

**KEY SUCCESS FACTORS OF
MANAGING CO-CREATION EXPERIENCE**



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**KEY SUCCESS FACTORS OF
MANAGING CO-CREATION EXPERIENCE**

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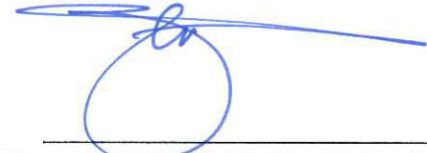
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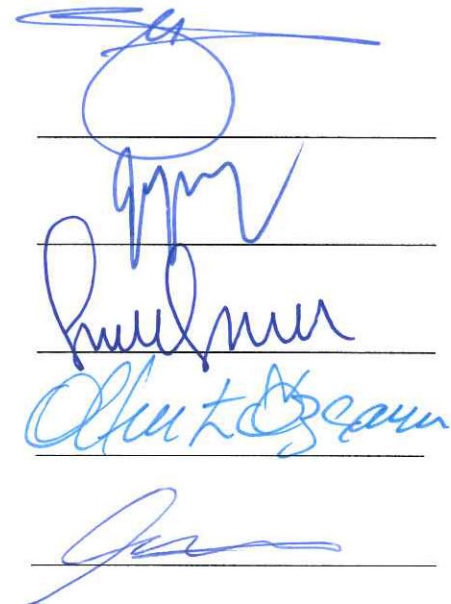
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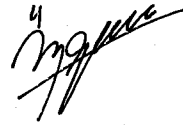
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ABSTRACT

Value co-creation in an ecosystem has transformed the role of companies and various stakeholders. Earlier proposals stated that co-creation is beneficial for dyadic customer-firm relationships, but marketing theory has progressed to the participation of all actors in value creation who combine resources most effectively. The overarching aim of this manuscript is to contribute to the understanding of the integrating role of companies in the co-creation process and identify the key factors underpinning successful co-creation practices. The context of this study is the banking industry and value co-creation in that collaborative context is elaborated. The study also discusses and further evolves the effect of collaborative working on the innovation strategy of firms. The study utilizes a mixed research method; while the qualitative approach defines how value co-creation occurs in the banking industry and how banks contribute to this process as value facilitators, the quantitative approach endeavors to understand whether value co-creation impacts the innovation strategy of banks and subsequently on the perceived market performance. The transition in the meaning of the building blocks of co-creation after digitalization has influenced the interpretations of collaborative work. The findings indicate that collaborative working affects the degree of innovativeness of a company and consequently its perceived market performance. Managing the co-creation experience in a multi-actor setting is a complex phenomenon and this study paves the way for further research into the values underlying the success of co-creation and provides a guide for successfully integrating the different roles of stakeholders in an ecosystem.

Keywords: *co-creation, service-dominant logic, value, innovation, financial services*

ÖZET

Ekosistemde ortak değer yaratma firmaların ve çeşitli paydaşların rollerini değiştirmiştir. İlk başlardaki öneriler ortak-yaratma kavramının müşteri-firma ikili ilişkileri için yararlı olduğunu belirtmekteydi; ancak, pazarlama teorisi, değer yaratma sürecine tüm aktörlerin katılımı ve söz konusu aktörlerin kaynakları en etkin biçimde birleştirmeleri yönünde gelişme gösterdi. Bu tezin kapsayıcı amacı, ortak-yaratma sürecinde firmaların birleştirici rolünün anlaşılmasına katkıda bulunmak ve başarılı ortak-yaratma uygulamalarını destekleyen kilit faktörleri tespit etmektir. Bu çalışmanın bağlamı bankacılık sektörüdür ve ortak değer yaratma kavramı söz konusu işbirlikçi alanda ayrıntılı bir biçimde ele alınmaktadır. Çalışma, aynı zamanda, işbirlikçi çalışma biçimlerinin firmaların yenilikçilik (inovasyon) stratejileri üzerindeki etkisi gibi kavramları tartışmakta ve geliştirmektedir. Bu çalışma karma araştırma yönteminden faydalanmaktadır; niteliksel yaklaşımla, ortak değer yaratmanın bankacılık sektöründe nasıl gerçekleştiği ve bu sürece bankaların değer yaratmayı kolaylaştırıcı aktörler olarak ne şekilde katkıda bulunduğu tanımlanırken, niceliksel yaklaşımla da ortak değer yaratma sürecinin, bankaların inovasyon stratejileri ve dolayısıyla algılanan pazar performansları üzerindeki etkilerinin anlaşılmasına çalışılmaktadır. Dijitalleşme sonrası ortak-yaratma kavramının yapı taşlarının anlamlarındaki değişiklikler işbirlikçi çalışmanın yorumunu da etkilemiştir. Elde edilen bulgulara göre işbirlikçi çalışma, şirketlerin yenilikçilik (inovasyon) derecelerini ve sonuç olarak algılanan pazar performanslarını etkilemektedir. Çok aktörlü bir ortamda ortak-yaratma deneyimini yönetmek karmaşık bir olgudur. Bu çalışma, ortak-yaratmanın başarısının altında yatan değerlerin ortaya çıkarılması açısından ileride bu konu ile ilgili yapılacak araştırmalara kapı açmakta ve bir ekosistemde paydaşların farklı rollerinin başarılı bir biçimde entegre edilmesi konusunda rehberlik sağlamaktadır.

Anahtar kelimeler: ortak-yaratma, hizmet-baskın mantık, değer, inovasyon, finansal hizmetler

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1. INTRODUCTION

“The new frontier for managers is to create the future by harnessing competence in an enhanced network that includes customers” (Prahalad & Ramaswamy, 2000)

In their breakthrough article published almost two decades ago, Prahalad and Ramaswamy highlighted the importance of networks in value creation and asserted that customers were at the heart of these enhanced networks. The transformation from being a passive audience to becoming active players and co-creators was first noticed by the scholars and today, co-creation is still described as the new pathway to value. This study undertakes a review of the service-dominant logic and literature on value co-creation, with an emphasis on the role of the firm as a service provider in the process.

Customers are no longer considered as merely the recipients but are now an integral part of the value chain. Co-creation was a term first coined by Prahalad and Ramaswamy (2000) as the “collective act of creation where consumer participation is a competence” in company activities. Vargo and Lusch (2004a) described the concept of co-creation in the theory of service-dominant logic as everything offered by firms actually constitutes services that bring value to consumers rather than goods, and the co-creation of value in collaboration with consumers is a critical success factor.

Future directions for research in the field of services marketing were provided by McColl-Kennedy et al. (2015), who underlined the broadening customer role as one of the focus areas. Customer participation in service and value co-creation are also among the themes of innovative thinking in services marketing (Russell-Bennett & Baron, 2015). Consumers are changing their roles and behavior and have a greater influence on experience formation through various touchpoints. Consequently, touchpoints not only encompass the mainstream platforms, but also the virtual ones. The scholars highlighted the importance of understanding practices that broaden the scope of customer experience beyond dyadic firm-customer relationships. The collaborative efforts of different stakeholders who are parties in an ongoing dialogue have started to shape the new economy.

1.1. Theoretical Background

Services marketing developed as a sub-discipline between 1970 and 1990 and before 1980, the field was in a period of infancy, defined in the literature as the *Crawling Out Stage* (Berry & Parasuraman, 1993; Fisk et al., 1993). The early publications and dissertations were predominantly on services characteristics that questioned the legitimacy of the field. An academic debate ensued over goods marketing in comparison to services marketing and an effective response to this challenging debate emerged from someone external to the academic community: “Breaking Free from Product Marketing” (Shostack, 1977). In the period between 1980 and 1985, the effect of the deregulation of service industries, the introduction of new journals and the contribution of researchers from Europe increased in the enthusiasm towards services marketing. Since 1986, there has been an increasing amount of literature on services, although earlier studies predominantly focused on topics such as the quality of service, service encounters, service design, customer retention, and internal marketing (Fisk et al., 1993).

In the 1970s, as Grönross (2012) mentioned, co-production between service providers and users was discussed and at that time, service was conceptually defined as a change in the conditions of a person; however, the definitions in the 1980s emphasized service as an interactive process. Although the terms such as co-creation and value were not used at that time, there was an implicit understanding that service needed to be appreciated by customers (Grönross, 2012) and; therefore, the models from the 1970s aimed to analyze how service emerges.

As a field, services marketing has been an important subdiscipline for more than fifty years that has broadened the perspective of marketing. As aforementioned, the initial discussions centered around breaking free from goods marketing, which was an important milestone that legitimized the area; nevertheless, as Vargo and Lusch (2004b) argued, the real breakthrough was breaking free from the manufacturing-based model. They started to build the service-dominant logic perspective and opened up the discussions to all marketing scholars.

Consequently, service research is perceived as an area that encompasses many disciplines and perspectives (Ostrom et al., 2010) and scholars have started to move beyond issues that are relevant solely to the service context to concentrate on factors that are crucial for business exchanges (Edvardsson et al., 2005) in conducting service research that matters (Gustaffson et al., 2015). Value creation is an interdisciplinary and rich area that is characterized by the integration of input from many actors based on their different roles and resources (Ostrom et al., 2015).

1.2. Significance of the Study

The concept of co-creation has been explored from the consumer perspective by focusing on the motivations and characteristics of consumers and/or brand communities concerning the consumer experience; however, the implications for the management of the co-creation experience remains an area that is underexplored. On the one hand, firm-led experience creation research exists that provides firms with minimal guidance on how to manage and facilitate customer communities. On the other hand, consumer-led research has mainly concentrated on customer-to-customer interactions in which the findings are isolated from the customer experience (Jaakkola et al., 2015).

An overview of existing models reveals a gap in both the theoretic and empirical research regarding the role of the organization in the process of co-creation (Skarzauskaite, 2013) and a holistic view integrating consumer and firm-led angles is needed since the research on service experience co-creation is largely fragmented. Recognizing the fundamental importance of research in the subject matter of co-creation management and the key takeaways from the practitioner side, it is necessary for the researcher to compile the two streams of thought when crafting co-creation strategies and insights.

Value co-creation has transformed the relationships and roles of companies and consumers. An opportunity lies in the use of the theoretical knowledge of co-creation to build practical insights. Companies need to form an environment in which customers can engage in inactive dialogue with them to build their own experiences. Customers are not the only

actors, but the understanding and coordination of the creation of value in the multi-actor and collaborative context is a research priority (Ostrom et al., 2015). The importance of stakeholders has also been mentioned by other scholars as, according to the review of Frow and Payne (2011), Norman and Ramirez (1993) were the first authors who highlighted the importance of non-customer stakeholders in creating value and Lacznia (2006) is also mentioned due to his inclusion of all stakeholders to view the business system as a whole.

The banking industry in Turkey is chosen as the context of the research as it is undergoing a major transformation process involving different stakeholders. Innovation in the industry has emerged from small start-up companies, mainly FinTech companies that pose a threat to the future of the sector, and the banks have therefore started to act like hubs that facilitate innovative thinking and entrepreneurship. The industry has realized the importance of creating an ecosystem of internal and external stakeholders and has undertaken the role of 'mediation' to harness the various competences.

1.3. Research Aim and Objectives

This thesis proposes an overarching research question extended from the Grönross's suggestion (2011, p. 288): "If the customer is the value creator, what is the role of the firm as service provider?" From a theoretical perspective, Grönross (2011) answered the question in his critical analysis by stating that firms transcend being purely value facilitators by becoming co-creators of value in order to engage with consumers' usage processes. This study will explore co-creation from the practitioner perspective by focusing on the what, how and where types of probing in building strategic formulations. Thus, the overall aim of this study is "to better understand the role of companies in the co-creation process and identify the key factors underpinning successful co-creation experience".

The main research priority is value creation and understanding the integrating roles of consumers, company employees and technology in the process of value creation. The context for this study is the retail banking industry in Turkey and understanding and coordinating value creation in this collaborative context will be elaborated. As per Ostrom

et al. (2015; p. 23), the complexity of value co-creation is founded in the coordination effort made necessary by nature of the co-creation context, multiple actors and networks.

Competition in service is based on innovation and this thesis is also linked to one of the strategic priorities of promoting service innovation (Ostrom et al., 2015). Service innovation occurs in ecosystems (Lusch, 2011) and involving internal and external stakeholders in the service innovation process of focal organization is essential. Although the role of the customer has been discussed and recognized in innovation, the involvement of other partners and managing their collaboration is a research priority that will be addressed within this study. Based on preliminary research, the success of co-creation efforts is linked to the innovation strategy and intangible factors such as the perceived market performance of the company.

Therefore, the main research questions that arise in this context are:

RQ1: Does collaborative working affect the innovation strategy of the firm?

RQ2: How does a service provider successfully integrate roles of different stakeholders?

RQ3: What are the key success factors in the management of the co-creation experience?

1.4. Outline of the Study

Chapter One provided an overview of research conducted in this thesis; the theoretical background, rationale for undertaking this research and significance of the study, the context and identification of research questions. The rest of the thesis is organized as follows; literature review is presented under two main chapters; Chapter Two that discusses Value Creation in Service and Chapter Three which focuses on Co-Creation as a new pathway to value. Chapter Two, Value Creation in Service, devotes a substantial review on service-dominant logic that builds the core of theoretical background of this research followed by a special part on consumer value co-creation process with an evolution of thought in value creation. Chapter Three, Co-Creation: A New Source of Value Creation, is presented as a structure with three main headings: towards a definition of co-creation, managing co-creation experience and critical perspective on the role of consumers. The

literature review in this chapter commences with the discussion on the definition of co-creation and the related concepts followed by an outline of the prior conceptual models of co-creation and the depiction of a co-creative enterprise. The literature review ends with a critique on the roles of consumers as ‘working consumers’ and the potential threat of exploitation of their labor.

Chapter Four presents the research design along with the methods employed in order to achieve the research objectives, including the sampling plan, the data collection methods and instruments, and finally, the analysis tools. The last section of the chapter is devoted to the conceptual framework used in the quantitative phase of this study. The conceptual model applied to examine the co-creation phenomenon is developed through the use of reference models, the operationalization of variables and the derivation of hypotheses.

Chapter Five provides a detailed overview of the findings from both the qualitative and quantitative research and the results of hypothetical relationships expressed in conceptual framework section. Chapter Six presents an overview of the main conclusions derived from the qualitative and quantitative research undertaken in this thesis, the new findings and their contribution to the value co-creation literature and managerial implications for the reference of professionals, and finally the limitations of the study and future directions.

2. VALUE CREATION IN SERVICE

2.1. SERVICE-DOMINANT LOGIC OF MARKETING

2.1.1. Rethinking Innovation

Innovation is considered to be universal strategy for all organizations, whether it is a firm, a non-profit organization or even a governmental agency. The traditional way of conducting business, which involves first designing the products and then attempting to sell them by using incentives, defined as the push system in which the organization produces products and services, develops plans to sell them and then management transfers those plans to employees, partner organizations and customers, is now changing. In modern society, the end-users know what they want and claim to be contributors in the process of value creation. Throughout this process, an enterprise will collaborate with all stakeholders, particularly customers, and there is no push system. Therefore, the new approaches to innovation can contribute to creating shared value between all stakeholders.

Customer centricity is intensely firm-centric and is generally concerned with the attempt to sell more of the company's products to consumers. The traditional perspective on value creation, as Bettencourt et al. (2014) stated, leads to a focus on improving the way things are currently done; however, a service lens is focused on improving on the way in which things should be done and a company with a service lens is able to eradicate the psychological constraints, while focusing on the knowledge and skills that can enable customers to perform their jobs more effectively.

Professionals focus on the manner in which things are currently being achieved; for this reason, many disruptive innovations are created by firms that exist outside the traditionally defined industry boundaries or sometimes by the consumers themselves. Bettencourt et al. (2014) preferred to use the term 'strategic advantage' rather than 'competitive advantage' to denote the deviation from a pre-established set of competitors to a diverse set of partners in the process of value co-creation as well as the redefinition of existing markets. A new

way of thinking is also necessary within companies, particularly among those who are responsible for facilitating value creation initiatives such as strategy, marketing and product development.

Production and innovation are extended to consumers and as a result, creativity flourishes within the dynamics of the new relationships and circumstances. Although older economic models were based on Schumpeterian theories of innovation, Potts et al. (2008) re-interpreted the cultural-economic co-evolution in light of the theories of Schumpeter, while Williams offered perspectives on creative destruction as well as the economic and cultural roots of this evolutionary process. The underlying concept of situated creativity, namely “situated knowledge”, is emphasized (Potts et al., 2008, p. 2) as: “knowledge resides not only in the minds of individuals and in external codified forms, but also in situational contexts of spaces and places, languages and other media, organizations, networks and other systems of social interaction”. Economists have been using the term situated knowledge in different forms, such as organizational capabilities, social capital and institutions, which have also shaped the current and up-to-date perspective of Vargo and Lusch (2016), considered as the pioneers of service-dominant logic, who presented the future direction of the field.

Consumers start to transcend the boundaries and co-create in the consumption domain. Consumer co-creation is associated with the increasing importance of creative services and goods in the contemporary economy as well as cultural consumption and its ‘ordinary’ creativity. Veblen, in *The Theory of Leisure Class*, highlighted that consumption is largely confined to the behavior of the rich, whereas the meaning today contends that the value-added-component of consumption has considerably more significance (cited in Potts et al., 2008). The process of adding value comprises not only ‘rich’ but also ‘ordinary’ consumers; as a consequence of global market capitalism, consumer involvement occurs in networks through crowds. The underlying catalyst is technology - the new digital media where socially networked creative consumers meet.

The context of the transforming cultural and economic conditions has paved the way for an upsurge in the co-creation process. The situated creativity, described as the continual dynamic tension between socio-cultural and economic evolution exemplified in the phenomena of consumer co-creation, is not only limited to the specific field of digital media as Potts et al. (2008) argued, but incorporates the entire economy and culture and, as Benkler (2006) mentioned more than a decade ago, it is only the start of a broader process which will enfold all consumers.

2.1.2. The Transforming Role of the Consumer

Consumers are not considered as passive receivers but are active participants and the shift from being passive to active lies in the power of the consumer, which should be embraced by companies; the sources of power are listed as (Prahalad & Ramaswamy, 2002, p. 7) “information access, global view, networking, experimentation and activism”. Information access allows the consumers to question the level of service provision, as well as the ability and capability of the service provider in order to make significantly more informed decisions. The global view exposes consumers to product/price comparisons across geographies and the rules of the game are changed as a result of the introduction of new competitors. Networking is not necessarily the connection between consumers who already know each other but is the sharing of common interests among perfect strangers. This is the real value that stems from the process, since consumers learn from each other, from their real, authentic experiences and from unbiased information.

The focus on the customer experience and the need to shape the experience as a part of value creation was the first step in the process of positioning the product as a subordinate to the experience. As Prahalad and Ramaswamy stated (2000, p. 83) “the product is no more than an artifact around which customers have experiences”. This also introduces a fresh perspective into new product development, since managing the variety of experiences through multiple platforms necessitates a completely different business model. The new business model emphasizes the seamless reconfiguration of resources within the enhanced network.

2.1.3. Goods-Dominant logic

Marketing scholars have long discussed paradigm shifts in marketing and goods-dominant logic have prevailed for decades when the exchange of commodities was the primary source of economic activity. Vargo and Lusch (2004a, 2006) examined this historical process and analyzed the goods-dominant paradigm before proposing their own service mindset, later defined as service-dominant logic.

Humans specialize and exchange because they have limited abilities and society facilitates this exchange system for the purposes of efficiency and coordination through many institutions. The goods-dominant paradigm stems from the systematic study of business and exchange phenomena and is developed from the notion that tangible goods could have (possess) utility (value) and can be transported and exchanged for other goods that also possess utility. When the roots of goods-dominant logic are examined, it can be observed that the thinking served many purposes at the time it was developed; it is undeniable that the goods-dominant mindset is completely mistaken. Lusch and Vargo (2014) suggested that it is somewhat myopic when attempting to deal with today's complex and technologically-driven world.

The new service-dominant logic stimulates in-depth discussion based on several different aspects, including the primary unit of exchange, the determination and meaning of value, the role of the consumer, the nature of the interactions between businesses and customers and the origins of economic growth (Penaloza & Venkatesh, 2006). Firstly, in goods-dominant logic, the emphasis is on physical products, the producer determines the meaning of value, the customer is only the recipient of value and wealth is obtained by the firm as the owner of the operand resources. Service-dominant logic largely differs from goods-dominant logic as it considers intangible services to be the primary unit of exchange and the role of the customer is changed from the only recipient of value to the co-creator of value. Resultantly, the meaning of value is also perceived and determined by the consumer and wealth is interpreted as the application and exchange of resources by both consumers and firms.

Lusch and Vargo (2014) underlined that the problems associated with goods-dominant logic are focused on three centricities; goods, firms and exchange-value centricity. Firstly, goods-centricity represents the major problem since goods need to be viewed as merely vehicles for service provision, rather than end-products. The second problem related to goods-dominant logic is that the firm as the central actor is viewed as the innovator, developer, producer, distributor, and promoter of goods. The proponents of service-dominant logic argue that similar to goods, firms are not the main actors; humans become the key actors by combining resources from various market-facing, private and public sources. Human actors are in fact end-users as they contribute to the well-being of other actors through ongoing exchanges. The third problem associated with goods-dominant logic is its implicit exchange-value centricity. For many years, scholars have debated the role of exchange-value in comparison to use-value and with the development of a formal economic philosophy, the focus on use-value has diminished. The economic theory at that time was embedded in the concepts of product, good and utilities (exchange-value) that paved the way for marginal utility theory.

Unlike goods-dominant logic (also referred to as G-D logic), which focused on dyadic relationships that are horizontal or vertical, service-centered thinking concentrates on triads of actors that are interlinked. The dyadic relationship possesses two sides, namely supply markets and demand markets that are also challenged with the new logic and all actors can assume both roles and are considered resource-integrating in generic terms. Based on this discussion, the network concept has been conceived, which has extended beyond the dyadic relationships with the capability to manage complex relationships. Although the term network captures this nuance more effectively than dyads in terms of value co-creation, it is still considered to be inadequate by service-dominant logic (also referred to as S-D logic) scholars due to its static nature. The concept of “ecosystem” has emerged to denote the loosely interconnected individuals who are dependent on one another.

2.1.4. Service-Dominant Logic

In their acclaimed article on service-dominated logic published in 2004, Vargo and Lusch elaborated on the arguments of prior scholars such as Alderson, Levitt and Shostack. Alderson (1957) criticized the focus of academic discussion on utility and demanded the interpretation of the whole process that creates utility. The quest for a marketing theory that encompassed more than the exchange of goods instigated a profound debate at that time. Shostack, in her famous manuscript, presented the challenges associated with escaping from the practices of product marketing. Vargo and Lusch believed that the service-dominant logic of marketing would have a significantly important role in replacing the goods-centered paradigm and even a decade later, international discussions surrounding the topic are still prevalent. The authors faced criticism regarding the rationale of their logic and foundational premises, but the scholars who made the criticisms also acknowledged the leading role of service-dominant logic in marketing thought.

The development of perspectives such as service quality, relationship marketing and service marketing revealed the inadequacy of goods-centered counterparts and improved the understanding of service marketing. Nonetheless, these perspectives are fragmented and the discussion is based on their differences rather than the unifying principles that reshape the mainstream marketing and business discipline.

Vargo and Lusch (2004a, 2006, 2008) outlined the specific disadvantages of G-D logic and shared their ideas on S-D logic with a unique lexicon; as they argued, logics have a dictionary of words, a common language and terminology that is shared among the people who constitute the community. At first, the essential parts of the lexicon need to be understood in order become familiar with the service-dominant logic. There are four main concepts that are used throughout the scholarly work that form the core of the logic: actors, resources, service and value.

