? *Journal of the Academy of marketing Science*, 36(1), 25-38.
- Vargo, Stephen L, & Morgan, Fred W. (2005). Services in society and academic thought: an historical analysis. *Journal of Macromarketing*, 25(1), 42-53.
- Weitz, Barton A, & Whitfield, Mary Brett. (2010). Trends in US retailing *Retailing in the 21st Century* (pp. 83-99): Springer.
- White, Katherine M, Smith, Joanne R, Terry, Deborah J, Greenslade, Jaimi H, & McKimmie, Blake M. (2009). Social influence in the theory of planned behaviour: The role of descriptive, injunctive, and in-group norms. *British Journal of Social Psychology*, 48(1), 135-158.
- Xie, Chunyan, Bagozzi, Richard P, & Troye, Sigurd V. (2008). Trying to prosume: toward a theory of consumers as co-creators of value. *Journal of the Academy of Marketing Science*, 36(1), 109-122.
- Yi, Youjae, & Gong, Taeshik. (2013). Customer value co-creation behaviour: Scale development and validation. *Journal of Business Research*, 66(9), 1279-1284.
- Yi, Youjae, Gong, Taeshik, & Lee, Hyojin. (2013). The Impact of Other Customers on Customer Citizenship Behaviour. *Psychology & Marketing*, 30(4), 341-356.
- Yuan, Yi-Hua, & Wu, Chihkang Kenny. (2008). Relationships among experiential marketing, experiential value, and customer satisfaction. *Journal of Hospitality & Tourism Research*, 32(3), 387-410.
- Zhang, Xiang, & Chen, Rongqiu. (2008). Examining the mechanism of the value co-creation with customers. *International Journal of Production Economics*, 116(2), 242-250.