Actors, as specified by Lusch and Vargo (2014; p. 56) are “entities that have agency, the ability to act purposefully” but their actions are constrained by the norms and other

institutions. The characteristics of actors are that they are time-bound, relationally-bound and resource-integrating entities. Each actor brings his or her own baggage and has unique resources specific to that individual, which make a contribution to the system. Actors are not only relationally bound to other actors, but also to the society at large and as Vargo and Lusch (S-D logic scholars) argued, these shared institutions constitute the service ecosystem.

For many decades, resources were used to connote natural resources such as land, animals, plants, minerals that are finite; thus, G-D logic was developed around those operand resources. In 1994, Constantin and Lusch defined operand resources as resources that a firm can act on to produce an effect and operant resources are those that are exploited to achieve a desired effect. Vargo and Lusch (2004a) asserted that, in the late twentieth century, a shift was observed regarding the relative importance of resources and people and it was realized that skills and knowledge, namely operant resources, are the most important types of resource. Resources are twofold, namely operand and operant, where the former is static and tangible and the latter is dynamic and intangible, such as physical and mental skills; actors integrate these resources in various formats for the purpose of configuring new services.

Service can either take the form of goods, a subordinate of service, or currency that provides a means to reach future service and is defined as “the application of resources for the benefit of another actor or oneself” (Lusch & Vargo, 2014, p. 56). The definition of value is critical since it cannot be provided but can only be proposed and forms the backbone of the service-dominant logic in which value is considered as a benefit that is always co-created.

The initial discussion of service-dominant logic has been fruitful and served many purposes, such as providing a shift from the focus on outputs to processes and even a broader shift in production to value (co)creation, identification of the commonalities among diverse subdisciplines within marketing and the ability to integrate them under the overall heading of value co-creation.

2.1.4.1. Initial Foundational Premises of S-D Logic

S-D logic is characterized by the eight foundational premises theorized and discussed by Vargo and Lusch in 2004. The first foundational premise is concerned with resources as the fundamental unit of exchange. Vargo and Lusch (2004a) expressed that the two operant resources, namely mental and physical skills, are not evenly dispersed throughout society and the exchange of specializations is necessary for well-being. The second premise is about the nature of indirect exchange in large, hierarchical organizations, which inevitably causes a loss of sense of the consumer for employees. Employees do not face or have direct contact with external consumers and they do not feel obliged to conform to quality standards in the company. Even if the organizations become larger in size, it is still the exchange of service that is important and goods are only a means to reach service provision (Vargo & Lusch, 2004a). The third foundational premise highlights that goods are only considered the distribution mechanism for the provision of service, and knowledge application is the common denominator that can be transferred either directly or indirectly through training or via objects. Vargo and Lusch (2004a) used the example of computer software as a substitute for the service of accountants as an alliance with embedded knowledge. Appliances are also considered as platforms for service provision according to Prahalad and Ramaswamy (2000) since customers experience the service through those artifacts in the modern world.

The goods-centered view prioritizes the flow of goods, whereas knowledge is the source of primary flow, as stated in the fourth premise of service-dominant logic. Economists divide and discuss the development of thought into “eras” in which the industrial age that is considered to have shaped the refinement of knowledge and skills and, based on the fifth premise of S-D logic, services and operant resources constitute the core of all economic activities. The most controversial premise is FP6, which denotes the customer as the co-producer. The last two premises indicate that enterprises only have the ability to offer value propositions and that the inherent view of service-centered logic is consumer-centric and relational, which represent the final milestones of the new logic.

2.1.4.2. International Discussion on S-D Logic

S-D Logic & Nordic School

The Journal of Marketing article written by Vargo and Lusch (2004a) initiated an international discussion among scholars based on the research tradition of the Nordic School. The Nordic School, characterized by Grönross and Gummesson, who were the pioneers of service marketing research, are the main proponents of the argument that marketing is not the sole responsibility of the marketing department in an enterprise. The Nordic School tradition and service-dominant logic share similarities as well as differences. The Nordic School acknowledges that marketing orientation founded on the logic of service is also relevant for the marketing of goods, which concurs with the main tenets of service-dominant logic. There is another similarity among the two schools of thought in terms of how value is formed when goods, products or services are utilized by consumers. Both the Nordic School and S-D logic scholars utilize the value-in-use notion that assumes value emerges when customers do something with them to perform activities. Grönross (2000, p. 25) claimed that “the focus is not on products but on customers’ value-creating processes where value emerges for customers” and Vargo and Lusch (2004a) also asserted that value is not embedded in products but is co-created with the customer. The main difference stems from the source of analysis and the outlook on the concept of service; while the discussion on service-dominant logic is based on economic theory, the service concept was derived and analyzed in the context of marketing by the Nordic School. Another main difference stated by Grönross (2006) involves the classification of goods. In their third premise, Vargo and Lusch (2004a; pp. 8-9) proposed that goods are a distribution mechanism for the provision of service, whereas according to the Nordic School, goods are regarded as a type of resource similar to other resources.

In the Nordic School, the production of services is likened to an open system that has implications both for consumers and service providers, which is similar to the rationale behind open innovation models in the contemporary world. Mainstream models of marketing have focused on exchange while service marketing research fueled by the Nordic School opened up the black box of consumption, which is considered as the most

important contribution of their research. The Nordic School assumed a different stance in marketing literature and focused on interactions as of the starting point of their research (Grönross, 2006). The focus on interactions and interactive marketing generates new concepts such as part-time marketer and the servicescape.

Grönross (2006) criticized service-dominant logic from many aspects and one of his assertions was built on the value proposition rationale of service-dominant logic. In the opinion of S-D logic scholars, companies can only make value propositions, but this contradicts with the involvement of service providers in the consumption process of consumers. Grönross (2006) underlined the fact that if firms and customers are considered to be co-producers, then both the customer and the firm are actively involved in the consumption process; thus, firms affect the value that emerges during this process.

S-D Logic & Consumer Culture Theory

For many years, consumer culture theory has been inspired by phenomenology and literary theories and has endeavored to comprehend how market offerings produce symbolic services. Scholars have been seeking ways to reframe meanings and the consumer's self through different frameworks. Arnould (2007) argued that some of the propositions related with service-dominant logic are closely linked with the tradition of consumer culture theory. Vargo and Lusch (2004a) asserted that goods are distribution mechanisms for the provision of service, which recalls one of the main tenets of consumer culture theory that contends that people only buy performances, not objects. Both perspectives attach importance to the role of consumers and the experience itself but approach the topic from different angles. There are also opposing views on both sides. Consumer culture theory is supportive of Premise Six of S-D logic, which states that "the customer is always the co-producer", since it illuminates the consumption cycle and the complete scope of consumers' pre and post-acquisition behaviors, through which value is sourced from integration of marketer and consumer-provided resources. Consumer culture theory is also strongly allied with Premise Eight, which states that "a service-centered view is customer oriented and relational" through the frameworks designed to account for both the fact that marketing incorporates more than merely one-off exchanges as well as that people exchange as part of social relationships.

Debates and Dialogue on S-D Logic

In marketing, there is a common tendency to craft a new perspective and abandon the 4P framework and service-dominant logic, which appears to have begun with the lead article by Vargo and Lusch (2004a). However, there are opponents to this perspective, who argue that it is not logically sound or does not have much operational meaning. Although there have been critical concerns expressed by many scholars, the main opposition came from Grönross (2008, 2011) and O'Shaughnessy and O'Shaughnessy (2009) who challenged various aspects of S-D logic; the latter group of scholars demanded more democratic development in the co-creation field. The areas of criticism can be summarized as the neglect of older concepts in the service marketing field, the attempts to be the single best alternative, the metaphorical nature of the logic that inhibits real-life applications, the lack of empirical support and reviews regarding single premises that require further clarification.

Vargo and Lusch made a significant contribution by opening up the discussion on service as an overarching topic for the whole marketing community rather than being limited to the group of service marketing scholars. However, some of the main tenets of service-dominant logic are not considered to be completely new in the field of service marketing and interaction with customers has been studied by many scholars from different perspectives over the last three decades. Services is regarded by service-dominant logic scholars as the perspective of the creation of value and marketing (Grönross, 2011).

The main focus of the criticism found in the paper by O'Shaughnessy and O'Shaughnessy (2009) was that S-D logic is the single unitary perspective for marketing and they were indifferent to theoretical considerations. They also made a distinction between paradigm and perspective and asserted that perspectives are simply viewpoints that are open to discussion and that value lies in the multiplicity of perspectives that opens up different windows into existing problems.

Service-dominant logic is based on a set of principles, and since principles are established rules, the emphasis in S-D logic is on what needs to be done to achieve results, not on

explaining the underlying rationale. Aside from the meaning of the premises, the opponents of service-dominant logic also do not support building rules in general due to the problems associated with those rules. According to O'Shaughnessy and O'Shaughnessy (2009) and Grönross (2011), principles or rules are never stated in the form of hypotheses that can be tested for validity and seem to have little applicability. Similarly, Grönross (2012) stated that the major criticism of service-dominant logic lies in the metaphorical nature of the logic, which presents a barrier to empirical analysis. The reason why a metaphor is a barrier was discussed in detail by Grönross (2012); a metaphor is not considered literal and metaphors can be used as a means of stimulating thinking, but do not help in predicting outcomes. In summary, the concept of the customer always being a co-creator of value should not be interpreted literally and even if the co-creation metaphor offers guidance for interpreting that the customer is a contributor in the process, it does not define either the roles of the customer and the other beneficiaries or the service provider.

Grönross and Voima (2013) also criticized the viewpoint of service-dominant logic scholars and argued that ontological problems arise with value being a comprehensive process that includes both the customer and provider spheres. The creation of value is the main focus in service-dominant logic, but the term that incorporates both spheres is a metaphorical description that presents difficulties in real-life applications. The authors asserted that co-creation can only occur through direct interactions and where direct interaction is absent, no value co-creation is possible (Grönross, 2011).

O'Shaughnessy & O'Shaughnessy (2009) stated that they are not entirely opposed to searching for principles, but they object to the neglect of theory that is developed through empirical research which seeks explanations and tracks truth and they added that marketing rules resemble 'heuristics' rules of thumb that contain some exceptions. Grönross (2011) also took a critical stance in the analysis of service-dominant logic and argued that some of the premises do not fully reveal the value creation process and do not allow for theoretical development.

The content or meaning of the principles has also been analyzed and criticized by prominent scholars. Firstly, in terms of the definition, service is considered to be too broad to embrace all types of marketing. According to O'Shaughnessy and O'Shaughnessy (2009), blurring the notion of service and targeting activities instead of functions can misdirect the field. The concentration of Vargo and Lusch on the centrality of the operant resources was not sufficient to demonstrate how they are entirely indispensable is another criticism. Knowledge and competencies are only the means to achieve good results and they are not meaningful without personalized execution. The hallmarks of the service-centered view, such as integration, interactivity and co-production with customers, are principles related to which a consensus has been reached among almost all marketing scholars.

2.1.4.3. Evolution of thought in S-D Logic

First Revision of S-D Logic

The first article on service-dominant logic has been expanded upon by well-recognized scholars in their fields and this opened up debates and dialogue upon its publication. The criticism has been centered around the wordings of some of the premises and the overly managerial approach. Vargo and Lusch (2008) replied to all concerns collectively in this commentary and claimed that they do not own S-D logic, thus implying that it is an open source discussion that is constantly evolving as the name in the first article implies.

Vargo and Lusch (2008) made modifications to all premises except for FP3, although some were only minor changes, e.g., the aim of the change in the wording of FP1 and FP2 from “unit of exchange” to “basis of exchange” was to remove the connotation to the goods-dominant logic lexicon. Vargo and Lusch (2008) changed the word “knowledge” to “operant resources” in FP4 and acknowledged the fact that people were not accustomed to the word operant at the time the first article was published, but then the debates surrounding the subject provided clarity to the resource discussion and operant resources resonated better.

Service was used in singular format by Vargo and Lusch (2004b, 2006), which was a significant deviation from their original article. Service was then defined as the (2008, p. 2) “process of using one’s resources for the benefit of another” in comparison to their older definition (2004a, p. 2) “the application of specialized competences through deeds, processes and performances for the benefit of another entity or the entity itself”. Another major change can be found in FP6, which also clarifies the distinction between co-production and the co-creation of value. The modifications in FP7 and FP8 are in wordings as well the clarification of the meaning of the premises based on the inquiries made by scholars in the field. The fact that the enterprise cannot deliver value is implicit in the meaning of the original premise as well the inherent customer orientation in FP8, but the original wordings of these premises made them appear to be normative statements, which instigated various discussions. In 2008, Vargo and Lusch added two further premises (FP9 and FP10) on resource integration and the phenomenological nature of value creation, which extended the number of premises to ten.

Evolution of thought

The discussion on service-dominated logic began with the 2004 article by Vargo and Lusch and has since been criticized, changed and consolidated by the authors; furthermore, it has been extended to allow for a more dynamic and realistic perspective. The consolidation dates back to 2014 (Lusch & Vargo, 2014), which involved the breakdown of the ten foundational premises into four main axioms, from which the remaining six premises can be extracted, which represented a significant process of simplification. The main tenets of the framework, value co-creation and how value creation occurs have been the locus of the discussion among different scholars. Value-in-use was the initial conceptualization used by S-D logic scholars, which was soon abandoned in favor of value-in-context (Chandler & Vargo, 2011), then later extended to incorporate value-in-social-context (Edvardsson et al., 2011).

The latest update on service-dominant logic can be summarized as changes in the wordings of the following foundational premises: FP4, FP6, FP7, FP8; however, the foundational premises FP1, FP2, FP3, FP5, FP9, FP10 remained identical to the revisions made in 2008

and an eleventh premise was added to create a total of five main axioms. Firstly, the competitive advantage terminology has been replaced with strategic benefit due to the myopic view of the former and the focus on cooperation in the latter; actors benefit other actors through service provision and the more meaningful factor is the wellbeing of all actors within a service ecosystem. This does not mean that competition is unnecessary in a marketplace, but it is not the primary concern in today's nested business relationships. The greatest conflict has been caused by the initial conceptualization of FP6, "the customer is always the co-producer" since the word co-production unwittingly transmits that value co-creation is dyadic. In the latest version of FP6, the zooming out and use of actor terminology enables the reader to understand that value creation is neither dyadic nor singular, but is a phenomenon involving multiple actors, with the beneficiary at center stage. Although there are no significant differences in the latest version of FP7, the enterprise wordings have been altered to the generic word actor and the main argument behind FP7, the non-deliverable nature of value, still remains valid. The last change is in FP8, which is consistent with the definition of service and signifies that another actor's benefit is at the center of the discussion on service.

The evolution of service-dominant logic thinking and the changes in the form of modifications and additions to the foundational premises are provided in the table below (Vargo & Lusch, 2016). The scholars primarily changed the language of the four premises due to the adoption of the A2A perspective.

Table 2.1. S-D Logic Foundational premise development (Vargo and Lusch, 2016)

FP	2004	2008	2016
FP1	The application of specialized skills and knowledge is the fundamental unit of exchange.	Service is the fundamental basis of exchange.	No Change AXIOM STATUS
FP2	Indirect exchange masks the fundamental unit of exchange.	Indirect exchange masks the fundamental basis of exchange.	No Change
FP3	Goods are distribution mechanisms for service provision.	No Change	No Change
FP4	Knowledge is the fundamental source of competitive advantage.	Operant resources are the fundamental source of competitive advantage.	Operant resources are the fundamental source of strategic benefit.
FP5	All economies are service economies.	No Change	No Change
FP6	The customer is always the co-producer.	The customer is always a co-creator of value.	Value is co-created by multiple actors, always including the beneficiary. AXIOM STATUS
FP7	The enterprise can only make value propositions.	The enterprise cannot deliver value, but can only offer value propositions.	Actors cannot deliver value but can participate in the creation and offering of value propositions.
FP8	A service-centered view is customer oriented and relational.	A service-centered view is inherently customer oriented and relational.	A service-centered view is inherently beneficiary oriented and relational.
FP9		All social and economic actors are resource integrators.	No Change AXIOM STATUS
FP10		Value is always uniquely and phenomenologically determined by the beneficiary.	No Change AXIOM STATUS
F11			Value co-creation is coordinated through actor-generated institutions and institutional arrangements. AXIOM STATUS

Note: [Vargo and Lusch (2006) devised another FP9 but they dropped it very quickly with the realization of the resource integration roles of individuals as well as firms; FP9 (2006): Organizations' existence is to integrate and transform micro-specialized competences into the complex services that are demanded in the marketplace]

The new way of conducting business in the complex world with many interrelated actors in network-like structures is more related to cooperation than competition, and with this major twist in the thinking of Vargo and Lush, they acknowledged the absence of a broader mechanism within their framework provided in an update in 2016. The update conceived

the eleventh foundational premise (fifth axiom), which is based on the role of institutions and institutional arrangements. While institutions refer to individual rules in the form of norms, meanings and symbols, institutional arrangements denote interrelated sets of institutions that enables and facilitates value co-creation.

2.1.4.4. An Institutional View on Value Creation

S-D logic is considered as a lens, a different framework for studying the creation of value; furthermore, as viewed from its lens, value creation is perceived to be a collaborative process. Innovation is at the forefront of this value creation process through resource integration. Although traditional research has been centered around the firm-centric development of services and products, the discussions in the recent research have revolved around the network economy and the systemic view of markets. Wieland et al. (2016) highlighted the need to extend beyond dyadic exchange encounters and perceived value as being catered in (eco)systems. The solution lies in service ecosystems that are relational, interconnected and reciprocal in comparison to dyadic exchange relationships.

The early research stream was shaped by influential scholars such as Marx and Durkheim and the focus at that time was on the tensions and constraints that shape the behavior of individuals and systems; however, the contemporary work on institutions has been focused on innovation-related phenomena, e.g., institutional change and institutional entrepreneurship. Hence, as Wieland et al. (2016) emphasized, the institutional work incorporates transformative action that includes maintenance in addition to change. Scholars have used Tesla cars as an example to demonstrate institutions that enable legitimization. Without the support from multiple actors such as drivers or third-party organizations, the change in the behavior of individuals and the adoption of a system would be impossible.

As early as 1990, North defined institutions (cited in Edvardsson et al., 2014, p. 292) as ‘humanly defined constraints that shape human interaction’ and institutions are crucial actors in the process of establishing the set of norms and rules. The standards are not

presented in the form regulations, but there are also normative and cognitive pillars (Scott, 2008). The normative pillar states norms and values and the cognitive pillar signifies the interpretation of the reality in the cultural context (Edvardsson et al., 2014). The institutions are embedded in culture to the extent that it is sometimes hard to detect what is shaping the behavior of actors in certain contexts. In most of the contexts, there is no single institution in effect, but rather there are multiple institutions that work collaboratively in a nested structure that makes it even harder.

Edvardsson et al. (2014) suggested the consumption of music as an example of the institutional point of view. The music industry experienced a dramatic change both in the method of distribution and the consumption of music as well as in terms of the norms and values of music users. Controversy erupted surround the illegal downloading of music that soon became the norm, although the breaking point came with the new generation, the digital natives who regard downloading music to be equivalent to the consumption of music. The change in the perception of reality thus altered the norms and values as well as the regulations.

The understanding of resource integration proposed by Edvardsson et al. (2014) is founded on the view that resources possess no inherent value and they therefore need to be understood as ‘becoming’ rather than ‘existing’. Value creation come into existence through a service system and different scholars have conceptualized the basis for resource integration under various value-creating systems including: *value constellations* (Norman & Ramirez, 1993), *value networks* (Lusch et al., 2010), *configuration of resources* (Spohrer et al., 2007), and *service ecosystems* (Vargo & Lusch, 2011).

Vargo and Lusch (2016) bridged the institutional theory with their framework in order to understand the structure of service ecosystems. Lusch and Vargo (2014, p. 161) built the notion of a service ecosystem that is “a relatively self-contained, self-adjusting system of resource-integrating actors that are connected by shared institutional logics and mutual value creation through service exchange”. The definition itself comprises four key concepts: firstly, the relatively self-contained nature of the ecosystem connotes the survival

of the community, although that does not mean that the system is always healthy. It is a self-adjusting mechanism in which actors are loosely-coupled and have the freedom to join or exit at their own discretion, which is relatively different from the traditional thinking of business enterprises. Service ecosystems, despite their loose structures, rely on institutional logics such as values, norms and governing principles that build integrity and trust among members and help to coordinate and facilitate the relationships. Finally, mutual value creation is another key concept related to the service ecosystem.

The zooming out to a service ecosystems view means analyzing the value creation process in a broad system that offers a meta layer of analysis (Chandler & Vargo, 2011). This abstraction is useful for observing the big picture without struggling between false divides such as innovators and adapters, but also creates some difficulties such as the inability to identify the reasons behind the success of some innovations. The success factors necessitate empirical studies to be conducted at a micro level context. The distinctions in marketing such as producers and consumers limit the understanding of the whole picture and Wieland et al. (2015) suggested a generic actor-to-actor conceptualization, a unified view on value creation that leads to important strategic directions.

At the core of the S-D logic narrative lies value co-creation, while the other main blocks are resource integrating actors that provide reciprocal service exchange through institutional arrangements in nested service ecosystems. Vargo and Lusch (2016) adopted the A2A orientation that confirms that value creation occurs in networks, suggesting a more dynamic system as well as the existence of mechanisms that facilitate both resource integration and service exchange.

Institutional theory has been shown to have relevance in sociology, economics, political science, and marketing, among many other areas. However, in the service-dominant literature, institutions have taken a different, broader role and represent the building blocks of resource-integration activities in service ecosystems; therefore, it is fundamental to the understanding of value creation processes. Institutions stand for levels of aggregation that facilitate sense making and the individual buyer behavior is not only analyzed at the micro

level but influences aspects such as the current situation of the industry and the meanings of brands at the meso level, thus enriching the understanding. Vargo and Lusch believe that the institutional orientation has the potential to transform S-D logic from being a framework to a theory of market.

Resource integration is the act of integrating customer resources within the network in order to boost the value creation process and is explained by the interactive model of self-learning (Hibbert et al., 2012) since the engagement in activities requires both skills and knowledge. Customer resource integration is defined as the process that facilitates value creation, through which customers unbundle and deploy the resources at-hand for future use (Baron & Harris, 2008) and the effectiveness of customer resource integration is the “customers’ proficiency in deploying resources as they engage in value-generating processes” (Hibbert et al., 2012, p. 2). The ability to integrate resources is not a natural, inborn aptitude, but is a learnable talent that improves through practice. The learning process can be conceptualized as either a company-controlled or customer-controlled process. By escaping from the preoccupation with the exchange paradigm (Sheth & Usley, 2007) the variety of roles customers play came to the forefront. Emphasis is also placed on the effectiveness of interactive learning rather than one-way firm-generated dialogue. The customer-controlled learning process is more prevalent in the digital era and a theoretical framework has been built (Hibbert et al., 2012) grounded on self-directed learning. Self-directed learning necessitates a starting point since customers are unable to reach a level of engagement without such a starting point. The starting point is defined as trigger event that motivates learning; the customers need to have the appropriate learning environment (resources, opportunities, support) and possess the personal factors (autonomy, capacity) to be able to integrate the resources at-hand (Hibbert et al., 2012).

There is a general consensus regarding the value creation process that customers derive value through resource integration. Nevertheless, value cannot be created solely by customers, as organizations need to enhance this learning process. The support provided by organizations in the form of either traditional or new resources facilitates the acquisition of new skills by customers as resource integrators. The roles expected from the

organizations are mainly supportive, which aims to develop traditional learning contexts as well as new media resources to facilitate customer learning. Service-dominant logic supports the view that not only firms but also customers perform resource integration roles via their own networks.

The institutions' role in resource integration has been examined by Koskela-Huotari and Vargo (2016), who combined two streams of research, namely the service ecosystems perspective and institutional theory. According to Koskela-Huotari and Vargo (2016), resource-based views on the firm and exchange are not new; the roots of the S-D logic lens can largely be found in the academic work of Penrose, who highlighted the external focus in dealing with resources. However, the underlying premise of benefiting other actors for improving the well-being of oneself is regarded as the main difference of service-dominant logic.

Resource integration has predominantly been studied by the marketing and service fields and is described as the means through which actors use their knowledge and skills to co-create value. Resource integration, as the name implies, is an interactive process and the necessity to harmonize the interests and needs of different actors cannot be easily realized and conflicts may arise; thus, collaboration is required (Kleinaltenkamp et al., 2012) in the form of joint efforts. Apart from collaborative efforts, the processes need to be regulated and when shaping the service systems, institutions come to the stage.

In terms of service systems, rules are the standards of behavior that either enable or constrain value co-creation during interpersonal relations. The resource integration phase is viewed as a dynamic process and the value of the output depends on the manner in which resources are integrated. The importance of institutional theory lies in explaining the value co-creation process in service ecosystems. As S-D logic scholars, Vargo and Lusch focused on *outcomes*, whereas Edvardsson et al. (2014) emphasized the *ways* in which the whole process of resource integration occurs. The way individuals or actors choose to combine resources generates success or impact in specific situations.

Wieland et al. (2016) applied S-D logic and the service systems framework to the context of innovation and argued that technological innovation is defined as the co-creation of new value propositions; on the other hand, market innovation involves acceptance of them by multiple actors over time. The early research on innovation was closely linked to NPD by the help of technology; technology is the key term but connotes many different phenomena. Vargo and Akaka (2012) and Lusch and Vargo (2014) extended the markets-as-practice-framework and included all resource integration practices.

Vargo and Akaka (2012) and Lush and Vargo (2014) have broadened the exchange practices into integrative practices. Vargo and Akaka (2012) extended the “markets-as-practices” framework and introduced the concept of integrative practices, which symbolizes the activities of resource-integrating actors beyond market exchanges; similarly, in the service ecosystems framework, the actors integrate resources (Vargo & Lusch, 2011) and is it the responsibility of the actor to determine the “resourceness” of any potential resource that is available to them. The responsibility of actors leads to important managerial implications since managers need to oversee both the internal and external resources with a deep understanding of the inhibitors in terms of the institutions and principles surrounding the contexts in which they operate. Therefore, the combination of integrative practices with the other two practices from the original framework constitutes the “value co-creation practices”. A service ecosystem approach generates an actor-to-actor (A2A) perspective that makes the distinctions such as paying a non-paying customer diminish, which provides strategic implications for market understanding. Thus, Wieland et al. (2015) argued that even non-adopters participate in all practices by either influencing the way a service is perceived, by shaping the symbols and meanings or by indirectly participating in integrative practices. Value co-creation is shaped by integrative, normalizing and representational practices that are either enabled or constrained by institutions.

Institutions, according to the famous definition, are called ‘rules of the game’, or the prescriptions and guidelines that are used to organize all kinds of interactions. These guidelines not only enable enactment on behalf of the actors, but also provide constraints.

The rules of the game affect the perception of ‘resourceness’ in different social situations; shared institutions either enable or constrain how the resources are integrated (Vargo & Akaka, 2012; Edvardsson et al., 2014). The mechanisms called institutions (rules, norms, meanings, symbols) coordinate the flow of resources but are dynamic instead of static since every time a new type of resource is integrated, the dynamics of the network are affected. In summary, the integration of dynamic resources paves the way for collaborative value creation (Wieland et al., 2016).

2.1.4.5. Managerial Insights

The new conceptual lens, S-D logic, is based on a philosophy that challenges all stakeholders such as customers, employees, partners, to act collaboratively. In essence, all of these stakeholders are exchange partners in the value co-creation process. Service-dominant logic provides a framework and foundational premises, while Lusch et al. (2007) provided managerial insights and practical business advice on how competition is possible through service based on the theory developed in service-dominant logic. Competition through service is developed through the derivative propositions (Lusch et al., 2007) and they argued that effective competition through service is only possible when the entire organization has service-dominant logic.

Managerial insights and key takeaways are also drawn from S-D logic axioms and mainly the service perspective (Greer et al., 2016). Key managerial insights focus on the effect of the service perspective on outcomes such as the broader and more enlightening views gained in organizations, the unifying and integrative process of management at intra and inter-organizational levels, the enhancement of value co-creation and co-production possibilities that foster innovation; ultimately, it paves the way for a focus on strategic advantage.

Firstly, as one of the premises of service-dominant logic, the main source of competitive advantage is knowledge. Since everything is in a constant state of flux, it is not realistic to assume that the value proposition of any firm or knowledge base would remain static. Thus,

it is the ‘collaborative competence’ (Lusch et al., 2007), or the ability of the firm to absorb the change, to adapt and the capability to use partner firms in the value network in turbulent times that is critical in achieving a sustained competitive advantage, not the static knowledge in the traditional mindset. Lusch et al. (2007) listed four factors as antecedents for the increase in collaborative competence, namely open standards, specialization (the intense specialization that leads to interdependency and more collaboration among partners), connectivity that makes the entire system quicker in terms of response time and as a final force, network ubiquity that accelerates the first three forces of open standards, specialization and connectivity. The authors presented many derivatives for managers but according to the two main hallmarks of S-D logic, they underlined the superordination of operant resources in competitive strategy and the notion that value must be co-created through collaboration. Strategy is defined as the art of creating value and the operationalization of competing through service starts with understanding the difference between goods-dominant logic and service-dominant logic and it is then followed by its application. The strategy is also directly linked to the formation of value network composed of employees, customers and other stakeholders as collaborators that work harmoniously with each other in both good and turbulent environments and co-create value to perform better than the competition.

S-D logic scholars have embraced the idea that innovation arises from combining resources in unique and novel ways and strategy emerges when a firm uses those resources to reshape value propositions. Strategy is different from the traditional sense that focuses on competitive advantages. Traditional systems have some inherent drawbacks such as structural barriers and communication problems. These kinds of obstacles could be overcome by forming flexible, loosely-coupled teams who work to solve problem or need for a temporary period. Innovation is knowledge generation and integration by individuals or teams who co-create and co-produce in these kinds of loosely coupled systems (Greer et al., 2016). Together with S-D logic, the boundaries between firms are blurred and no single firm is in control of the ecosystem.

Disregarding generic distinctions opens up new debates and also creates implications for managers (Wieland et al., 2015). Although change seems inevitable, the disruption of institutions and the need to resolve contradictions appears to be a potentially fruitful area of research. The role of actors in the shaping of value co-creation activities is an important area of research that this Ph.D. thesis aims to understand in qualitative analyses. Wieland et al. (2015) emphasized that it is not only salient actors such as firms and customers who drive value, but a diverse set of actors with different issues at hand and visions who generate change. Therefore, this thesis will undertake a stakeholder perspective.

2.2. CONSUMER VALUE CO-CREATION PROCESS

2.2.1. Value Concept

The value concept has consistently been the fundamental basis for marketing activities and the most recent definitions of the American Marketing Association have embraced the conception of customer value. The American Marketing Association revised its twenty-year-old definition in 2004 and the updated definition had strong similarities to the previous one apart from three specific elements, summarized by Grönross (2006): (1) the concept of customer value; (2) marketing in terms of the management of customer relationships; and (3) marketing as an organizational function. In 2007, further advancements were made to the definition of marketing. The authority, the AMA, announced that the current definition of marketing perceives the role of marketing as an educational process and this was the first time they acknowledged the role of non-marketers by including the words clients and partners in addition to customers. The new term, the set of institutions, signifies the practices and mechanisms that provide the basis of the marketing ecosystem. Instead of delivering value to customers, exchanging offerings that have value is a perspective that stresses the resource integration role of partners in the marketplace. Marketing is regarded as a broader activity that has an effect on the society as a whole.

What makes the new definitions so powerful is the ability to demonstrate the effect of the ‘value’ concept. Value creation is the primary objective of economic activity;

consequently, the American Marketing Association specifically focused on value in the last two definitions (Ng et al., 2012). The definition mainly highlights that marketing is sum of all the tasks undertaken in order to deliver value to different partners.

Consumer-Perceived Value

Value is considered an elusive concept in the literature since value implies different things in different contexts. Consumer perceived value has been an important construct in the process of acquiring competitive advantage and it also constitutes an important factor in the consumer value literature. Morar (2013) provided an overview of the consumer value literature and mentioned two approaches regarding perceived value; the first one focuses on benefits and the second one on the sacrifices made by consumers. The overview sheds light on the fact that the current studies on consumer perceived value have been predominantly affected by the frameworks of Zeithaml (1988), Sheth et al. (1991) and Grewal et al. (1998). The frequently used definition of Zeithaml (1988, p. 14) contends that perceived value is “the overall assessment of a consumer regarding the utility of a product (or service), which is thought to be based on the perceptions of what is received and what is given. Similar definitions are evident in the literature that regard perceived value as a trade-off. Woodruff (1997, p. 142) suggested the following definition for customer value: “a customer’s perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitates (or blocks) achieving the customer’s goals and purposes in use situations”. As Morar (2013) highlighted, although the definition of Woodruff is a broadened view of consumer perceived value, it still focuses on the rational and goal-oriented side of the purchase process and lacks the experiential elements of consumption. The scholar added that no research in the literature has explored the aspects of customer perceived value based on the consumption experience. Value, in the following years, has been expanded to include different types of consumption outcomes and is no longer linked to product and service attributes, but is associated with meanings derived from consumer experiences.

There are research streams that evaluate value as either a uni-dimensional or multi-dimensional construct. The theory of consumption value proposed by Sheth et al. (1991) is considered to be an important milestone in the field due to its ‘multiple value dimensions’ that affect a customer’s decision-making process when deciding to purchase a product or service. As one of the multi-dimensional analyses, Sheth et al. (1991) identified five dimensions of value, namely social, emotional, functional, epistemic and conditional. Sweeney and Soutar (2001) reduced the five original dimensions to three and constructed the PERVAL scale.

The major source of competitive advantage emanates from customer value and Woodruff (1997) presented a framework about customer value and the related skills necessary for implementing superior customer value strategies. The value concept differs according to the circumstances; for instance, when making a purchase decision, product attributes and comparisons regarding those alternatives come to the fore. On the other hand, the evaluation of products or services after use makes desired and/or expected consequences more salient. Market research is focused on either buying criteria to understand the decision-making process of consumers or on satisfaction studies. If our understanding is limited to attribute-based research, use consequences will be ignored. One of the earlier definitions of value from Zeithaml (1988) provided a holistic view by stating that value is the overall assessment that covers the whole process of either purchase or in use situations. The model of Woodruff (1997) is also comprehensive in the sense that it was developed with a means-ends technique and it begins at the foot of the hierarchy where customers hypothesize about products as a bundle of attributes, followed by perceptions to deliver the in-use value and finally to customer goals and objective-based satisfaction. The model of customer value hierarchy reflects value in use, possession value and also describes received value equally well.

2.2.1.2 Evolution of Thought in Value Creation

Value has been the subject of numerous debates for more than 2,000 years (Ng & Smith, 2012; Vargo et al., 2008). The historical foundations of value can be traced back to Plato,

who suggested the concepts of intrinsic and extrinsic value (Ng et al., 2012). Apart from extrinsic and intrinsic values, the notion of systemic value was introduced by Hartman, and according to him, in systemic value, a good has finite properties such as all good chairs are similar; however, scholars like Husserl supported the view that value can only refer to value that is experienced (Ng et al., 2012) and suggested a phenomenological concept of objects, stating that they are more than an external thing, but rather a part of the individual, where individuals give meaning to existence through objects.

Transition from value-in-exchange to value-in-use

The economic foundations of value focus on both exchange value and use value, which are the original conceptualizations. In their study, Ng et al. (2012) endeavored to identify the differences and the linkages between the two terms. The exchange for goodness is called commodification and is concerned with the exchange of something that possesses use-value for economic value, such as an idea. Smith (1904; cited in Lusch & Vargo, 2014) furthered the exchange value and used value discussion by adding that the labor that does not result in tangible resources is considered unproductive. Some other scholars have expressed disagreement with Smith, claiming that all activities that contribute to well-being are productive. In the opinion of Ng et al. (2012), although exchange value and use value are interlinked, the relationship is in fact more complicated. The decision-making process has been at the forefront of marketing for decades and how individuals choose is more related to exchange value for an offering. Use value generally occurs in the consumer sphere and firms are unable to control the private experiences that emerge after the exchange process. The aforementioned traditional definition of marketing clearly exemplifies how marketing previously used the exchange value concept as a primary function for many years.

Value-in-exchange and value-in-use represent the two main conceptualizations that shaped the earlier discussions. Value-in-exchange, as the name implies, is the value that is created and distributed in the market in exchange for money, whereas value-in-use is not associated with any type of monetary compensation but is commonly described by its use over time through resources. Lusch and Vargo (2014) claimed that early scholars such as Smith were

ahead of their time in their understanding of the concept of value, as their views were in line with the recent conceptualizations that focus on value creation through experience, it used to be consumption, in comparison to production stage. Even though many scholars captured the meaning of value at that time, the economic thought that guided the philosophy of science led to a focus on exchange value. It was easier to translate the value of a good embedded with utility (exchange-value) for many scholars and Smith (cited in Lusch & Vargo, 2014) acknowledged that it was also easier to quantify and measure the exchange value of things rather than labor that represents real value.

Morar (2008) acknowledged consumer value as a dynamic, subjective construct that is regarded as an antecedent of customer satisfaction. Consumer value approaches contain certain assumptions, such as the clearly stated roles of companies and customers; however, a different view on value and value creation emerged in conjunction with the discussion on service-dominant logic (Vargo & Lusch, 2004a, 2008). Service-dominant logic asserts that value is not only created by the company, but it is co-created by the interactions between producers and customers via the exchange of service (Lusch & Vargo, 2004, 2014). This view transferred the traditional focus of “value-in-exchange” to “value-in-use”, where value is co-created through the interaction of resources between customers and either the firm or the firm’s resources (Vargo et al., 2008, p. 146).

Value creation can be fundamentally understood as a process which benefits the user to a certain extent (Grönross, 2008). Therefore, value creation means (Grönross, 2011, p. 282) “experiential perception of the value-in-use that emerges from usage or possession of resources, even mental states”. This implies that value is created within the customer’s sphere by the user, while both provider and user are not included in the analysis. From the customer’s perspective, service means the ability to exploit resources in a way that creates value, whereas from the firm’s point of view, service means the provision of value that creates support for its customers’ practices (Grönross, 2011, p. 286). The meaning of service for the firms implies they provide support for their customer’s practices through resources and interactive processes with the ultimate goal being that customers have the ability to create value for themselves. Vargo and Akaka (2009) stated that if customers do

not incorporate the offerings provided by firms and service providers into their lives, it will not be possible to create value.

Value-in-use is the extent to which the use of something contributes to the well-being of a certain actor; it is the continuing experience that leads to the perception of value. Value is created at the point of experience, not in the exchange, and depends on how the individual evaluates their connection with that thing.

Vargo and Lusch, initially coined the term value-in-use (2004a), but then broadened their view and acknowledged the fact that even value-in-use may not be an adequate reflection of the contextual nature of value creation (Lusch & Vargo, 2014) and subsequently preferred to use value-in-context. All these value constructs have certain commonalities in that they are determined by the beneficiary and are subjective. The discussion regarding the subjective notion can be traced back to Holbrook's (2006) definition, which demonstrates the characteristics of value and emphasizes the consumption experience compared to the product, brand or object, which shows the emergence of value through consumer experiences. Subjective evaluation and unique interpretation is also found in the assertion of Vargo and Lusch (2008; p.7): "value is always uniquely and phenomenologically determined by the beneficiary".

Value is analyzed from different perspectives; different scholars have articulated the phenomenon in diverse ways. Value-in-use arises from customer's experiences as well as its own logic (Grönross, 2008) and it is not only nourished from current experiences, but past and future experiences also accumulate to form the whole value construct (Helkkula et al., 2012). Apart from the widespread acceptance of the value-in-use concept, value is created in context (Chandler & Vargo, 2011), in social context (Edvardsson et al., 2011), or in experience (Helkkula et al., 2012; Ramaswamy, 2011). The primary tenet of value creation requires the increase in the well-being of a consumer (Grönross, 2008; Vargo et al., 2008) and, although each scholar has provided his or her own conceptualization of value, there are some integrative configurations that also provide a holistic view of value (Khalifa, 2004).

Value-in-context

The scholars of S-D logic have abandoned the term value-in-use due to its G-D logic focus, its close link to value proposition thus to the price in the market and continue to use value-in-context (Vargo, 2008). Value-in-context, which is contingent on the integration of other resources and actors, resonates with the S-D logic axioms better since the value perception is uniquely determined by the beneficiary.

The third conceptualization of value has evolved within the literature on service-dominant logic (Vargo et al., 2008) and in this new typology, value is determined on the basis of a specific context and is evaluated in contexts such as time, space and social surroundings (Lusch & Vargo, 2014). Value-in-use has evolved over time due to the commonality of ecosystems and their effect on broadening the scope of value-in-use to include the term value-in context (Chandler & Vargo, 2011; Vargo et al., 2008). Moreover, value is regarded as something specific to the context in which a job is performed (Bettencourt et al., 2014).

Some scholars have underlined the reasons why value is context-dependent; for example, Chandler and Vargo (2011) argued that co-creation is experiential by itself and that is the core reason behind context dependence. Service-dominant logic scholars have connected the dependence on customers' unique access to market, public, and private resources as well as individual differences in terms of knowledge and skills. The context is likened to a framework that defines the experience of individuals, since the details such as when, where, with whom and what is conducted completely influence the final outcome. Bettencourt et al. (2014) exemplified the context with two different versions of the same conduct; travelling with or without family or cooking a meal for oneself or for your family, which alters the value co-creation. This only presents one side of the coin; on the other side, not only customer involvement, but interpretation and meaning generation are also regarded as aspects of value creation. Hence, value depends on context, since each customer comes from a different background and culture, which shapes the entire experience (Barney, 2001).

Value-in-context has implications for the availability of resources as they are not inherently valuable; nevertheless, the real value lies in the integration of resources depending on the specific context (Chandler & Vargo, 2011). As Lusch and Vargo (2014) highlighted, value-in-context refers to the density dimension in service ecosystems due to the constant change and adaptation of ecosystems to the requirements of time, space and conditions. The unique integration of resources based on different contexts presents an opportunity for innovation and novel ways to co-create value.

Value-in-social-context

Value has been analyzed on the basis of social construction theory by many scholars. By underlining the broad time frame in which service occurs, Penaloza and Venkatesh (2006) described value as a social construction that occurs before, during, and after the exchange and use are completed. According to social construction theories, meaning can be understood within social systems. Social construction theories assume all activities occur within social systems that not only affect the behavior of actors that are either enabled or constrained within social systems, but also have a profound impact on both the service exchange and the value co-creation process itself. Edvardsson et al. (2011) coined the term value-in-social-context and in their opinion, value is a social construction and even meaning is constructed within social systems. This perspective of value-in-social-context acknowledges that the value perceptions of individuals are significantly affected by the wider social context to which they belong.

Vargo and Lusch (2008, p. 330) applied the theory of social construction to S-D logic and linked social systems with the value creation process: “value co-creation follows social structures and takes place within social systems in which the actors adopt certain positions and roles”. Social systems exhibit similarities to service systems, the constellation of people, technology and shared information that enable value co-production (Spohrer et al., 2007). The roles and positions of actors are not well-defined due to the blurred nature of value creation activities in a service system. According to Vargo et al. (2008), the customer and provider take center stage and they assume the roles of both resource integrators and

beneficiaries, while the introduction of social systems enhances the understanding of the whole service process.

It is undeniable that value can be co-created when the resources are integrated and the competencies are applied in a socially constructed structure by the relevant actors. Social interactions in the process of co-creating service and value-in-context are of significant importance as they provide guidance to consumers, company personnel and other actors within the social context.

In the study conducted by Edvardsson, Tronvoll, and Gruber (2011), the authors attempted to cover the social context in which value co-creation occurs and the different aspects that impact the process. Their social construction theories placed emphasis on the fact that value co-creation occurs within social systems and it extends beyond the individual and subjective settings. Hence, the authors suggested that the process should be perceived as an aspect of the social context (Edvardsson et al., 2011, p. 329). The authors developed this concept further by identifying that value is a socially constructed process and value created may not be identical for all actors involved in the co-creation process.

As Wieland et al. (p. 3) stated, “value needs to be understood in the context of the social system in which it is created and evaluated”. The true value of a service, the co-created value, only unfolds in a service ecosystem. Wieland et al. (2015) gave the example of a meal, which might connote different meanings to different people, either in the form of the start of a relationship or a venue for professional advice, for example. Considering the significance of social interaction in the value creation process, the concept of experience will now be analyzed in the following topic, along with its influence on the value creation process.

Value in the experience

Many traditional measures, as Helkkula et al. (2012) stressed, only examine the experiences of current customers and do not investigate the perceptions of non-customers

or prospective customers. The discussions on S-D logic emphasize that value is phenomenologically determined by the beneficiary, but a systematic description of value in experience has not been provided by the scholars of S-D logic.

Helkkula et al. (2012) adopted a phenomenological perspective and contributed to the literature on the subject by suggesting that ***value in the experience*** is conceptualized as (p.59): “individual service customers’ lived experiences of value that extend beyond the current context of service use to also include past and future experiences”. In comparison to other value definitions that restrict the sense making to service encounters as a linear process, value in the experience can be depicted as a circular and ongoing process. The creation of meaning extends beyond the boundaries of the service organization and the broader lifeworld contexts of customers are thus integrated. Helkkula et al. (2012) regarded value in the experience as the value that service customers experience, either directly or indirectly.

Value in the experience, denoted as VALEX, encompasses four main principles that broaden the concept of value. The main proposition signifies the intrasubjective and socially intersubjective nature of the value definition; people reflect their subjective inner thoughts of socially beneficial constructs in their lifeworlds. The experiences of consumers are not necessarily lived events; they may even incorporate imaginary events without the personal touch in service encounters. Helkkula et al. (2012) provided a particularly clear example regarding this characteristic of VALEX by stating that people may experience a football tournament through pictures taken; they may even be able to sense the heat of the sun or the wind through these pictures without in fact attending the actual football match and this event subsequently resides in their memories in a similar manner to lived experiences. Human experience is a dynamic construct and is formed based on past, current and future experiences. Lastly, value in the experience is a phenomenon that is context and situation-specific. When people interpret their current experiences, they subconsciously go back and forth iteratively in their mind and even make sense of their prior experiences in a different light based on the events that subsequently occur in their lives.

Value co-creation

Service-dominant logic has emerged as an explanatory foundation and a basic framework of value co-creation (VCC), which describes the manner in which actors believe, interact, interpret, experience, use and evaluate propositions. Ranjan and Read (2016) conducted a rigorous literature review on value co-creation (VCC) and argued that the VCC construct is composed of the two primary concepts of co-production and value-in-use. The authors also developed three conceptual items under each dimension; co-production is explained with knowledge, equity and interaction as the sub-dimensions and the three underlying elements that define value-in-use (VIU) are experience, personalization and relationship. Co-production can be briefly defined as the involvement in the production/service design process (Auh et al., 2007) and it also denotes the activities conducted by economic and social actors within certain networks. Ranjan and Read (2016) argued that customer participation either takes the form of facilitation or active involvement through the application of skills and knowledge. Knowledge sharing is regarded as one of the main elements of the co-production construct, which consists of the sharing of consumers' ideas and creativity to reach improved outcomes. Equity is the firm's willingness to empower consumers and provide them with a certain level of control, whereas interaction can be stated as the interface between parties during co-creation activities. Value-in-use, as specified by S-D logic scholars (Vargo & Lusch, 2004a) surpasses co-production and exchange and is based on the consumer's use context, meaning that it is the experiential evaluation of the product or service. Therefore, experience in the service provision has an intrinsic value and is an underlying dimension of value-in-use; personalization denotes the dependence on individual characteristics and finally, the relationship sub-dimension refers to the joint and reciprocal processes among actors.

Prahalad and Ramaswamy (2004a) linked co-creation experiences to value creation by stating that co-creation is the foundation for value creation and that the marketplace is a forum for iterative discussions (p.5): "The meaning of value and the process of value creation are rapidly shifting from a product and firm-centric view to personalized consumer experiences. Informed, networked, empowered, and active consumers are increasingly co-creating value with the firm".

3. CO-CREATION: A NEW SOURCE OF VALUE CREATION

3.1. TOWARDS A DEFINITION OF CO-CREATION

Since the early 2000s, the phenomenon of co-creation has spread through theoretical essays and empirical analyses, challenging some of the fundamental pillars of capitalist economies in the process, and it is viewed as a general concept to describe all theoretical and empirical circumstances in which value is generated through interaction (Dalli & Galvagno, 2014). Co-creation, according to Zwass (2010), was first defined by Kambil and co-authors in the late 1990s as the co-creation of value by the customers of a firm and since that time, individual initiatives have been incorporated. Prahalad and Ramaswamy (2000) introduced the concept of co-creation by recognizing the transforming roles of actors in the theater of the market; this new theory used experimental theatre of the 1960s and 1970s as a metaphor and they (2004a, p.8) defined co-creation as “joint creation of value by the company and the customer”.

The term “co-creation” has been frequently confused with other popular terms in the marketing literature and it is necessary to clarify the underlying meaning in order to construct the theory. A precise definition of a phenomenon is largely conceivable by examining its opposite and it is useful to not only underline what co-creation is, but also what it is not. Co-creation is not the same as customer focus or any other term that denotes the customer as the dominant party, which is a common misunderstanding among practitioners. Prahalad and Ramaswamy coined the term (2002, 2003, 2004a) and they clearly specified what co-creation is not (2004a); they argued that it is not the transfer or outsourcing of activities to customers, nor is it the customization of products or services. Even if the experience is at the forefront, any kind of staging or scripting experience around the company offerings cannot be considered to be co-creation, as it is the individual who willingly interacts with the experience environment and the locus of value creation is consumer-company interaction.

“Co-creation is defined as an active, creative and social process, based on collaboration between producers and users that is initiated by the firm to generate value for customers” (Roser et al., 2009, p. 9). Consumers are no longer the passive recipients of brand offers but have the capacity to accept or reject a firm’s offerings by drawing on their own experience and knowledge. Co-creation is not purely an activity driven by consumers but is rather a joint innovation conducted in all-encompassing manner, since the company is also part of the process.

Co-creation is considered on the basis of different theoretical perspectives that are inherently connected with each other and the three research streams that characterize the co-creation literature are service science, innovation and technology management, and marketing and consumer research. Among these streams, the service science is dominant since co-creation is perceived to be the central component of the theoretical development of the service systems perspective based on service-dominant logic (Vargo & Lusch, 2004a; Ballantyne & Varey, 2008).

The second research stream of innovation and technology management (von Hippel, 1986, 2005; Chesbrough, 2003, 2006) is focused on collaborative and open processes which involve both firms and users. The marketing and consumer research stream shows that consumption is a highly symbolic and cultural activity in which consumers assign symbolic meanings to products and services.

When the intellectual roots of co-creation are traced, marketing, management, psychology as well as techniques from innovation, decision-making and knowledge processes become prominent. The techniques used for creative play in co-creation resemble those used in group decision-making and psychotherapy (Roser et al., 2009). Co-creation serves a kind of facilitator in the decision-making process, fostering innovation practice based on in-depth conversations among people from different backgrounds and enables knowledge flow that transcends the boundaries of organizations.

Co-creation is generally defined as “the creation of value by consumers” and is regarded as the activities of individuals in the production domain which are conducted either independently as a form of *autonomous co-creation* or as instructed by producer organizations, namely *sponsored co-creation* (Zwass, 2010). A comprehensive taxonomic framework was provided by Zwass (2010) in order to further the development of co-creation theory and practice. According to him, several research streams have formed the bedrock of the intellectual space of co-creation literature; virtual communities, universally shared resources (commons), the collective intelligence and open innovation.

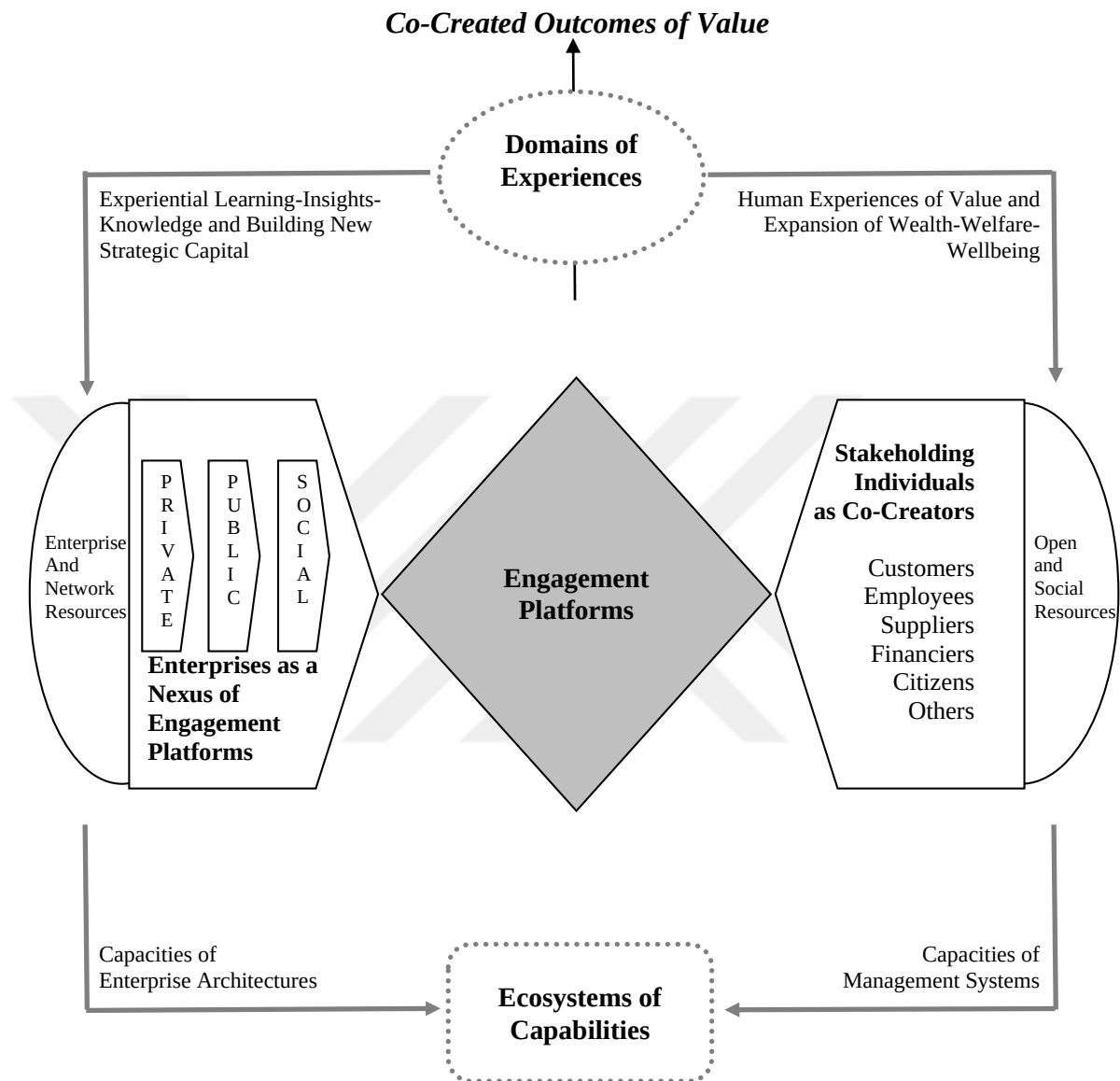
Firstly, virtual communities, defined as social gatherings that are generated through the Internet, represent the main venue of collective contribution to co-creation. Virtual communities are mediums through which content can be produced by the members through the construction of relationships among participants, which can be effective generators of social capital (Rheingold, 1993; Lin, 2001 cited in Zwass, 2010). Social capital alludes to the connections between individuals and the norms of reciprocity that arise from these connections; thus, it is ultimately the society that gains from improved relationships among people who are not relatives or close friends (Zwass, 2010). The process of communities producing a significant amount of quality work can be lengthy, requiring the organization of structures and mechanisms to achieve the targeted outcomes.

Secondly, the universally shared resources defined as the commons create an environment in which open access and contribution to the movement establishes the new rules of the worldview. This new way of doing things through access to the commons is even considered to rival the hierarchy of organizations. Thirdly, the value of co-creation is dependent on contributions of collective intelligence by many aggregated individuals, also called the “wisdom of crowds” (Surowiecki, 2004; cited in Zwass, 2010). The necessary characteristics to extract a fruitful outcome from a crowd were summarized by Zwass (2010) as a motivator to elicit participation, participants with relevant knowledge, diversity of the participants, an independent decision-making mechanism and an aggregating mechanism.

The open model of innovation not only relies on internal knowledge, but also incorporates cooperation with other producers, which constitutes the final link in the co-creation intellectual space. Companies are democratizing innovation (von Hippel, 2005) in an attempt to promote open innovation (Chesbrough; 2006, p.1), which is the “use of purposive inflows and outflows of knowledge to accelerate internal innovation, and expand markets for external use of innovation, respectively” to generate a richer understanding of the needs of the markets.

Individuals are active stakeholders and desire to be engaged in value creation; customers, employees, suppliers, partners and even citizens are seeking ways to satisfy their interests in the society at large. Ramaswamy and Ozcan (2014) illustrated this new engagement model as a platform that links enterprises from private, public and social sectors with stakeholding individuals and co-creators. The ultimate aim is to create value outcomes by exploiting the capabilities of the ecosystem.

Figure 3.1. The co-creation paradigm of value creation (Ramaswamy & Ozcan, 2014, p. 29)



In this thesis, Nike's enterprise ecosystem is used as an example that enables learning from different stakeholders, builds and fosters partnerships and creates a community that paves the way for new and open sources of value creation. Nike has built an effective ecosystem through different tools, including NikePlus, Nike ID, Nike SKU, among many others. NikePlus facilitates dialogue within the community and encourages collaboration between disparate individuals such as amateur runners, coaches, trainers, and marathon organizers through the digitization of data. This data is extremely important in the process of revealing the lifestyles and experiences of people as well as the factors they perceive to be

meaningful. Nike contacts potential and current customers, touching their real lives without the necessity to communicate with them through the media. NikeID is another platform that specifically aimed at product design, which facilitates the interaction between different occupation segments such as designers, amateurs and professionals, consultants and influencers such as digital advertising agencies, which enables the process of collecting, sharing and spreading ideas and personalization decisions.

The evolving engagement platforms such as those mentioned above in relation to the ecosystem are examples of the shift in thinking towards value creation as a process of co-creation. Consequently, co-creation has been defined as “joint creation and evolution of value with stakeholding individuals, intensified and enacted through platforms of engagements, virtualized and emergent from ecosystems of capabilities, and actualized and embodied in domains of experiences, expanding wealth-welfare-wellbeing” (Ramaswamy & Ozcan, 2014, p. 14).

There are two potential means of co-creation: either developing organizational capabilities from within to instigate co-creation activities or by accessing capabilities that exist outside the organization through different tools such as crowdsourcing, mass collaboration and open innovation. The critical issue in co-creation activities, whether outside-in or inside-out, lies in the new positioning of enterprise(s); they are no longer composed of a chain of activities but a nexus of engagement platforms. These engagement platforms possess the ability to reach talent and competencies from different parts of the world, which enhances the capacity to connect resources and opportunities and builds experiences and product/service offerings that were unthinkable prior to digitization (Ramaswamy & Ozcan, 2014).

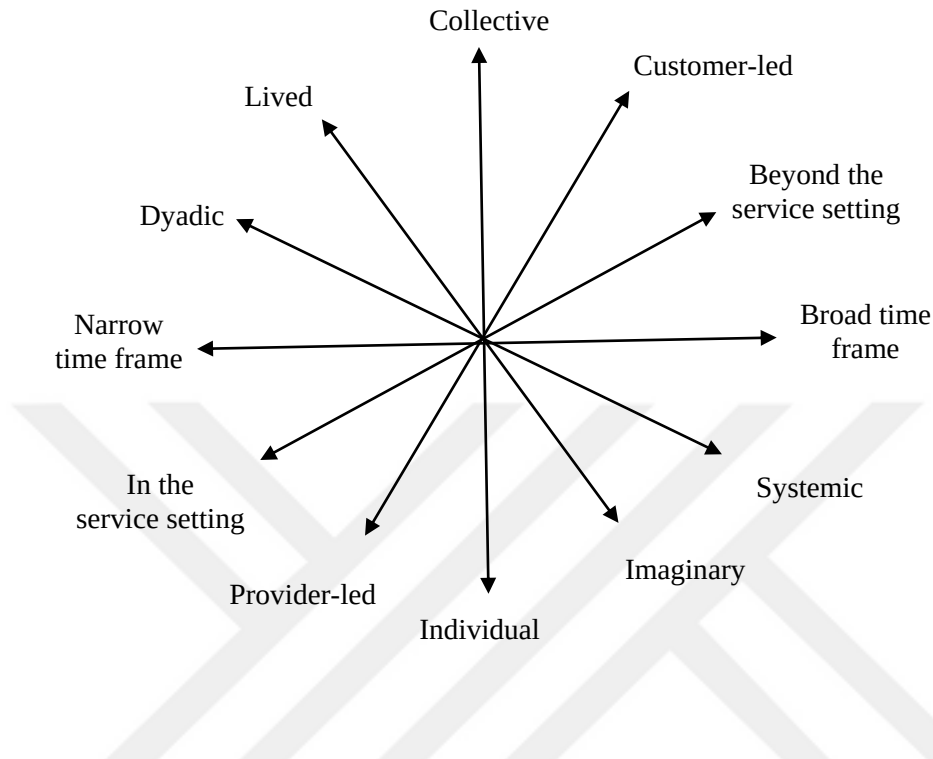
The shift in resources from 1960's to the 2000s has progressed through the stages of resource allocation, resource leverage to resources on demand. Since resources are not restricted to the portfolio of competencies of any corporation but are in fact readily available in the open market, resources were considered to be on demand from 2000 onwards. The managerial takeaway from this major transition in value creation is the

involvement of new and non-traditional stakeholders like customer communities within the system; co-creation is not restricted to individuals with predefined roles but everyone who has a stake in value creation can engage in the process.

Co-creation platforms or engagements have become the basis of value creation because they enable the connection of informed and empowered individuals or stakeholders in order to form experiences. Ramaswamy and Ozcan (2014) defined the engagement platform as an experience-based network of individualized value creation that enables the creation of a nodal enterprise that connects a variety of services, bundles of partners and even communities.

In their comprehensive study, Jaakkola et al. (2015) drew on literature service-dominant logic (Vargo & Lusch, 2008; Edvardsson et al., 2011; Grönroos & Voima, 2013), consumer culture theory (Arnould & Thompson, 2005; Firat & Venkatesh, 1995; Cova & Dalli, 2009), service management (Verhoef et al. 2009; Klaus & Maklan, 2012), and service innovation and design (Edvardsson et al., 2005) in order to collate the views of prominent scholars in their fields. Their integrative framework clarifies the aspects of co-creation and displays the complexity of service experience co-creation. Even though the aforementioned sub-disciplines investigate similar topics, there is a distinction in terms of the focus and views on co-creation. Value is phenomenological in nature in service-dominant logic (Vargo & Lush, 2008) and according to Jaakkola et al. (2015), service-dominant logic widens the scope of the concept of experience from immediate and isolated service encounters to a wider set of experiences that include past, future, lived and even imaginary dimensions. Research in the service management literature is predominantly concentrated on the dyadic interactions between customers and frontline employees. In service design, co-creation refers to the involvement of customers in joint design and collaboration. Consumer culture theory covers the experiential and symbolic elements of consumption. In summary, while the research stream on innovation and design focuses on the left-hand side of the framework, such as lived, dyadic, narrow experiences that are provider-led, S-D logic and consumer culture theory mainly adopt the right-hand side, focusing on experiences that are not time-bound or service setting-bound as topics of interest.

Fig 3.2. The key dimensions of service experience co-creation (Jaakkola et al., 2015, p. 192)



Jaakkola et al (2015, p.193) defined the concept by stating “service experience co-creation may encompass lived or imaginary experiences in the past, present or future, and may occur in interaction between the customer and service provider(s) between the customer and service provider(s), other customers and/or other actors.” Service experience co-creation has substantial implications for the field of marketing, as it is no longer only a unique concern for frontline service management, but has an impact on branding, promotion, innovation and even the relationships with stakeholders; therefore, it is critical that experiential value creation should be thoroughly understood.

Although there are differences and nuances found in the boundaries and definitions of co-creation, two aspects remain unchallenged: the organizational boundaries need to be expanded in the co-creation approach and the involvement of the consumer is inevitable. In carving out a space for co-creation, different types of stakeholders could be included, but the views from the end user, namely the consumer or the beneficiary, are an integral aspect of the collaborative activity.

3.1.1. Typology and Forms of Co-Creation

Customers are now taking more active roles and are even central participants in the NPD process within the emerging co-creation paradigm. This new paradigm attracted the attention of the Marketing Science Institute, which subsequently classified customer co-creation as an important research priority (Marketing Science Institute, 2008). O'Hern and Rindfleisch defined customer co-creation as a collaborative new product development (NPD) activity in which customers are active contributors in the development of new product offerings. Although they preferred to use the term product offering, they mentioned that their view is highly congruent with service-dominant logic. The NPD process creates asymmetry in terms of the type of information consumers and companies possess. Consumers are more knowledgeable about the information related to their needs and firms have information to solve those needs. Firms have endeavored to address this asymmetry by conducting various forms of marketing research targeted at acquiring better information on customer needs (O'Hern & Rindfleisch, 2010).

Co-creation has mainly been analyzed from a managerial perspective, but there are also diverse strands of thought that form the heritage of the concept and the roots of co-creation can be found in psychotherapy, critical theory, software development and design (Ind & Coates, 2013); consequently, this renders the area of co-creation richer and even more playful.

O'Hern and Rindfleisch (2010) built a conceptual typology of customer co-creation based on four specific types of customer co-creation: (1) Collaborating (2) Tinkering, (3) Co-designing and (4) Submitting. Collaborating is defined as customer-led open contribution activity that allows customers almost unlimited freedom to change the underlying product; at the other extreme is submitting, in which firms take a leading role and the co-designing contributions are considerably more fixed and restricted.

Customers ask for autonomy and *collaborating* is the highest step on this ladder, in which customers are empowered to develop a new product's core elements. The most cited

examples of collaboration can be observed in open source software systems, such as Linux, Apache and Firefox, where software firms release their source code to open source communities for development. The challenges of collaborating are the level of skill needed from the contributors and the risk of losing control over intellectual property from the perspective of the companies. Collaboration can potentially generate high levels of co-creator involvement and produces benefits for the firms such as lower costs of NPD and enhanced customer welfare, among others. *Tinkering* is similar to collaborating, but customers can make some modifications that are incorporated in subsequent product releases; as O'Hern and Rindfleisch (2010) highlighted, this form of co-creation allows a firm to exert substantial control. Tinkerers are not provided with comprehensive access to source code and may sign agreements with the firms. Examples of this can be observed in the computer game industry and customized digital music. Similarly, tinkering requires expertise from co-creators and one of the drawbacks is that customers may prefer to use the mods created by tinkerers rather than the new releases of the firm. *Co-designing* includes a relatively small number of customers in the process, which begins with the creation of designs and ends with a selection from the submissions. The textile company Threadless is a good example of a case in which contributions from the customer are relatively fixed in terms of the input. The novelty of being able to submit ideas is gradually diminished and is open to imitation by competitors. *Submitting*, as aforementioned, is the process in which the firm retains full control over new product development. Design labs from different industries exemplify this type, where customers contribute through product ideas, solutions or even prototypes. This form can be used as a second-best alternative to traditional surveys with customers, since they may be unwilling to answer question formats that are not particularly fruitful in the sense that the submitters do not feel connected with the firm or the other customers.

The capacity of consumers to assume more active roles in NPD has been considerably enhanced by contemporary technologic advancements, primarily the Internet. The Internet has increased consumer access to knowledge, facilitated consumers' ability to apply their knowledge through a variety of online tools and enhanced the collective co-creation process by connecting individual consumers from different backgrounds with differing

abilities that flourish their creative pursuits (Prahalad & Ramaswamy, 2004a; Thomke & von Hippel, 2002; O'Hern & Rindfleisch, 2010). Creative pursuits such as cooking and crafts are growing and even popular TV programs now glorify the creative process since, as O'Hern and Rindfleisch (2010) stressed, it is more likely that intrinsic needs (Csikszentmihalyi, 1996) will be satisfied via creative pursuits. The postmodern consumer is no longer solely content with the consumption process (Firat, Dholakia & Venkatesh, 1995) and co-creators acquire psychological benefits that would normally be unavailable to them through consumption alone. Hence, contrary to expectations, intrinsic motivation is significantly more important than monetary rewards in the customer co-creation process.

3.1.2. Benefits of Co-Creation

Co-creation is an indispensable aspect of the development of new products and is regarded as “a collaborative NPD activity in which consumers actively contribute and/or select the content of a new product offering” (O'Hern & Rindfleisch, 2010, p. 86). Involving consumers at the new product development stage leads to many positive outcomes, such as improvement in the quality of products, risk reduction and increased market acceptance, among others.

The benefits of co-creation can be analyzed from the perspectives of both the provider and the beneficiary; while companies can gain access to wider and richer experiences in the form of a greater number of new product ideas, better and less risky innovations, and improved products with higher market share, consumers benefit from the increased personalization and higher perceived value and satisfaction. Intangible benefits from the company side are also specified as increased attitudinal loyalty, technological acceptance and the perceived usefulness of new products as well as the likelihood of positive word-of-mouth in the future (Roser et al., 2009). Ramaswamy (2008, cited in Roser et al., 2009) articulated the benefits of co-creation from the company side under three main headings: acceleration of innovation cycles, reduced risk of market failure and establishment of an innovative organizational culture. The innovative culture is critical since it prevents the company from being distinct from its environment and also acts as a motivation tool for

employees to remove themselves from their comfort zones and search for innovation in their daily routines.

Although the benefits of co-creation have been categorized differently by several scholars (Etgar, 2008; Füller, 2010; Hoyer et al., 2010; Verleye, 2015), there is common ground among all of them. For example, there are some underlying motivations such as the psychological and social benefits that consumers gain in the very act of participation. Holbrook (2006) separated consumer values into those that are intrinsic and extrinsic; in the former, an experience is appreciated for its own sake while in the latter, the values themselves are the means to an end (Etgar, 2008). Intrinsic values are comprised of the joy or the desire for play, excitement and variety seeking or simply a deviation from the daily routine. Extrinsic values are more related to self-expression, autonomy, and self-confidence.

Many scholars have studied the motivations behind co-production and the determinants of co-creation. Bendapudi and Leone (2003) identified that self-serving bias is also effective in producing joint outcomes; when an outcome pays off, consumers like to take responsibility, while if the result is negative, the tendency of consumers is lower. Consumers conduct cost-benefit analysis, weighing the economic and non-economic costs of involvement, similar to almost all consumer decision-making processes. The activation is critical, as consumers choose the stage in which they want to participate, from the manufacturing phase to distribution. Ultimately, consumers calculate whether their efforts of involvement were worthwhile in comparison to the scenario where no involvement occurred (Etgar, 2008).

Füller (2010) focused on virtual co-creation and explored how the motivations and personalities of consumers impact their expectations of the co-creation experience. The expectations in relation to virtual new product development platform could deviate from non-financial incentives such as feedback, warm gratitude, official naming as a co-developer to monetary incentives in addition to forms of financial compensation such as special offers, giveaways, lotteries or prize draws. The findings of the study conducted by

Füller (2010) demonstrate that people pursue virtual new product development activities with the following motives: curiosity, dissatisfaction with existing products, intrinsic interest in innovation, to gain knowledge, to demonstrate ideas or to obtain monetary rewards. According to the motivations and personalities of individuals, four different typologies have been identified regarding virtual co-creation efforts, namely reward-oriented, need-driven, curiosity-driven and intrinsically-driven consumer segments. The only group whose primary interest in joining the virtual environment is associated with a desire to receive monetary rewards is the reward-oriented consumers segment. For the other segments, intangible expectations play an important role since they expect recognition, and even being a part of the virtual experience is regarded as self-rewarding. What makes Füller's argument particularly interesting is that he was able to demonstrate that monetary incentives are not as important except reward-oriented consumers in the process of virtual co-creation.

Consumer co-creation is considered as a field in its infancy and a conceptual framework that is focused on the level of co-creation in new product development was outlined by Hoyer et al. (2010). According to this framework, the level of co-creation is a function of both the scope and intensity of co-creation activities. In the development of new products, subsequent stages occur, including ideation, product development, commercialization and post-launch. The number of stages involved defines the scope of the co-creation activities and some companies prefer to co-create with their consumers throughout all of these stages. Intensity, on the other hand, means whether a company devotes an entire stage to the consumers and trusts their ideas within that process. Hoyer et al. (2010) also provided a comprehensive list regarding the impediments, stimulators and outcomes of co-creation activities. Impediments are firm-level factors and the authors listed transparency, ownership of intellectual property, information overload and infeasible ideas as guidelines. Co-creation requires a certain level of transparency on the part of the firm and a delicate balance must be achieved in collaborative creation that raises questions regarding the ownership of products and services. Companies gain through either increased benefits or reduced consumer costs. On the consumer side, the co-creation motivators can be summarized as monetary rewards, social benefits, as well as technological and

psychological factors. The outcomes of co-creation may either be positive or mitigate risks and costs. As Hoyer et al. (2010) outlined based on prior studies, the positive outcomes can be summarized as productivity gains through increased efficiency, improved effectiveness, reduced risk of product failure, increased speed-to-market, closer fit to consumer needs, better product differentiation, among others. There are also some drawbacks, such as the complexity of managing the interests of diverse stakeholders, the risk of excessive focus on incremental innovations, and the need to change the whole appraisal system within the company; however, the major associated risk is the chaotic environment that exists when no one has control over strategic planning.

In terms of their contribution to the content generated and their creative capability, not all consumers are alike; for example, eYeka segments consumers as spectators, enthusiasts, and creative consumers and suggests a ratio of 90:9:1, respectively. This ratio was first introduced by Jakob Nielsen and suggests that in each community, only one percent can be regarded as creative consumers who have the capacity to devise innovative solutions and create original content. Therefore, it is evident that companies need to shape their expectations accordingly; however, there is also another enthusiastic consumer segment that constitutes nine percent who also have interesting ideas and play an important role in spreading them, but experience difficulties with creating products or services from scratch. Spectators are those who will ultimately purchase the end products and as eYeka professionals suggest, it is better that concepts are validated with this group in the end.

The co-creation experience was investigated from the consumer perspective by Verleye (2015), who proposed a multidimensional co-creation scale by building on extant customer experience literature and analyzed how co-creation is influenced by individual determinants (the characteristics of co-creating customers) and environmental determinants (the characteristics of co-creation environments). Service delivery cannot be considered separate from consumer expectations that determine the level of satisfaction gleaned from the experience. Therefore, the co-creation experience of consumers also differs with respect to their expectations regarding the co-creation benefits they would receive through the process. Verleye (2015) concluded the extant research on expected co-

creation benefits by summarizing them under six headings: hedonic benefits, cognitive benefits, social benefits, personal benefits, pragmatic benefits and economic benefits. Although the classification of co-creation benefits differs among scholars', similarities exist and they all share a common ground in term of the intrinsic vs. extrinsic benefits. As a key mnemonic, the four main headings (4F) derived based on the research conducted by eYeka can be used. Research conducted on the online community eYeka comprising almost 200,000 creative consumers revealed four critical motivations for participating in co-creation projects: Fun, Fulfillment, Fame and Fortune. These are also known as the "fantastic four" motivations for co-creation, which drive the engagement of consumers in co-creation efforts. These key headings are similar to those drawn from co-creation characteristics in the literature. **Fun** corresponds to the hedonic experience (having pleasurable experiences); **Fulfillment** might denote the cognitive dimension (acquiring new skills & knowledge); **Fame** can be similar to the social/personal dimensions (the ability to connect with other people, improving status and reputation); and finally, **Fortune** corresponds to both the pragmatic and economic benefits, meaning the compensation received in line with the efforts made.

Co-creation challenges the traditional understanding of the distinction between work and play, since the main tendency of individuals to contribute in co-creation tasks are mainly driven by intrinsic motivations. This interesting point regarding the nature of work and play resonates with the results of the research conducted by Füller (2010) who showed that monetary incentives are not of significant importance, and Zwass (2010), who did not consider work and play as opposites, but as complementary market-affecting roles that are enacted simultaneously.

Companies use alternative channels for consumer engagement, the first one being social networking platforms as a means to stimulate idea generation. Although this alternative is cost-effective, if a company is seeking truly creative solutions, the platforms are not well-crafted for specific purposes. As eYeka consultants highlight, two other options are leveraging already existing co-creation communities and creating a community from the

ground up. The readily available online communities usually operate under a prize-winning mentality and this sense of competition encourages the submission of disruptive ideas.

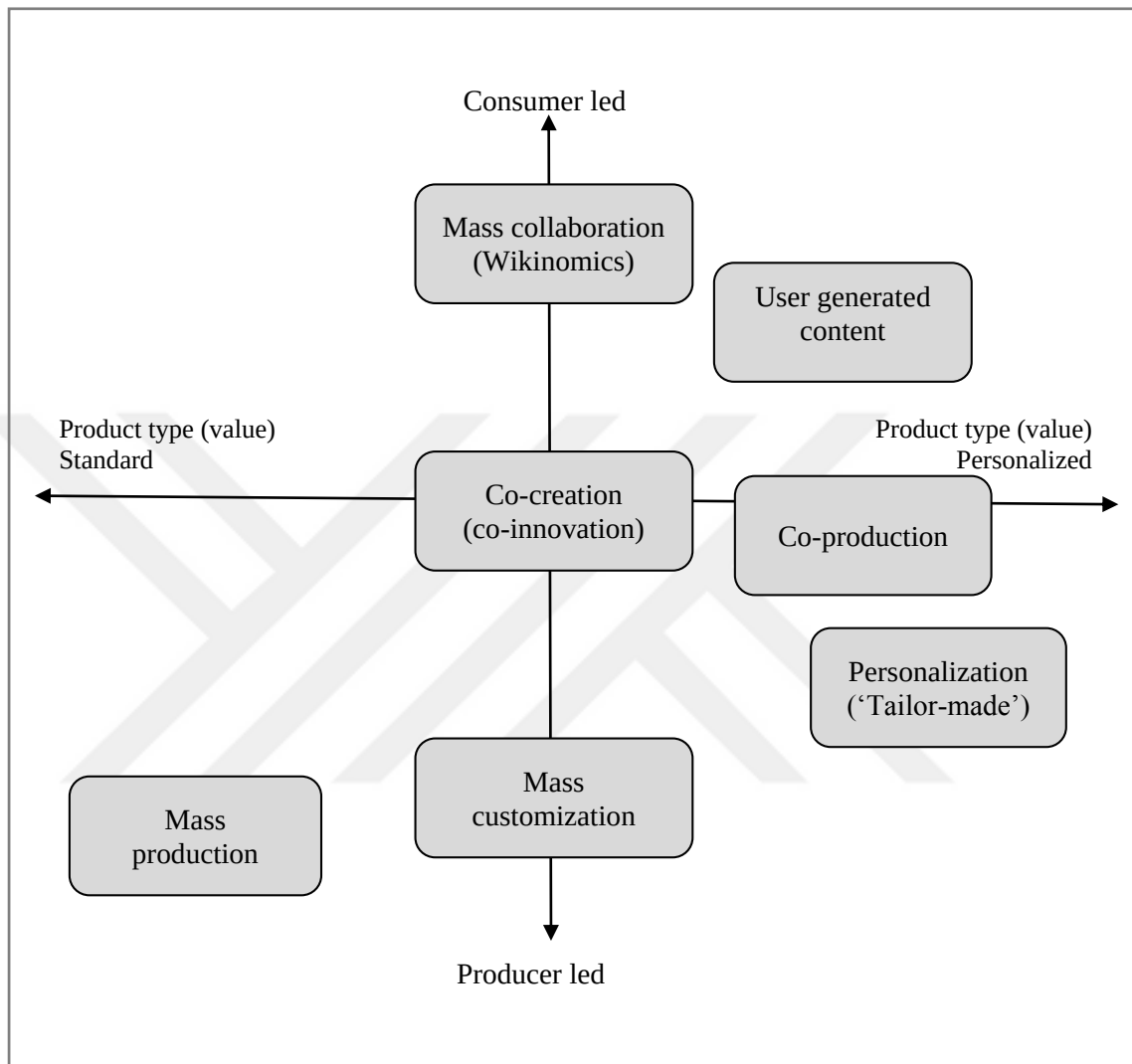
The expected benefits of co-creation determine the co-creation experience, which has important managerial implications. Companies need to encourage consumers to become actively involved in co-creation environments. As partners in product and/or service building exercises, the customers' input asserts a positive impact on the process, but since it is a new way of interacting, consumers may be reluctant to take action. Online communities and tools facilitate co-creation in terms of ideation, design and development. Companies choosing the path of co-creation are required to invest in communication and guidance for their customers in order to prepare them for their roles as co-creators.

3.1.3. Co-creation and Related Concepts

The notion of co-creation is intertwined with other concepts such as mass collaboration, co-production, and mass customization and even though they are relatively distinct conceptualizations, the differing aspects are not clearly stated. The co-creation matrix is provided below; it is important to emphasize the fact that the definition proposed by LSE researchers concurs with that of Prahalad and Ramaswamy, which places particular emphasis on truly creative involvement. LSE Enterprise researchers have taken the opportunity to discuss the intellectual roots and definitions of co-creation, the impact of co-creation and the future challenges that managers will face. The researchers found a wealth of applications of co-creation but there is a lack of conceptual clarity as a result of the similarities between the concepts and associated terms.

Co-creation is situated between producer-led and consumer-led activities; it is not completely a consumer-led project like Wikipedia or a producer-led product such as the product of mass customization. Crowdsourcing is also another concept used interchangeably with co-creation, but co-creativity is more than just crowdsourcing according to LSE researchers and they defined co-creation as more than the tightly-staged processes of 'crowdsourcing' competitions initiated by firms.

Figure 3.3. Co-creation matrix (Roser et al., 2009, p. 8)



3.1.3.1. Co-production

Co-production is a similar concept in which the customer actively participates in the production and delivery of the service. The postmodern era generated a reversal in the traditional concepts of production and consumption that has necessitated marketers to open up their processes (Bendapudi & Leone, 2003). The conceptualizations ‘co-creation of value’ and ‘co-production’ present similarities as well as differences. As a core similarity, both co-creation and co-production regard the consumer as endogenous, and they are also nested concepts where the latter is subordinate to the former. However, they are different

in the sense that co-production, as the name implies, involves customer participation in the creation of the core product or service itself. Lusch et al. (2007) exemplified that co-production can take many different forms, such as shared inventiveness or co-design, among others. Vargo and Lusch (2016) provided an explicit difference between co-production, which refers to the (p. 8) “the creation of value proposition” and value co-creation as “the actions of multiple actors, often unaware of each other, that contribute to each other’s well-being”. There are differences between co-production and co-creation in terms of the theoretical discourse, but above all, both co-creation and co-production necessitate the involvement of many different parties within the value network and it is the new and indispensable function of the firm, defined as resource integration.

The literature on customer participation can be traced back to Lovelock and Young (1979) who asserted that customers have the potential to be a source of productivity gains. Ramirez (1999) investigated the intellectual history of value creation and presented a comprehensive list of key figures including Boisguilbert, who proposed an economic model related to interdependence, to Bastiat, who determined that all economic actors are middlemen in relation to each other and developed a value co-production framework.

As early as 1999, his views on value co-production presented an alternative to the traditional perspective of value in the industrial era. In that era, the common perception of value implied that “value is added” and that customers were destroying the value that producers had created for them; even systems of accounting based on depreciation methods reflected this mentality. In the value chain concept, value creation is considered to sequential and value is simply added, whereas in the co-productive view, value is mutually created among actors with differing values. Therefore, co-production is defined as a sequential bundle of activities in a network chain (Achrol & Kotler, 1999) and it entails that consumers may participate in one of those stages. Co-production embraces different cooperation formats among partners and consumers might collaborate with professionals in the public sector for the provision of either education or local security services, cooperate with other consumers or even become a part of a collective act of commenting in wikis (Etgar, 2008).

The co-productive view contends that the three sector models (extraction - *agriculture and mining*, industrial manufacturing and tertiary) that were developed in the 1930s are no longer pertinent and service is employed as a framework for all activities perceived to be co-produced. This co-productive view is one of the main building blocks of the service-dominant logic; furthermore, Ramirez (1999) also contributed to the actor-to-actor perspective of Vargo and Lusch (2011) by stating that actors not only hold different roles relation to different counterparts, but also to an individual counterpart. For example, actor A may simultaneously be a supplier to actor B and a customer of actor B, as well as a partner with the same actor B. Co-production, as Ramirez (1999) highlighted, necessitates the reconsideration of the nature of value creation. In the earlier models, the business actor was considered as the central unit of analysis; however, it is the co-produced offerings that are the key to success in the co-production view. This outlook presents new opportunities for actors who hold different roles in value creation, which fosters strategies based on innovation and entrepreneurship.

Although the marketing literature is predominantly interested in the economic implications of customer participation, Bendapudi and Leone (2003) focused on the psychological implications. The authors used self-serving bias in social psychology as the theoretical basis and examined whether that bias can be extended to the relationship between a firm and a customer. Their findings revealed that when a customer maintains a close relationship with a firm, he or she might be subjected to less self-serving bias. Hence, companies can encourage their loyal customers to be more active participants, but there is also an inherent danger in terms of the willingness and ability of the customers that should be carefully assessed.

Bendapudi and Leone (2003) divided the literature on customer participation into two themes; the focus of the earlier work was mainly on the firm and the benefits in terms of the productivity that could be gained, whereas the focus of the second theme was on managing customers as partial employees as well as their motivations. In the postmodern era, the discussion has turned to the reversal of production and consumption and the active participation of the consumer has become the center of this debate. Therefore, it is evident

that the discussion on customer participation is not new, and the acceptance of customers as “co-producers” in creating competitive advantage was introduced by Prahalad and Ramaswamy (2000), who endorsed the practice of co-opting customer competence as a strategy.

Co-production has been discussed by many scholars (Ramirez, 1999; Bendapudi & Leone, 2003; Vargo & Lusch, 2004a) but a more in-depth understanding of the conditions that render co-producing activities and the stages in which consumers become involved in co-production was required, leading to Etgar (2008) providing a framework that addresses these issues.

The framework encompasses five distinct stages starting from the antecedents of co-production process, motivations, cost-benefit issues, the activation stage where consumers engage in co-production and lastly, the evaluation stage of the whole process. The first stage of antecedent conditions can be summarized as macro-environmental factors, consumer-linked factors, product-linked factors and situational factors. The macro-environmental conditions emphasize that only in mature markets are consumers ready to become involved in co-production and greater value is assigned to customization, since the emerging markets still need to focus on the consumption of basic products and the growing economies are endeavoring to improve their living standards. Some consumers might be more involved in co-production due to their intellectual capacities, the discretionary time they devote to such engagements and even some skills such as being technology savvy can influence their willingness to participate.

As Etgar (2008) contended, the level of co-production is not evenly shared among product groups; the importance of differences in the product attributes and the existence of powerful brands affect the attempts to achieve co-production. The management’s belief and support in the process, the lack of opportunistic behavior among partners, their long-term commitment and cultural compatibility are among the situational antecedents of the co-production process.

3.1.3.2. Mass collaboration

Mass collaboration is a consumer-led type of activity; it is a kind of collaboration model that is characterized by large numbers of participants that work independently on projects that are primarily conducted on the Internet through web-based collaboration tools. Compared to mass customization, co-creation enables the participant to create value not only for himself or herself, but also for others. Mass collaboration channels such as YouTube are also relatively different from co-creation since the former is a type of one-way communication, whereas, the latter involves a two-way process between the organization and the participants (Ind et al., 2013).

3.1.3.3. Mass customization

One of the concepts that has strong similarities to co-creation is customization and it is critical to clarify the differences between the two. Customization revolves around a manufacturer designing a product that suits a customer's needs. The product differs from mass merchandise due to its capability to better match the individual differences. Mass customization refers to the application of technology and management methods by businesses with the aim of ensuring product variety and customization through flexibility and enhanced responsiveness (Roser et al., 2009). While the objectives of mass production are to produce an affordable standardized product, mass customization produces an adequate variety of products to suit the needs of almost everyone. Co-creation extends significantly beyond the concept of mass customization, as the latter only aims to satisfy the needs and desires of a specific individual. On the other hand, co-creation may either be initiated by the firm or the consumer and the core aim is to produce value rather than satisfy the needs of end-users.

Personalization, as defined by Prahalad and Ramaswamy (2000, p. 84), is “about the customer becoming a co-creator of the content of their experiences”. In the former, the input by the customer is limited to the selection of features from a menu or to the customers providing information about themselves; however, in the latter, the process resembles more

of dialogue and the customers are incorporated as active players. It is generally accepted that the process of customers transitioning from their traditional roles in order to become co-creators of value began around the turn of the millennium.

3.1.3.4. Open Innovation

Innovation can refer to many different things including scientific inventions, patents or even the discovery of a simpler way of doing things. Lee et al. (2012, p. 818) defined innovation in a general conceptual manner as “any new idea or approach that is applied in fundamentally different ways to create value for the organization and other stakeholders such as customers, suppliers, partner organizations, communities, governments, or general good of humanity.”

When investigating the macro view of the evolution of innovation for value creation, Lee et al. (2012) reviewed several mega trends and forces that have altered the marketplace and emphasized the necessity of innovation for organizational value creation. Innovation is considered to be a universal strategy for every organization, whether it is a firm, a non-profit organization or even a governmental agency. The approaches to innovation can contribute to social reforms, such as the creation of shared value for all stakeholders.

The rules of the game have changed and there are now new influential forces, such as the shortened life-span of competitive advantage due to the number of competencies being commoditized, the shortened product life cycle, business migration to the low-cost regions of the world, and outsourcing; consequently, product-focused innovation has lost its sustainable competitive advantage. The important factors in today's world are service and value-focused innovation aimed at gaining an advantage. Considering the mega trends, the world has become much smaller, people are interconnected and they can share information instantly for personal, social, scientific and artistic purposes.

The concept of innovation has developed through several different stages, from closed innovation to what Lee et al. (2012) called “co-innovation”. The authors defined the evolutionary stages as:

- Innovation 1.0: closed innovation
- Innovation 2.0: collaborative innovation
- Innovation 3.0: open-innovation
- Innovation 4.0: co-innovation

In the Innovation 1.0 stage, conventional factors such as land, capital and labor represent the foundation for the enterprise and the firm’s R&D department is the critical source of innovation that allows it to be successful in the marketplace; however, in the Innovation 2.0 stage, it is clear that the organization’s own competencies are not sufficient to enable it to gain a competitive advantage and the effectiveness of the traditional approach of self-reliance is diminished. Companies attempt to find collaborative partners to combine their own skills in the form of partnerships, strategic alliances and/or technology sharing arrangements. Collaborative innovation, defined by LSE scholars (Roser et al., 2009), is a concept where the borders of an organization are expanded through the involvement of actors based on daily information exchange, the integration of business processes and joint work or activities. Collaborative innovation is exemplified by joint development and co-design and it differs from co-creation due to its project-based nature and the lack of explicit customer value definition.

Innovation 3.0 is the age of “open innovation”, a term coined by Chesbrough (2003) that signifies both inside-out and outside-in collaborative innovative efforts targeted at value creation. The main tenet of open innovation is the seamlessness of collaborative arrangements combined through a new innovation ecosystem. Innovation 4.0 incorporates a new approach and the scholars Lee et al. (2012; p. 818) defined this stage as “co-innovation”, a platform through which internal, external, collaborative, and co-creative ideas can be integrated in order to create organizational and shared value. Von Hippel et al. (2011) also argued that, in the new era, value or experience for all stakeholders including consumers is created through co-innovation platforms.

Chesbrough (2003) was the first scholar to initiate the discussion on open innovation by stating that internal research and development is no longer a strategic asset, as newcomers in the market prefer not to conduct research independently but gather new ideas through various different processes. In this new model of open innovation, the boundaries between companies are permeable allowing new ideas to pass both from inside-out and outside-in and a company can even commercialize the innovations produced by other firms through this system. Open innovation, according to the definition made by LSE scholars (Roser et al., 2009), is likened to a bridge that deploys pathways to enable the sharing of innovations; a company can commercialize its own ideas as well as innovations from other firms and seeks ways to bring its in-house ideas to market through these pathways.

Open innovation strategy can yield benefits and is considered to be effective since the performance of companies significantly increases in terms of the average return on sales. There are many factors that accelerate this open innovation model, including the mobility of the workers who have inherent skills and knowledge, the inability of firms to control their proprietary information, and the availability of funds that finance small start-up businesses, among others. However, there are some drawbacks in relation to the innovation model, particularly in the form of resistance from employees as insiders.

Lichtenthaler et al. (2011) conducted a large-scale benchmarking study combining exploratory interviews with experts together with a questionnaire-based survey with innovation managers in order to measure the role of employee attitudes on open innovation within the largest companies in Germany. Employees might have negative reactions to both inbound and outbound open innovation and the authors called these negative attitudes towards the acquisition of technology from external sources as the “not-invented-here” tendency. This tendency can be associated with the desire to focus on internal resources and knowledge base rather than technology transfer. This tendency can be reduced by making changes to the incentive systems that encourage collaboration with the outside community. Some companies have been using this model for more than a decade and now not only employees but also consumers have become accustomed to the process. Lee et al. (2012) highlighted the inadequacy of closed innovation based on R&D self-reliance, since

it is no longer the only way of gaining competence and staying ahead of the competition. In recent decades, innovation has transformed through several evolutionary steps and the consumers no longer buy into the “invented here at P&G” type of innovation but believe in and have become part of the “P&G Connect & Develop” platform to partner for mutual value creation. Another major employee attitude is defined as “not-sold-here” which means the fear of sharing corporate information. The results of the benchmarking study conducted by Lichtenthaler et al. (2011) revealed four different types of companies based on two tendencies as well as that companies that engage in both inbound and outbound innovation perform better in comparison to others. The lowest return on sales was observed in the group who transfer their technology outside but do not permit any external knowledge within the boundaries of the organization. What makes the arguments of Lichtenthaler et al. (2011) powerful is that the synergy needs to be taken into account as an outlook on innovation, meaning that merely choosing either inbound or outbound innovation is not an effective strategy. Companies have to be flexible to seize additional opportunities and enter into partnerships that might be created during each process.

The main principle of open innovation, accepting the limits of an organization and tapping into the knowledge and expertise outside the organization, signals the major changes that have occurred in the marketplace. Companies exploit different strategies to generate innovation, and Chesbrough (2003) divided them into four different groups, namely innovation explorers, merchants, architects, and missionaries. Some of them prefer to spinoff the labs that were previously part of their organization to benefit from the ecosystem, whereas others prefer to take more control and direct the ecosystem based on specific targets and the use of intellectual property rights. Furthermore, there are groups called missionaries who seek no form of financial return from their innovative efforts, such as software developers, as their primary motivation is the mission itself. As Chesbrough (2003) argued, as a result of the existing models and those that will evolve in the future, there is no single best option and companies will learn to balance and integrate the knowhow of insiders and the outside ideas.

There are several managerial takeaways that can facilitate the process of overcoming the barriers for open innovation: communication throughout the company, the support of top management, the establishment of incentive systems in line with open innovation, changes in the organizational design to ease open innovation if necessary and finally, changes to the culture and mindset that institutionalize open technology transfer.

3.1.3.5. Crowdsourcing

The term crowdsourcing introduced by Jeff Howe and Mark Robinson is the combination of the two terms “crowd” and “outsourcing” and can be defined as: “the act of a company or institution taking a function once performed by employees and outsourcing it to an undefined (and generally large) network of people in the form of an open call” (Howe, 2006). Howe’s definition of crowdsourcing highlights the transition of responsibilities from employees to a large open group, who they preferred to call potential laborers. Gupta and Sharma (2013) also shared a similar view and used the act of outsourcing tasks at the core of their definition and they added that the current roles of the crowd were traditionally performed either by staff or contractors.

Although most of the definitions incorporate outsourcing at their core, it is quite different from the concept of crowdsourcing. Howe (2006) compared the new paradigm of crowdsourcing with outsourcing, stating that it was (p.4) “hiring someone to perform a service and that’s the end of the relationship”, whereas crowdsourcing is “bringing people from outside and involving them in creative, collaborative processes.” Outsourcing is defined as a source of cheap labor and is relatively similar to employing people at a cheaper rate, but the dynamics of crowdsourcing are different, as consumers like to create their content and be a part of the process. The primary motivation behind crowdsourcing is the wisdom of the crowd, which can be traced back to the old proverb “none of us is as smart as all of us”. All definitions imply that certain tasks exchange parties, but the difference lies in the talent of the crowd. The results also called business solutions, can be achieved more efficiently by gathering the collective opinions of a group of people instead of individual employees.

Companies need to find suitable platforms and tasks that can be designed specifically for crowdsourcing campaigns. If managed correctly, the solutions provided will be superior in terms of both quality and quantity and it is generally faster than the traditional way of doing business. In one example, Howe (2006) underlined the replacement of more conventional photography with the iStock photo business that is created with amateur content. Gupta and Sharma (2013) shared examples from many different sectors and organizations that use crowdsourcing such as libraries, museums, corporations, government, NASA and the entertainment sector, among others. He stressed that technological advancements remove the barriers that previously separated amateurs from professionals and companies need to take advantage of this networked world of amateurs. Furthermore, if they do not shift the focus of their business and embrace the increasing trend of crowdsourcing, they might be forced to leave their business in the end. While NASA launched a crowd-sourced competition for teenagers to upload their video experiments on YouTube, a museum invited artists to submit their digital photographs that were related to the theme of the current exhibition. Crowdsourcing is even used for social welfare benefits, where some successful campaigns have raised awareness against various evils.

Crowdsourcing is only one of the types of online consumer community that can produce collective information with the efforts of a talented and motivated group of consumers. Based on the scholarly work on communities conducted by Kozinets et al. (2008) the typologies called swarms, mobs, crowds, and hives have been formed on the following dimensions. The first dimension defined as *collective innovation orientation* refers to how the community is oriented towards innovations whether it be goal-focused (telo-specific) or innovative (communo-ludic) as a part of daily life in relation to hobbies, interests etc. *Collective innovation concentration* denotes the number of individuals that contribute their ideas. The contribution could be spread across a large number of people, many of whom may contribute only modestly, and this is the area into which crowdsourcing falls.

Companies choose a strategy based on many factors, such as the task at hand and the sector in which they are involved. Initially, a minimal number of people who are really innovative are encouraged to create user-generated content, after which a wider community sorts the

efforts to determine the best. The enjoyment factor is a major driver for companies, based on which they should build their co-creation efforts. In-depth root cause analysis might reveal intimate feelings people enjoyed in childhood, the experience of closeness with friends to share passions and the childhood wonders of play (Kozinets et al., 2008). Kozinets et al. (2008) underlined the fact that these communities combine work and play, as well as passion and profit. Zwick et al. (2008) discussed the issue from a wider perspective by stating that this kind of creative labor cannot be found in the mundane jobs created by post-industrial society. It is not only the co-creation of products, services and/or brands but also the co-creation of second lives. Consumers are now pursuing their own interests and holding corporations accountable for the impact on their lives by using social media and online platforms for collective action. For this reason, many businesses deploy crowdsourcing to identify new products or reframe marketing messages; all of which are attempts to harness the wisdom of crowds (Kozinets et al., 2008).

Although companies reacted to the digital revolution in different ways, the necessity to follow the new market trends seems inevitable. Consumers are pursuing their own interests and holding corporations accountable for the impact on their lives by using social media and online platforms for collective action. A more complex set of relationships between producers and consumers is emerging; the companies will benefit from the consumers' desire to participate, hoping to maintain some degree of control over their content (Jenkins, 2014). This new form of participatory action is called "cultural acupuncture", which seeks to tap into the culture's circulation. As Jenkins (2014) highlighted, if Harry Potter is the new form of cultural currency, then the brands need to reframe messages in that format to reach individuals who would not otherwise hear them. In summary, corporations who are interested in ways of benefiting from the desire to participate are now deploying crowdsourcing to identify new products or reframe messages.

3.1.4. The Concept of Brand Co-Creation

Brands offer a set of perceived benefits to consumers, but it is the consumer experience that makes the brand visible and places it at the forefront of the value creation process. A

group of scholars claimed that brands are developed through a process of co-creation in which different players, mainly brand managers and their consumers, take active roles (Brown et al., 2003, Coupland et al., 2005).

Co-creation is analyzed as a critical development in innovation, but the phenomenon has also spread to the field of marketing. The dissemination to marketing has found relevance in branding and many scholars have studied the management of co-created brands and have worked towards the theory of brand co-creation and its implications on different stakeholders (Hatch & Schultz, 2010; Gyrd-Jones & Kornum, 2013; Payne et al. 2009; Merz & Vargo, 2009; Gregory, 2007; Durgee, 2004). Some of these researchers argued that brand co-creation is a completely new paradigm, such as Merz and Vargo (2009), who specified that brand value is co-created through network relationships in the ecosystems of all stakeholders. Payne et al. (2009) claimed that consumers seldom engage in co-creation alone and commented on knowledge sharing during encounters. Hatch and Schultz (2009) coined the term ‘enterprise brand’, which not only represents the organization but all the stakeholders; according to the authors, a brand is created by the identity the stakeholders create among themselves. Thus, Hatch and Schultz (2010) used a stakeholder perspective and extended the co-creation views to the study of branding by converging the building blocks (Prahalad & Ramaswamy, 2004a) of dialogue, access, risk assessment and transparency to provide an integrative framework.

The process of brand co-creation emphasizes the need to develop a model of the process in order to expand on the roles of various stakeholders (Boyle, 2007). Consumers play a significant role in forming a brand and recent studies have demonstrated that the “consumer is an active partner with the marketer in brand-meaning formation” (Coupland, 2005, p. 107) and the “brand is a milieu where marketing management and consumer commitment co-exist” (Brown et al., 2003, p. 30).

Brand equity is drawn from four principal brand assets, namely the perceived quality of the brand, brand awareness, brand loyalty and brand associations (Aaker, 1996) and brands are literally a network of associations – the impressions and images that consumers have

in relation to a brand (Boyle, 2007). In the brand co-creation process model, all stages are highlighted, starting from new product development to repurchasing and distinguishing between pre-consumption and post-consumption brand associations. The findings of Boyle (2007) revealed that the later stages such as loyalty are more dependent on consumers' beliefs and brand associations, while advertising can only form pre-consumption associations.

The branding stream of research that is in line with service-dominant logic is primarily focused on the value-adding processes that lead to the conception of customer experiences (Berry, 2000; de Chernatony & Segal-Horn, 2003). Research into the area of services branding is mainly qualitative and Brodie et al. (2009) closed this gap with their empirical research, which investigated the influence of service brands on the customer-loyalty process. Their analysis displayed that the existence of a service brand does not guarantee customer loyalty but has a mediated influence through customer value.

Co-creation conceptualization has raised multiple stakeholder interactions in the brand management literature and the motivations behind the engagement of firms and stakeholders with one another to generate co-created outcomes is investigated. Successful co-created outcomes depend on the alignment of values and culture among diverse stakeholders and the outcomes are jeopardized when there are complementarities between the cultures (Gyrd-Jones & Kornum, 2013).

In light of their studies and observations of a specific community, Hatch and Schultz (2010) extracted key ideas and applied the building blocks of co-creation to branding literature. They argued that, since they touch their stakeholders through numerous channels and this perspective has significantly wider applications, dialogue together with access mean engagement in branding. According to Prahalad and Ramaswamy (2004b), access is more related to information and tools as well as the manner in which consumers experience a certain type of service; however, in the new context, different stakeholders become partners with differing fears and hopes that form the necessary basis of brand engagement.

All of the building blocks are linked to each other and, as Hatch and Schultz (2010) mentioned, the more a company dialogues with and gives access to stakeholders, the more transparent that organization becomes. The authors suggested a new perspective on transparency, which is not solely about risk but also about reward. This is a perpetual vicious circle, where the combination of dialogue and access give rise to transparency and transparency is accompanied by risk.

The discoveries based on the interactions of brand communities create authentic platforms for brand co-creation. Brand communities display some distinguishing characteristics, such as a shared consciousness, rituals and traditions and a sense of moral responsibility (Muniz & O'Guinn, 2001). Additionally, several others have been added to this list by (Schau et al. 2009; cited in Hatch & Schultz, 2010), such as community engagement, social networking, impression management and brand use, which also constitute the cultural capital for the whole community.

Ind and Coates (2013) argued that in order to counter the drawbacks of co-creation such as the exploitation of consumers who devote their time and skills for this collaborative act, the viewpoints of co-creation need to be enlarged to invite stakeholders in a reciprocal relationship. The culture of co-creation is much more diverse and the meaning itself is in dialogic form; thus, organizations are able to influence those possible meanings since they write the narratives of the brand.

The emergence and rapid adoption of co-creation can be attributed to the mainstream adoption of technologies, the increased focus on services and experience, more acceptance of innovation, and the development of social and collaborative technologies that enhance the knowledge sharing environment. Ind and Coates (2013) took the opportunity to discuss the literary theory on the philosophy of meaning creation and interpretation, which is not solely about creating things or products, but is rather concerned with meanings and experiences. This view has found relevance in branding as well, since Merz and Vargo (2009) also evaluated co-creation from a branding perspective and stressed that even the logic of the brand has changed from being a firm-property to a collaborative activity. Ind

and Coates' (2013) argument is strengthened by the fact that they demonstrated the links of participatory design, all kinds of participative practices such as social innovation, and the philosophy of design thinking to co-creation. The technology-enabled participatory design has spread to average users and Brown (2008) asserted that the democratizing principle has been influential in the development of design thinking.

There is a lack of understanding regarding the use of co-creation and how participation emerges in organizations. Ind et al. (2013) examined the subject of co-creation from a branding perspective and found that as participants begin to form trust and commitment towards each other, they start to feel more attachment to the brand. Therefore, community is an effective tool in the process of building brand because it allows participants to create shared meaning through their socializations. Co-creation is viewed as a facilitator in bridging the gap between an organization and its public in terms of their participation in brand development.

The emphasis of authors on community in brand building has led to the following definition of co-creation: "an active, creative and social process based on collaboration between organizations and participants that generates benefits for all and created value for all stakeholders" (Ind et al., 2013, p. 9). This definition builds on Witell et al. (2011)'s definition of co-creation by asserting that it "aims to provide an idea, share knowledge, or participate in the development of a product or service that can be of value for other consumers".

The key mechanism is considered to be feedback which is a modern version of dialogue. Organizations need to moderate and give feedback quickly, pose questions and follow up if they want to be active listeners of the communities. Creativity can be learned; it is a social and cultural process that is fostered in a trusting ecosystem in which people feel motivated to share ideas. This finding is critical for the managerial decision-making process since it opens up avenues for average users to become involved in innovative tasks rather than lead users. The interesting aspect of this conclusion is that Ind et al. (2013) were able demonstrate the power of the co-creation process in the emergence of creative outputs.

Co-creation thinking is a combination of human capital management and the redesign of business partners considering the interaction points with stakeholders. Starbucks Idea Partners is a good example of this discussed by Ramaswamy and Ozcan (2014) due to the iterative and continuous engagement with Starbucks employees and customers that has enabled Starbucks as a brand to be co-created, which is different from traditional brand management. Collecting ideas is only one part of the whole process; engaging stakeholders in experience configuration to discover experience-based insights is even more important. The most effective way to ensure that people accept changes is to co-create them.

3.2. MANAGING CO-CREATION EXPERIENCE

The transforming role of customers and the method of extracting value has paved the way for the development of co-creation models and techniques. All such models focus on varying components and apart from conceptual differences in the understanding of value, all models of value co-creation are based on the reciprocity principle, including service-dominant logic as the overarching theory.

Mukhtar et al. (2012) examined the literature on value hierarchy and classified the various models and techniques of co-creation. Experience and perception are important determinants of value creation and co-creation in the literature is largely perceived as a process that necessitates interactions. The co-creation models analyzed by Mukhtar et al. (2012) are mostly conceptual in nature and they underline three models in particular that explore the phenomenon in greater detail.

The first one, the DART model, is also considered as the landmark model of co-creation. It was developed by Prahalad and Ramaswamy (2004a), who suggested that the building blocks of co-creation could be grouped under four main headings, namely dialogue, access, risk assessment and transparency, which denote the engagement of customers as collaborators in the value creation process. The second model was created by Payne et al. (2008), who provided a framework composed of three *processes* – *customer*, *encounter* and *supplier processes* – which is useful for designing the relationships that form the

backbone of co-creation. The third model explored was developed by the prominent scholar Grönross (2008), who analyzed the meanings of service-dominant logic and subsequently created his value fulfilment model Grönross (2012). This model enables companies to understand how value propositions are satisfied and experienced in the customers' value generating processes. Although all the models are sourced from service science literature, as aforementioned, they each have a different focus. While the principal concept of the DART model is the facilitation of dialogue, understanding customer processes is the locus of Payne's model. Lastly, the model proposed by Grönross serves as a facilitator of the value fulfilment function.

The aforementioned models predominantly focus on the customer, but this Ph.D. thesis addresses the stakeholder perspective and includes all actors both inside and outside the organization as components of the network. Service-dominant logic also embraces actor-to-actor interactions within the service ecosystem in its evolving perspective. Marketing scholars are becoming increasingly interested in the broader context of the role of stakeholders. There are alternative views and models related to the classification of stakeholders (Christopher et al., 1995; Kotler, 1992; Morgan & Hunt; 1994; Gummesson, 1995), and Frow and Payne (2011) based their approach on the six-market model developed by Christopher et al. (1991) as it is both a thoroughly tested model and it recognizes the multiple roles of stakeholders. The context of the Ph.D. thesis and the intercepts from experts during the fieldwork, which will be discussed in more detail in the following sections, also implies the necessity to consider the views of different stakeholders in the analysis of co-creation in the banking sector in Turkey.

3.2.1. Co-creation Models

3.2.1.1. The DART Model

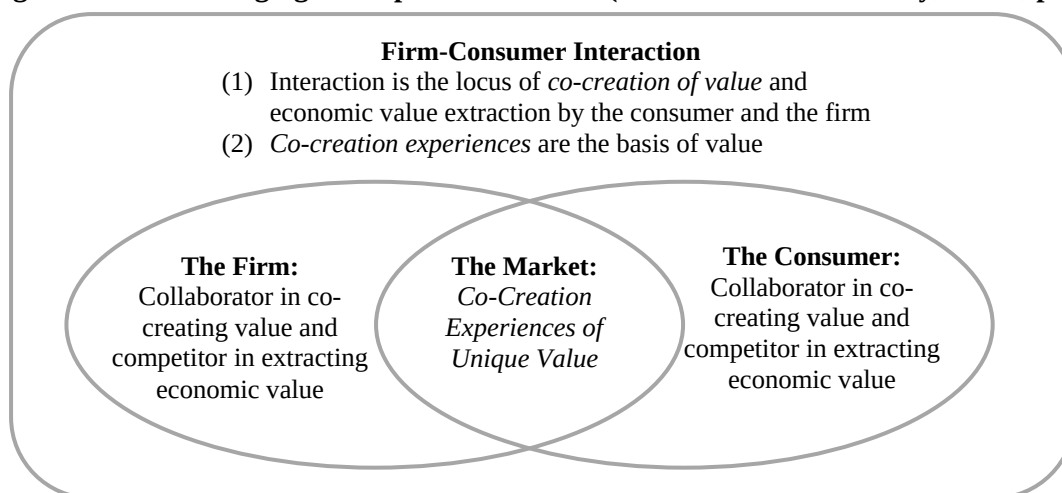
The shift from formal defined roles to a network of relationships, alliances and collaboration between a company and its upward and downward partners in the value chain, such as suppliers and distributors, has been discussed by both practitioners and scholars. At the beginning of the millennium, Prahalad and Ramaswamy (2000) incorporated customers' competencies into the extended enterprise model. Customers are

regarded as the co-developers of their own experiences and in order to harness customer competence, companies are required to manage these personalized experiences.

The managerial implications of engaging customers as sources of competence were listed (Prahalad & Ramaswamy, 2000) as encouraging active dialogue - *a dialogue of equals* – that is rich and meaningful, mobilizing customer communities that exert a powerful influence on the business, managing customer diversity that is heightened by technology and globalization, and co-creating personalized experiences since the focus of customers has transitioned from products to the experience itself. In summary, customers as well as other parties are now engaged and integrated into the extended network and transferring their skills is regarded as the new frontier for managers.

The factor that makes the contribution of Prahalad and Ramaswamy (2004a) unique is the emerging concept of the market, which reflects the process of change and the developing nature of the relationship between consumers and firms. According to the traditional market concept, the firm creates value and the consumer is considered as the target for the firms' products or services, while the market is separated from the process of creating value. However, the co-creation view questions this notion of the market and the roles of both the company and consumer converge, as can be observed in the figure below, indicating that they are both collaborators in the process of co-creating value (Prahalad & Ramaswamy, 2004a, p. 11). The critical issue concerns how co-creation transforms the market into an arena in which consumer communities and a network of companies make contributions; thus, the market becomes a space for potential experiences.

Figure 3.4. The Emerging Concept of the Market (Prahalad & Ramaswamy, 2004a, p.11)

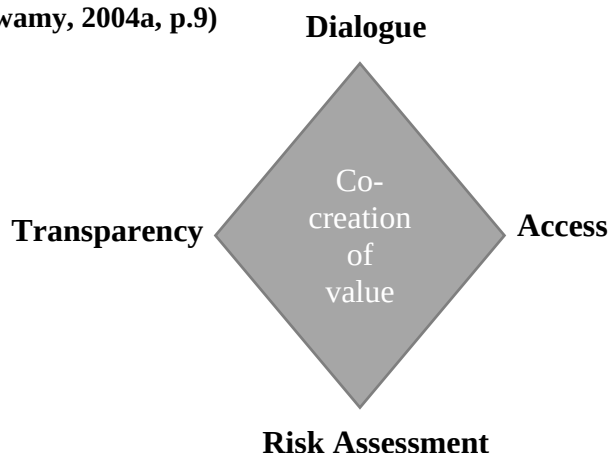


The discrepancy between what consumers and companies value is rooted in Taylor's scientific management approach as well as Porter's value chain concept. These principles were designed to manage and lower unit costs of production due to the specific needs of the early 20th century. In the 1990s, although the supplier network entered the stage, the 'internal cost efficiency' retained validity as a source of value. However, consumers then challenged the source of value creation and Prahalad and Ramaswamy (2002) defined value as the way consumers perceive – as experiences –. It is important to consider the consumer lens, since they are human beings with hopes and desires, whereas companies predominantly focus on the touchpoints, thus losing track of how consumers view the value creation process. Prahalad and Ramaswamy (2002) argued that it is critical for companies to be able to perceive value in a similar manner to consumers and they defined value as experiences, suggesting four building blocks for co-creating value.

The building blocks for co-creation were proposed by Prahalad and Ramaswamy (2002, 2004a, 2004b) to increase the awareness of companies regarding the potential opportunities that could be gleaned from interacting with consumers in the network economy. The four building blocks of dialogue, access, risk assessment and transparency complement each other in a way that leads to the ongoing exchange of value. Dialogue signifies the common understanding between companies and customers; access is considered as an untraditional means of transferring value compared to ownership; risk assessment, also referred to as risk reduction (2002) and risk-benefits (2004a), is the need to access more information due to the level of responsibility consumers assume; lastly, transparency denotes the mutual trust between the different actors in the process of information sharing.

Figure 3.5. Building Blocks of Interactions for Co-Creation of Value

(Prahalad & Ramaswamy, 2004a, p.9)

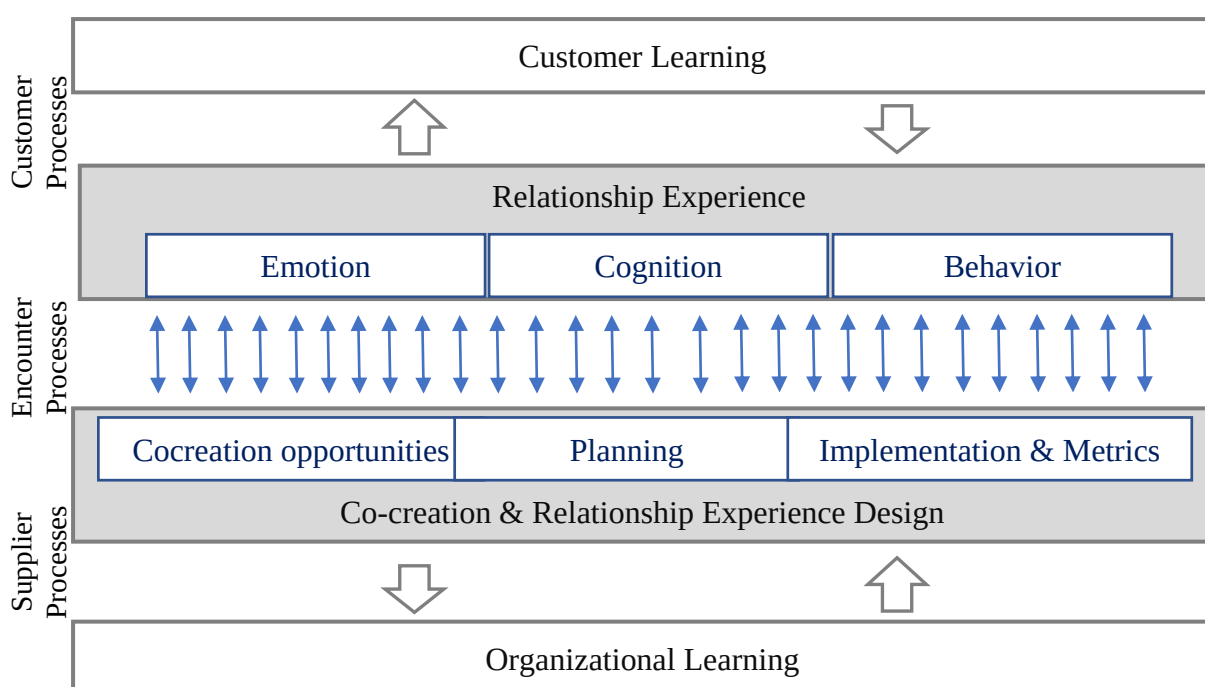


3.2.1.2. Payne's Model

Payne et al. (2008) developed a conceptual framework aimed at comprehending and enhancing value co-creation based on the context of S-D logic. Their framework involves three processes, which are customer processes, encounter processes and supplier processes, which can be utilized in designing relationships that form the basis of co-creation. The necessity to create tools for co-creation has motivated scholars to establish a conceptual framework for managing co-creation founded on the literature on service-dominant logic, value chains, relationship marketing and consumer behavior. Payne et al. (2008) also evaluated Prahalad and Ramaswamy's (2004a) DART model as a holistic research that has resonance with value creation and believed that their framework can be regarded as the second review within that context.

Their framework illustrated below is representation of the recursive nature of co-creation through an interconnected set of processes. The arrows between customer processes and customer learning, as well as between supplier processes and organizational learning, signify the relationships that have an impact on how the value co-creation activities enhanced by these experiences will be realized in the future.

Figure 3.6. A conceptual framework for value creation (Payne et al., 2008, p.86)



Supplier value-creating processes begin with understanding customer processes and this is defined as the “outside-in” model, which is focused on improving co-creation of value as opposed to the traditional “inside-out” perspective that is largely based on the interpretation of existing organizational competences. According to Payne et al. (2008), co-creation opportunities are technological advancements, shifts in industry logic and modifications to customer preferences and lifestyles.

Encounters, also called touchpoints or contact, can occur either under the initiative of the company or the consumer. During encounters, the participants exchange resources such as money, products, work, information, time and collaborate to perform activities. While not all encounters are considered to have equal importance, some are pivotal in the process of value co-creation. The approach of Payne et al. (2008) mainly concentrates on the detailed customer, supplier and encounter processes rather than emphasizing those that occur internally. The technique for internal process mapping is different.

One of the key managerial implications of the framework suggested by Payne et al. (2008) is the “extended enterprise” viewpoint. The term “extended enterprise” is a mindset that requires the ability to think and engage across the customer and supplier value chain processes. Traditional practices of management are thus challenged as a result of the interactive and interdependent essence of co-creation.

Despite the plethora of research conducted on service-dominant logic, minimal focus has been given to the role of the brand, with the only exception being Payne et al. (2009) who highlighted the proposition that “the brand becomes the experience” in Prahalad’s (2004) commentary. Another experiential definition of the brand was provided by de Chernatony (2006), who argued that the brand, as a cluster of functional and emotional values, promises a unique experience to the consumer. Therefore, the authors examined the concept of the brand relationship experience by applying their framework to design a co-creation situation involving a car-sharing brand called City Car Club.

The brand relationship experience incorporates the information-processing and experiential perspectives as described by Payne et al. (2009). Co-creation encompasses encounters that affect the customer's capacity and readiness to co-create with the supplier and Payne et al. (2009) believed that the two aspects that facilitate this process are communicating the brand and acting upon the brand. They provided typical examples, such as exchanging user experiences in the form of knowledge sharing or providing on-line tutorials for guidance. Co-creation can also assume an emotionally supportive role by deeply engaging the customer with the brand through metaphors, stories or analogies. The critical issue involves engaging the consumers in the experience; by only applying a cognitive approach that relies on explanations that aim to enhance the usability of a service, it is unlikely that this will work in isolation.

3.2.1.3. Grönross's Model

Value co-creation was interpreted by Grönross (2012) as the combined activities of parties involved in direct interactions and those joint activities not only involve the customer, but any other beneficiary within the value creation process, mainly the service provider. Grönross (2012) developed the conceptual model of value co-creation as an alternative to S-D logic, including interactions that support the spheres of both the customer and the service provider and the main difference from S-D logic is the "direct interaction" that is not a necessity in the metaphorical premises of S-D logic scholars.

Service as a logic incorporates two important aspects: the logic for consumption and the logic for service provision. Grönross (2008) asked the critical question of who in fact co-creates, with the answer ultimately being that both parties introduce their own value foundation to the process. The critical aspect is the location of value creation; as value is created in the customer's sphere, value-in-use is more important than value-in-exchange. In summary, the customer does not act as the value co-creator with a supplier, but the supplier adopts a service logic and thus becomes a co-creator of value in collaboration with its customers. Hence, Grönross (2008) analyzed the customer and provider service logic and believed that provider logic should be directed towards customer logic. Customers also

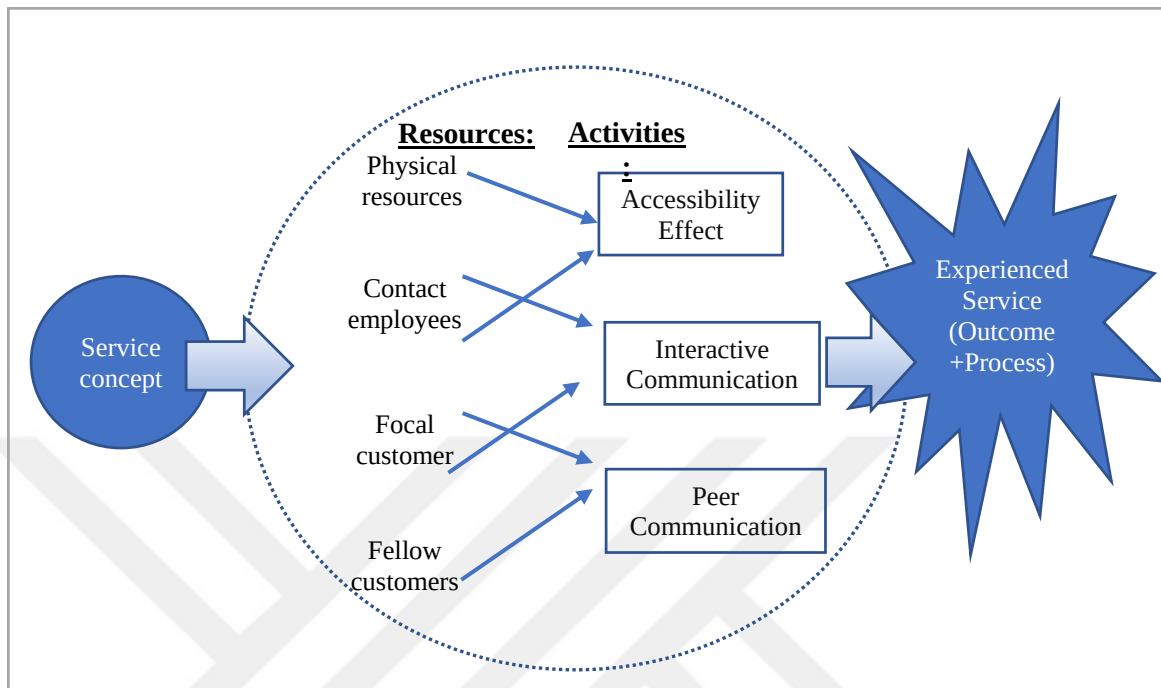
have the possibility to affect the service provider's activities; it is not only the provider that benefits from moving into the other sphere, but the firm gains more through value facilitation and, one step further, value fulfilment roles.

Value creation, the principle argument behind service-dominant logic, has been studied in interactive contexts since the 1970s and can be found in the early discussions of service marketing scholars. Value emerges from experience and is not created instrumentally; to denote this nuance, Raval and Grönross (1996) used the term "value formation" and Grönross built his co-creation schema around this logic.

Grönross based his conceptual model of value co-creation on the early models of service marketing, namely the *servuction model* (Eiglier & Leangeard, 1976, cited in Grönross, 2012) and the *interactive marketing model* (Grönross, 1978, 1984), which consists of customer-firm interactions. The significance of the servuction model lies in its integration of the resources needed for co-production and co-creation by dividing them into four different categories: contact employees, physical resources, focal customers and fellow customers. The role of fellow customers and the influence on the total service experience is also emphasized. The model adopts the view that service is co-produced during interactions. In the new terminology, "value co-creation resources" appear in direct interactions. On the other hand, the Nordic School model demonstrates the collaborative interactions of a service provider and a service user, or the beneficiary. As such, the model develops activities of action variables that participate in the interactive value formation process (Grönross, 2012). Action variables are defined as accessibility, interactive communication and customer influence (the capability and willingness of customers to co-produce the service).

In summary, Grönross (2012) combined the resource categorization from the servuction model with action variables from the interactive marketing model and subsequently formed the contemporary value co-creation model, which is described in detail below.

Figure 3.7. Conceptual model of value co-creation in service (Grönross, 2012, p. 1528)



According to the model, the service concept is the starting point and the experienced service is the end, while the value co-creation platform exists between the two. The customers create value-in-use and the co-creation of value occurs where collaborative activities triggered by resources are performed. As Grönross (2011, p. 287) highlighted, ‘value (in-use) is accumulated, or destroyed, throughout this process. It is not determined at the end of the process only’.

Grönross (2012), in his new model, also accepted the view that accessibility effects could be virtual or even mental. In the past, service marketing scholars focused on the physical effects of service encounters, but this latest remark by the Nordic School scholar signified the enlargement of value co-creation platforms in the contemporary context. The model developed by Grönross (2012) helped to identify the different activities conducted and the roles assumed by the customer and the firm; the value-creating activities by the former and value facilitation by the latter, as well as the collaborative roles of both. This study not only directed managers’ attention towards the co-creational impact on value creation, but also triggered studies on how accessibility influences the flow of service process in the current business world.

3.2.2. The Co-Creative Enterprise

Competition is now intense from many different angles due to the convergence of sectors after the onset of digitization and the older methods such as reducing costs or outsourcing are no longer effective at solving the problems of companies. The only approach that encourages growth and thus value creation is through the focus on innovation; the locus of innovation and the new competitive space for innovation is based on experience. The innovation locus has shifted from products to solutions and experiences (Prahalad & Ramaswamy, 2003). The experience space is significantly different from the product space and the center of gravity has become the individuals themselves as well as their co-creation experiences. Value creation originates from the experience of a specific consumer, which means that the personal meaning is derived from that context.

The traditional way of conducting business by first designing the products and then attempting to sell them by incentives - the push system in which the organization produces products and services, develops plans to sell them and management then transmits those plans to employees, partner organizations and customers - is changing. In the modern world, the end-users know what they want and claim to be a part of the value creation process. Throughout this process, the enterprise works with all stakeholders, particularly customers, and there is no push system.

Prahalad and Ramaswamy (2003) determined that the experience environment takes the form of a networked combination of company capabilities and consumer interaction channels that harmonize the needs and wants of individual consumers. In order to orchestrate these personalized consumer interactions, a nodal company is required to form an enhanced experience network of many partners including consumer communities. In this context, the managerial takeaway for companies is to learn how to act as facilitators of experiences rather than owners of existing products/services or solutions. The one constraint or strategic move is stated as 'starting small' (Ramaswamy & Gouillart, 2010), while the co-creative enterprise seeks a new value chain that benefits all stakeholders; beginning with the experiences of a small number of stakeholders is more effective at

eliminating the risk of failure in the long run, thus creating a system in which all members will win.

The transformation of an enterprise through co-creation is a co-creative process in itself. All of the stakeholders, both inside and outside the organization, have to collaborate and believe in the change process or new solutions that emerge in their everyday lives. The engagement among actors necessitates the formation of a new mindset that is embedded in the DNA of the organization (Ramaswamy & Gouillart, 2010). In some cases, managers do not permit the employees to take active roles in the decision-making process and a predefined change process is followed using a top-down approach and, since the collective belief and culture of the firm is not affected, the desired changes do not occur. One of the success factors of co-creation stated by Ramaswamy and Gouillart (2010, p. 149) is the *engagement of those affected by change*.

Organizations are threatened by the co-creation demands from customers and this requires a shift in mindset from the perspective of management teams. Bhalla (2011) proposed a framework that assists companies with building their co-creation capabilities; the first step in the framework addresses the need to **Listen** to customers, followed by the new patterns of interactions and relationship building under the heading of **Engage**, then finding vehicles in order to **Respond Externally** and, as the final component, to invest in structure, culture and processes to **Respond Internally** to the changing business dynamics.

Listening can take many forms, where observation and digital listening are the new trends that have replaced traditional marketing research techniques. Managers need to follow new channels such as blogs, discussion forums, video sharing and any kind of social networking site. On the other hand, traditional market research techniques provide limited information since they record consumers' past experiences of a product and they are regarded as reactive techniques. Witell et al. (2011) recommended that researchers who aim to use co-creation practices should encourage consumers to take the role of co-developers during the initial stages of product/service development. When innovation is democratized in a manner that encourages consumers to take the initiative, they will be capable of sharing

innovative ideas at locations where consumption generally occurs and the starting point for companies is the need to listen.

Customer engagement was also categorized by Bhalla (2011) into different subgroups, with the main divide being physical spaces versus digital arenas. Companies have differing options if they wish to engage customers in digital arenas, ranging from customer communities to social media sites. Ramaswamy (2008) discussed the case of Nike, which focused on the social networking site Joga.com that was launched during the 2006 World Cup to enable users to display their soccer skills. The user-generated content and the engagement created through the platform provided many opportunities to Nike, such as establishing interactive customer relationships and the ability to reach a wide-range of users, among many others. The gains from the perspective of the company were listed by Ramaswamy (2008) as follows: refine new ideas, accumulate learning, tap into collective intelligence, build the brand, reduce the risk of dissatisfaction, and enhance market acceptance. However, the rewards on the consumer-side include the intrinsic benefits acquired from the social network and the value by being a part of product/service offer.

There are different ways of involving stakeholders in the business. Ramaswamy and Gouillart (2010) listed the Japanese style as one of the oldest participative management models that focuses on partnerships with suppliers and also mentioned the latest trends of inviting people to share their opinions in polls through websites or social media. Nevertheless, such efforts are not implemented for the benefit of any party and this approach still retains the sales push from the company side. In the new world, customers in particular desire to shape their own experiences and prefer not to participate in activities that are directly sponsored by the company if that co-creation task does not fulfill their expectations and interests.

In terms of the method of building co-creative enterprise, Ramaswamy and Gouillart (2010) highlighted the fact that internal players also deserve better experiences and they argued that traditional co-creation processes ignore the interests of all stakeholders and suggested four steps that a firm should take: identifying all stakeholders, mapping out the

interaction among them, organizing workshops for them to share experiences and building platforms for both implementing ideas and continuing dialogue. The core principle is simple: the more co-creation produces value for stakeholders, the more seamless the processes. The internal players, the employees, will observe the situation from a pragmatic lens and will ask “what’s in it for me?” to assess whether they will wholeheartedly participate in the co-creation experience.

Responding externally can take many forms, one of which is collaborating with professionals, while another is the active participation of ordinary customers. Consumers use the digital information sources to generate collective intelligence in the form of experimentation and speak out loudly as activists; such activists both feed the new product development and provide feedback to companies. There are different co-creation tools and techniques that enable a company to play three roles (Ramaswamy & Gouillart, 2010): connecting with customers’ ideas, selecting the ideas to pursue and finally, converting them into tangible customer value. Prandelli et al. (2006) linked the innovation stage to the tools used for co-creation and demonstrated that collaborative tools are effective during the initial idea generation stage. Nambisan and Nambisan (2008) categorized the role of consumers in the innovation process into five roles: conceptualizer, designer, tester, product support specialist and marketer.

The techniques of co-creation consist of different methods that can be used to integrate customers or other stakeholders into the new product or service development processes. Mukhtar et al. (2012) listed ten different firm-led methods that act as platforms for research: participatory method, empathic design, co-designing, use of artefacts and prototypes, personas and avatars, laddering techniques, living labs, lead user approach, toolkits for idea competition and community-based innovation. Each technique presents its own advantages or disadvantages and more than one method can be used simultaneously by firms. The participatory method is considered the root of co-creation techniques, which regards end users as experts and involves them in the product development process. Technology may also be used within these techniques; for example, users develop their own products via web-based platforms called virtual labs in the community-based

innovation method. A living lab is a user-centric methodology that combines different stakeholders in a real-life simulation.

Organizational alignment, as defined by Bhalla (2011), is the “must have” dimension of their framework. Co-creation programs and innovation projects do not happen spontaneously, but companies rather need to *Respond Internally* to initiate those efforts. Initiation or facilitation are the correct terminology since workplaces, although once managed based on command-and-control style, are now democratizing towards bottom-up ideation styles, even in decision-making processes. The co-creative enterprise embraces concepts like democracy, collaboration and self-managing teams.

Innovation requires support from within, meaning that a core team inside the organization should lead the process. Employees can share ideas in different formats, which can either take the form of process improvements or completely new product ideas. According to Ramaswamy and Ozcan (2014), employees learn through solving customer problems, by facing unusual tasks and by harnessing insights and knowledge throughout their experience. At the heart of corporate culture, knowledge co-creation platforms need to be integrated. Knowledge is tacit and since it regenerates continuously, it cannot be managed, thus creating the challenge for managers of how to transform this tacit knowledge into useful information. In large enterprises, particularly those operate on a global scale, employees need to refer to a knowledge base, such as platforms that employees can access to aid them with solving their daily problems. Web-based platforms are also invaluable for addressing the needs and problems of consumers. Traditional suggestion boards designed to give employees the opportunity to make suggestions for improvement do not have the same practicality, as web-based platforms are considerable superior compared to suggestion boxes.

As technology is perhaps the easiest aspect to change, the focus needs to be on culture change. Co-creation platforms bring a shift to the network model. Stakeholder engagement and collective value creation is embedded in the culture of a company and the clues can be observed in the relationships between employees and managers. If managers make

decisions in a top-down format and do not co-create with employees inside the organization, it will be hard to do so with customers and other stakeholders. Some tools, such as ice breakers and co-creation workshops, can be used to produce meaningful solutions for all stakeholders, particularly customer-facing employees and customers (Ramaswamy & Ozcan, 2014).

The role of the enterprise then becomes that of a co-influencer rather than a co-creator and the enterprise adopts a “hub and spoke” perspective in creating value among stakeholders (Frow & Payne, 2011). Even if the starting point is the firm, the focus is not solely on the customer but on many other markets and it is important to understand the relationship between stakeholders that do not involve the firm. The value propositions among stakeholders may lead to conflicting interests and the role of the firm may also include resolving tensions.

Ramaswamy and Ozcan (2013) underlined the change in strategy making based on co-creation thinking, where strategy making has become a joint process of co-creative discovery. Co-creation thinking considers firms as a base for competence, which employs the strategy of searching for new opportunities in collaboration with customers and other stakeholders. Thus, value creation and the new strategy has enabled aspirations to become greater than the resources; this explains how smaller companies with limited resources can outperform their larger rivals. New strategy also brings a fresh perspective and an entrepreneurial spirit to large firms.

The implications of co-creation thinking for managers are that they should be agile leaders who are open to new opportunities to access talent and skills from anywhere in order to feed the collective intelligence back into the system. This change necessitates managers to possess a new set of skills, since they are required to move out of their comfort zones to seize new opportunities at any time. Ramaswamy and Ozcan (2013) stressed that the keywords for the new world are no longer “command and cascade” but should be “engage and discover”. In order to discover new solutions that accelerate value creation, both small firms and large diversified businesses have to embrace the entrepreneurial spirit.

3.3. CRITICAL PERSPECTIVE ON THE ROLES OF THE CONSUMER

3.3.1. The Roles of Consumers in Value Co-creation

Consumers have been considered active players for more than a decade and there has been a radical shift in the roles they play. New perspectives now empower the consumer, whose relationship with the company continues after a purchase has been made or even when the product has been consumed. Since consumers feed their experience back into the resource integration process, their contribution in the value chain has rendered them more visible. These new roles engender terms such as prosumer or consumactor that denote contemporary consumers; however, the expectations from consumers and correspondingly their new responsibilities initially led to inherent drawbacks. The term ‘prosumer’ was coined in 1980 by Alvin Toffler, who was inspired by the simultaneous roles consumers were assuming in the value chain; at that time, his views regarding the work performed by consumers for themselves or their relatives that received no form of compensation represented a novelty. Consumers still conduct activities after they purchase a product to enact the value of that market offering, but today it is accepted as an integral aspect of what it means to be a consumer (Humphreys & Grayson, 2008).

Different research streams such as service-dominant logic, consumer empowerment, collaborative innovation and consumer agency provide the type of contribution that consumers make, ranging from the co-creation of market value through operant resources such as knowledge and skills to narratives of their own consumption in the form of meaning, symbols and other cultural artifacts. Although these research streams provide enhanced enrichment to our understanding of the concept of the working consumer, they differ in their interpretation of what is produced by the consumers (Cova & Dallı, 2009).

The way in which consumers work can be conceived through the common elements of the aforementioned research streams: firstly, all consumers use and integrate the resources given by companies; secondly, they collaborate with company representatives and indirectly contribute to the market through these interactions; and ultimately, consumers

are responsible for their own well-being. Consumers even participate in the market to produce their identity, creating a contemporary discussion around the post-modern individual, the search for identity and the quest to define the meaning of life (Cova & Dalli, 2009), which is regarded as a never-ending story. Nevertheless, the critical stance from the consumer culture theory scholars focuses on the inability to encapsulate consumers and their consumption.

The roles of producers and consumers are becoming increasingly intertwined and some scholars even support the view that people can effortlessly shift identities from being a consumer to a creator. Companies enhance and simplify these kinds of transitions by providing online community programs, contests, submissions for voting on potential products, among many others. Humphreys and Grayson (2008) criticized the contributions of the consumer and the consumer-producer relationship in the capitalist system.

3.3.2. The Notion of Labor in Value Co-creation

Prahalad and Ramaswamy (2000, 2002, 2004a, 2004b) initiated a discussion on customer-firm interactions and conceived an area of research defined as value co-creation. Cova and Dalli contend that, together with service-dominant logic in marketing, the co-creation paradigm provokes questions such as the *understanding of value* and *the notion of labor* in value co-creation. The value co-creation paradigm (Prahalad & Ramaswamy, 2000) and service-dominant logic (Vargo & Lush, 2004a) instigated an intense debate among marketing scholars to the extent that even a decade later, an entire special issue of Marketing Theory was devoted to the subject, assigning wide coverage to critical perspective, thus broadening the debate on the two acclaimed concepts.

The key area of criticism stems from the fact that the act of including consumers in the value creation process improves the end product and organizations are able to prioritize those co-created products with premium positioning. Co-creation, in that sense, provides firms with the potential to exploit consumers because the producers of surplus labor value receive no form of compensation for their work (Cova et al., 2011); therefore, consumers

are placed in a position in which not only is their contribution demanded through co-creation practices, but they are also ultimately penalized through higher prices (Arvidsson, 2005; Bonsu & Darmody, 2008; Humphreys & Grayson, 2008).

The co-creation paradigm and service-dominant logic areas are closely related; the former has flourished in management and the latter in marketing, thus, provoking our thinking (Cova et al., 2011) in terms of the understanding of value and the possibility of exploitation of labor in value co-creation. Exploiting consumer labor is only one side of the coin, as the working consumer concept also reduces the risk of consumer behavior other than that desired by the company (Cova et al., 2011) and signifies a modern form of corporate power (Zwick et al., 2008) that is enacting a change in consumer actions based on their free will and creativity.

Exploitation of Labor

Cova et al. (2011) seized the opportunity to criticize the new consumer roles and witnessed a ‘co-creative capitalism’ that is characterized by new representations of control and exploitation. It resembles a new collaborative economy in which the early practices of making consumers work are now being universalized across different industries.

Consumer labor is called ‘surplus’ because, due to its unpaid nature, consumers cannot use it to purchase more goods and the ‘surplus’ value, the money earned minus the cost of production, is ultimately generated. Exploitation has been described by many scholars under two related topics of discussion. First, consumers are paid for their knowledge and creative input, leading to the scenario in which they could pay a premium price for up-scale products created with their own collaborative enthusiasm. In summary, consumers’ social relations and emotional involvement surrounding a product enable the co-creative labor to deliver value (Arvidsson, 2005); furthermore, if these voluntary efforts affect the economic value of the end product, this is in fact where the exploitation occurs, which renders the consequences even more significant.

Although control is necessary to direct the efforts of consumers in the desired manner, creativity is expected to flourish and coercive power cannot be used to achieve control (Cova et al., 2011). Technological advancements affect these power relationships and, according to Ritzer and Jurgenson (2010), Web 2.0 has generated new methods of production. In the opinion of Cova et al. (2011), the concept of labor implies necessity, coercion and command and an individual exchanges money for his or her free time. However, with the combination of Web 2.0 and new types of labor, ‘free labor’ has emerged that is not tied to money but is unwaged and therefore has the potential to be exploited.

The critical perspective regarding working consumers in the literature embraces brands (Arvidsson, 2005) due to their ability to create a social bond or a common identity among consumers through un-paid labor. Sources of criticism emanate from Marxist thought, the ubiquitous symbolic resources of capitalism, and the discussions related to the production-consumption dichotomy.

The definitions of production and consumption require new thinking, as communication and social interaction are considered as elements of production in today’s world. Arvidsson (2005) proposed a model built on Marx’s model of capitalist production, which analyzes how brands exploit consumers (Ritzer, 1999) and conceptualizes it as ethical surplus. The surplus value lies in experiences or shared emotions and brands create platforms that enable this interaction. In the information age, consumers pass the consumed information to others in different forms and this communicative production process has been called ‘immaterial labor’ by (Lazzarato, 1997; cited in Arvidsson, 2005). Immaterial labor can occur both within or outside an organization resembling the value co-creation process that necessitates the collaborative efforts of different stakeholders within the service ecosystem. The most important source of immaterial labor is denoted as consumption (Lazzarato, 1997; cited in Arvidsson, 2005) due to its symbolic attachments and the ability to create a sense of community. Marxist thought is built upon “General Intellect” that is predominantly the tacit knowledge embodied within organizations. In the modern world, the general social knowledge is expanded to the daily lives of consumers that renders common cognitive,

communicative, and social competences and the reservoir of cultural capital in general (Arvidsson, 2005).

Branding, through the lenses of prominent scholars (Aaker, 1996; Keller, 2001), is the art of focusing on emotional benefits that constitute the soul of a brand rather than the product attributes; in other words, functional benefits that comprise the body of the brand. A brand represents an immaterial asset (Arvidsson, 2005) and the intangible value inherent in brands is similar to copyrights and patents; they originally referred to the producers, but now the brand image is formed in the minds of consumers. Although the producers work hard to create a brand identity, consumers have a larger stake in brand image formation. Enacting a brand is different from its symbolic meaning and consumers are active in producing shared meanings of brands to them. Brands need to encourage consumers and provide them a free space, while at the same time, the co-creation efforts need to feed back to the intended brand idea. Achieving this balance can be a complex process and is one of the key challenges of the new decade.

Successful brands demand higher prices and consumers are prepared to pay a 'price premium', which represents the monetary aspect of the use-value of a brand (Arvidsson, 2005). Branding employs techniques to exploit consumers as a source of surplus value, either by absorbing their free time in quantitative terms or by asking them to devote their productive capacity in the boundaries of discussions that evolve around brands.

The New Form of Power

The ideological aspects of utilizing consumers as a source of competence and making them work has been analyzed and the actual meaning of the term co-creation was found to be equal to the exploitation of creative labor by Zwick et al. (2008). Based on their analysis, Zwick et al. (2008) suggested that co-creation represents a political form of power, a new marketing 'govern-mentality' that enables the autonomous creativity of the masses. The focus is primarily on value creation and finding potential ways to achieve this, a practice

that mainly revolves around consumers working in the production and innovation processes.

At first glance, the exertion of political power is assumed to take a different and subtle form; thus, it has roots in the term government that is used by Foucault (1991). Just as governments prefer to use a bottom-up approach, marketing scholars Zwick et al. (2008) coined the term marketing govern-mentality that also regards consumers as partners in the value co-creation process. Consumers can act freely in their innovative pursuits, which is not the case in the top-down approach; nevertheless, this is ultimately an unconscious but modern way of changing the behavior of others in the desired manner. Organizations need to provide dynamic platforms that can release the creativity and knowhow of consumers while on the other hand, they channel consumer activities in the direction that is desired by the firm. Although both employees and consumers work for the benefit of the organization, the latter is not compensated for their efforts and therefore must be motivated in a completely different manner.

According to Zwick et al. (2008; p.172), “co-creation represents a radicalization of the customer-centricity that is at the cornerstone of the ‘Kotlerite’ doctrine of marketing thought”. The authors also attacked on of the main backbones of S-D logic - consumer co-creation - and argued that in this way, the consumer is transformed into a permanent member of the company’s production and marketing team. Similarly, Arvidsson (2005) defined the working consumer concept as ‘immaterial labor’ and suggested that even brands are dependent on it in the process of manufacturing meaning that constitutes the core of the brand, the trust, affect and shared meanings. With the advent of the digital economy, value production is facilitated and voluntarily provided by ‘free labor’ (Terranova, 2000), which although exploited without wages, is enjoyed. The critical issue herein lies in the joy realm of consumers, which makes the exploitation appear to be a voluntary devotion of free time made by the consumers, like a favorite pastime in their lives. Therefore, despite all the drawbacks related to asking consumers to collaborate, companies still exploit the creativity of consumers by providing them with the capacity to playfully create their own consumption experiences.

The concept of the free consumer has not significantly threatened the control needs of corporations; thus, continued corporate control and sustained competitiveness necessitate a free consumer subject. Zwick et al. (2008) argued that the co-creation paradigm is representative of an attempt to establish a specific form of government that combines different forms of life in which consumers voluntarily provide uncompensated labor. This voluntary process is harder to monitor and does not operate on a command and control basis, but through relationships. On the other hand, consumers may sometimes use their creativity in ways that firms find unexpected and unwanted, and this is called the challenge of the new marketing 'govern-mentality'.

Working Consumer Concept

Cova and Dalli (2009) analyzed the roles of consumers from a sociocultural perspective with a critical outlook and proposed the "working consumer concept". The scholars highlighted the consequences of demanding labor from consumers without any form of compensation. Consumers are not paid for their labor because they are not involved in the production process in the traditional sense but are active through immaterial labor (Cova & Dalli, 2009).

Customers have contributed to service provision in many ways, with early milestones observed in food retailing, warehouses, automated teller machines (ATMs), indicating that the concept of the active consumer is not new. There are two main cult terms in this area, the first being 'Prosumers' which was developed by Toffler in 1980 and the other 'McDonaldization', also coined by Ritzer in the 1980's. McDonaldization refers to the efficient systems utilized by the famous fast food company and the possible transfer of this functionality to numerous settings (Ritzer, 1983). The success of this fast food chain is attributed to its compatibility with the needs of the fast-paced and impersonal modern society. Consumers no longer have time to spend on preparing meals, thus putting on weight by eating quick and high-calorie meals on daily basis. The fast food restaurant is not a substitute for leisurely, conservation-filled dining, meaning that people lose contact and the sense of intimacy associated with their family and friends, and they are not

interested in being acquainted with the service providers. Similarly, relationships have been destroyed in workplaces, as employees are required to operate in dehumanized environments where their skills and abilities are not valued. Many people minimize contact with their colleagues and, as Ritzer (1983) argued, they become lost in this wheel of fortune.

The active customer debate can also be found in the sociology, economics and management literature. Rieder and VoB (2010) synthesized separate strands in the literature to overcome disciplinary boundaries and called their study the “working customer thesis”.

The forms of self-service in different sectors are substantial and self-service technology is one of the driving forces behind this emerging new trend. Customers also wish to assert more control over their own consumption process, which is the second main driver. The contribution from customers can take many forms, such as innovation (e.g., Dell IdeaStorm), operational activities including marketing (e.g., Starbucks Idea) or user-generated content (Rieder & VoB, 2010). Rieder and VoB (2010) argued that their definition of the working customer is someone who is engaged as a quasi-employee and is systematically different from the prosumer (Toffler, 1980) and the co-producer (Prahalad & Ramaswamy, 2000). The customers acting as co-producers in a service provision are selected by enterprises and they do not ask for contribution from the entire customer group; however, in the labor of working, the customer is systematically used by enterprises and they become an explicit source of value.

The roots of the working consumer concept can be traced back to Marx and the notion of living labor. The notion, which acknowledges the fact that people need to work in order to assign meaning to their lives and extends beyond the traditional way of working for someone else. While postmodernism has motivated people to challenge the status quo and the lines between consumers and producers have become blurred, the working consumer notion based on the post-Marxist approach has become an advocate for the distinction between the two. Although consumers are not initially aware of the level of compensation from their side, as a result of the intrinsic enjoyment and motivation, they could ultimately

feel exploited if they feel that they are performing all the work without any form of praise. Since consumers both pay literally and contribute to the service provision through their own efforts, they may feel that they are being exploited by the companies, a phenomenon called “double exploitation” (Cova & Dalli, 2009).

Different projects have been conducted that present the changes and challenges in the daily lives of customers as a result of the working customer concept. One of the projects demonstrated the barriers, mainly the usability barriers, faced by senior citizens when using self-service technologies such as public transportation, e-banking and their dependence on others in their daily lives. Another project in Germany aimed to identify the factors that improve service quality and not only focused on customers, but also analyzed different kinds of interactions including both enterprises and employees. The typical examples of outsourcing to customers are defined as product configuration, idea finding, innovation and design contests, product rating, internet-mediated self-service, among others. Rieder and VoB (2010) criticized the process of outsourcing to customers, arguing that in such cases, work permeates throughout the private lives of individuals to the extent that the customer is no longer a private person but has become a working customer.

There are positive and negative aspects to the concept of the working customer; the working customer is part of a corporate strategy and is thus associated with the erosion of private life. On the positive side, individuals like Amazon customers benefit from the purchase history of prior customers and obtain relevant information that makes their lives easier. Although the customer loses a form of privacy, he or she may benefit from their participation (Rieder & VoB, 2010). The benefit for the customer can be in the form of small advice, as in the case of Amazon, but could even involve the creation of the product or service by themselves. Customers may create services for themselves, and the use of enterprises' resources for participation is called open innovation (Chesbrough, 2006). Criticisms of the working customer always focus on the exploitation of the customer; however, on the positive side, the participation facilitates the self-actualization of customers (Zwick et al., 2008).

3.3.3. Interactive value formation and value-in-use

The literature on consumer behavior is focused on the decision-making process and tools reflecting consumers' choices, not their behavior. Service-dominant logic challenges this preoccupation with decision-making and applies increased focus to the value-creation.

Consumers are co-creators of value in this process and the role of consumers as co-creators has been determined to be a crucial aspect of service-dominant logic and has been further studied by many scholars. Xie et al. (2008) linked the role of consumers with "prosumption", a term that implies that buyers produce products for their own consumption needs and investigated the motivational mechanisms behind the propensity for prosumption. Xie et al. (2008; p.110) defined prosumption as "value creation activities undertaken by the consumer that result in the production of products they eventually consume and that become their consumption experiences". In their research, Xie et al. (2008) addressed prosumption-like behaviors and provided insights into the processes that lead to make-or-buy decisions.

Value formation is grouped into two main types: one is non-interactive value formation and the other is interactive value formation in which value is co-created (Echeverri & Skalen, 2011). Echeverri and Skalen (2011) provided a framework that details how interactive value formation occurs in reality. The scarcity of empirical research in the area of value formation and the focus on positive value formation within the literature differentiates their research since it captures the downside of interactive value formation. Interactive value co-creation occurs as a result of congruent elements between providers and consumers; on the other hand, value co-destruction is the result of incongruent elements and the reduction of value by providers and customers. The diminishment of value not only comprises the usage of a product, but also the collaborative co-destruction during the interactive service process. Although negative work in the literature is limited, the term "value co-destruction" term was coined (Ple & Chumpitaz Caceres, 2010) and the discussion of the "working consumer" and related concepts largely resonates among consumer culture theory researchers (Bonsu & Darmody, 2008; Cova & Dallı 2009; Zwick

et al., 2008). The interaction value practices can be listed as informing, greeting, delivering, charging and helping, which provide the framework of interactive value formation. Interactions between employees and customers determine the final evaluation of the praxis and incongruent perceptions at the initial stage could even become a recovery case, while the reverse can also occur. The interaction practices in the face-to-face service encounter context derive the final notion of the value formation framework.

Consumers need to build substance through physical and cultural objects, while immaterial labor enables those cultural elements that are employed by people to produce socio-economic added value that will be distributed throughout society in the form of consumption goods and services (Cova & Dalli, 2009). The term immaterial labor signifies the production of culture and affect and its essence is not tied to employment. Customers are seen as the initiators of value creation (Grönross, 2008) and are no longer at the end of the value chain but have repositioned themselves at the beginning (Firat & Dholakia, 1998); subsequently, value-in-use is accepted as the means through which customers and producers co-create value.

It is necessary to obtain a deeper understanding of the concepts of value creation and value per se in light of the notion of labor, and as Humphreys and Grayson (2008) mentioned, there are three dimensions that redefinition is inevitable. Firstly, 'use value' and 'exchange value' differ in terms of their orientation. While the former is oriented towards an object, the latter presents an orientation towards others. Another key difference is the level of alienation, where use value consumers achieve a close relationship with the object and build meaning upon it, whereas in the latter case, consumers become alienated from the labor they apply. These two dimensions seem to be further strengthened by the notion of the distribution of value to the parties involved in the collective production process.

The critical difference regarding value-in-exchange and value-in-use leads to an important question regarding the definition and types of activities that create exchange value. In essence, the activities that enable the company to earn more money, gain market share or even strengthen its existence constitute the fundamental aspects. Thomke and Von Hippel

(2002) contended that when companies transfer fundamental tasks such as product design to consumers, then it becomes necessary to redefine that relationship.

There is a general consensus on the theory that consumers should not be given a part of the exchange value. Even Marx argued that is the laborer who deserves the surplus value and if consumers earn from the production process, then the comfort of the whole equation will be penalized. In the digital economy, exceptions in regard to the last remark can be observed in many settings; for example, consumers of Amazon provide feedback on the company's systems in the information they provide in the form of referrals and Amazon.

The underlying strength of Humphreys and Grayson's argument regarding the roles of consumers and producers is that they built on Marx's distinction between 'use value' and exchange value' and argued that when consumers perform tasks that were traditionally handled by producers, this does not represent a change, but if consumers create exchange value for companies, then a real shift has occurred. The shift has more significance when consumers assume the responsibility for steps in the value chain that create exchange value.

3.3.4. What Happens When Nobody Has Control?

Value co-creation is regarded as one of the most provocative, paradigm-shifting ideas in the field (Fisher & Smith, 2011). Although this paradigm shift is considered as a breakthrough, the changing roles of consumers and the concept of co-creation are revealed to have older roots.

The literature that highlights the role of consumers in value creation is not new; as Fischer and Smith (2011; 327) emphasized, "What is new and different is that what consumers can do is remarkably enhanced by technology". Businesses need to find ways to gather ideas and receive input from the outside community, predominantly their extended network, in order to co-create value. Technology is not the only motivational factor behind consumers' co-creation; other factors such as authenticity and personalization are important, and communities also pave the way to the arousal of interest.

Technology provides new forms of engagement that affect the flow of ideas and enable any consumer to become a writer. The value co-creation efforts are not balanced between consumers and producers; sometimes they are skewed in the direction of the former or the latter, and the key issue is how much control companies should retain or assign to others to do the work for them. The approach of some software companies is known to be in favor of messiness in order to arrive at fruitful solutions. The Android operating system compared to the Apple iOS is one of the landmark examples that represents the two anchors of the control dilemma.

Authenticity has become a valuable asset for consumers as products have transformed into being the belongings of consumers and this elevates the feeling that the control is in the consumers' hands. Similarly, the rationale behind communities also exerts a strong control feeling due to the authenticity driven by the community spirit. At the other extreme, communities can even take control of a brand's meaning and shape it themselves. Although consumers become a member of a community due to their possessions, the product itself is not an end - Prahalad and Ramaswamy (2000, p.85) even argued that the "*product is subordinate to the experience*"-, they involve in dialogue through images, texts and share ideas and meaningful experiences with each other.

Ritzer (2014) also argued that co-creation is not historically a new concept or specific to the 21st century and broadened his debate on the subject of prosumption by concluding that these terms have neither evolved out of recent behaviors and nor are they revolutionary, but rather the eternal return of the same. He continued with an interesting remark on the similarity of contemporary society with our ancestors and concluded that "we were all prosumers before there was a distinction between producers and consumers" (Ritzer, 2014; p.18). Different research streams (Cova & Dalli 2009) have provided a series of essays with a locus of active roles of consumers, but in the final evaluation, it is evident that production and consumption are in fact closely related (Cova et al., 2011) and co-creation feeds all forms of economies.

Prosumption was predominant in pre-industrial societies, defined as the first wave; this was followed by a second wave marked by marketization that separated production and consumption, and a third wave that heralded the re-integration of the two (Toffler, cited in Ritzer & Jurgenson, 2010). The prosumption that has occurred in three waves was discussed by Xie et al. (2008), who stated that due to the lack of advance technological tools, the majority of consumers in the first wave acted as prosumers, while in the second wave, people produced for exchange and the third and final wave is signified by the shift from traditional exchange to prosumption. There are facilitating conditions within the post-industrial age that have driven prosumption and prosumption-like activities, such as the increase in the quality of time people spend out of work, their level of education, the increasingly psychological strain caused by work that necessitates relief, the belief in the quality of self-made goods, and the quest for self-expression achieved by consumers creating their own products and experiences.

Prosumption is regarded as a process and not a single act; moreover, Xie et al. (2008) provided a framework that incorporates the 'value research' and 'theory of trying' to be able to figure out underlying motivations behind this complex process. Consumers need to determine the level of involvement and motivation, motivational mechanisms such as the interpersonal, personal and fun, involved in the cumbersome prosumption process that Xie et al. (2008) defined as the trying process. Trying, by definition, involves the risk of failure and since prosumption is sensitive to failure, it postulates efforts of striving.

The results of the empirical study by Xie et al. (2008) support the view that prosumption should be considered as a trying process. The prosumption process is linked to attitudes towards success and has relationships with both global and domain-specific values. Prosumption, despite being a term coined in the 1980's by Toffler, presents implications for marketers; the prosumption outlook has generated a transformation in the roles of marketers from communicators to instructors, coaches or advisors.

Similarly, it is argued that production and consumption have never been fully separated from each other but are the result of differing viewpoints of scholarly work, including Marx

vs. Baudrillard, among many others. However, the prosumption debate has expanded in the last decade, with a particular focus on value co-creation.

Ritzer (2014) updated his prior views on the definition of prosumption, where prosumption involved simultaneous production and consumption (Ritzer & Jurgenson, 2011). He acclaimed that a prosumer can produce something at a given point in time but consume it at a different time frame and called this 'the interrelated process of production and consumption'. Ritzer (2014) also added that Toffler, who coined the term prosumption in 1980, was considered to be a radical in the field and therefore did not find significant praise from other scholars. For decades, consumption was perceived as a wasteful activity, with social scientists showing an inclination to prioritize production over consumption, and in the early 19th century there was only limited use of the concept of the consumer. According to Ritzer (2014), the work of Baudrillard was effective in transforming consumption into an academic discipline. The dominant terms such as production and consumption caused us have forged to current thinking on prosumption.

Although the term 'prosumer' is not new, with the advent of the age of digitalism, the definition of capitalism has been challenged and there seems to be a rise in 'prosumer capitalism'. Prosumer capitalism is a different form of capitalism in which a trend towards unpaid labor is observed and the practice of control and the meaning of exploitation assume different characters. In previous times, the scarcity of products was a benefit, and the absence of consumer goods created a sense of longing. However, in consumer capitalism, the system is distinguished by a new abundance and this plentifulness is the new reality of capitalism in the era of the prosumer (Ritzer & Jurgenson, 2010).

Regardless of whether it is called the consumer society, consumer culture or even consumer capitalism, the concept refers to the increasing importance of consumption relative to production. This increasing importance has been generated by the proliferation of scholarly work on prosumption and Ritzer and Jurgenson (2008) clearly discussed the focus of prior views. Per the authors, Humphreys and Grayson (2008) addressed the issue in regard to Marxian theory, whereas Zwick et al. (2008) linked prosumption with Foucauldian and neo-

Marxian theory, arguing that the focus of prosumption is the new freedom companies bestow on consumers. They preferred to use the term co-creation and almost equated co-creation with prosumption. From the standpoint of Xie et al. (2008), the tendency to pursue prosumption was discussed and the prior work of the authors highlighted the effect of online consumption in favor of de-McDonalidization.

In the McDonaldization of society, the rise of fast food restaurants and the subsequent effect on the trend of putting consumers to work is discussed (Ritzer, 1983). Furthermore, Ritzer and Jurgenson (2010) differentiated between traditional prosumers and new types of prosumption connected with Web 2.0. The essence of capitalism is to boost the profits of the capitalist in their relationship with producers by either overcharging them or through providing lower wages. If capitalism was extended to prosumers, then consumer would be estimated as a new source of class to be used for exploitation. However, as per Ritzer and Jurgenson (2010), this not the case and we have already entered a different era. There are several circumstances that point towards the belief that capitalism has entered a new phase. Firstly, capitalists are unable to control consumers in the same way as prosumers; secondly, as prosumers enjoy their involvement in the process, it is hard to discuss exploitation under such circumstances. The most interesting aspect is the emergence of user-generated content and the “free” economy, which differs from the traditional form of capitalism based on the money economy and exchange. In their final discussion, Ritzer and Jurgenson (2010) underlined scarcity as one of the main tenets of capitalism, in comparison to abundance which has increased with the rise of Web 2.0. Prosumer capitalism is said to be based on a system in which content is abundant and is created by those who are not the company payroll.

Web 2.0 combines democracy, individualism and this new outlook on capitalism defined as ‘cyber-libertarian’ (Kelemen & Smith, 2001). The orientation of capitalism and its goals are in conflict with cyber-libertarianism and corporations that are oriented toward discovering new ways to profit from this new environment, which poses a threat to cyber-libertarians.

Although scholars have mentioned the joy experienced by consumers, not all prosumers are content with being invited to contribute without compensation for their actions. Some of this resistance is based on cyber-libertarianism, whereas individual desires are also contributory factors. Capitalism will need to address both collective and individual resistance and will need to adapt itself in various ways (Ritzer & Jurgenson, 2010).

Although societal developments bring the joy of creating vast amounts of content on the forefront, providers are losing control of their products or services. Fisher and Smith (2011) discussed the effect of co-creation on the branding experience and envisioned a chaotic environment in which nobody has overall control. The core of any brand is called the brand essence and the rationale behind adhering to the core is still valid, although the experiential aspect performed by the consumer is continually changing.

In summary, consumers are active players; the shift in their roles, the seamless transitions from one identity to another and their involvement in the stages of production all necessitate a redefinition in the notion of labor. The inherent drawbacks are exploitation, working consumers, and the possibility of double exploitation based on payments made by consumers in addition to the free labor provided by their own efforts. Consumers also benefit from participation by their lives become easier or through having superior products, but the critical issue from the perspective of consumers is the voluntary act of working without realizing the drawbacks due the satisfaction they experience from creating the products on their own. This creates the illusion that active consumers can even enact changes through their free will and creativity, but the resulting effect is also regarded as a new and modern form of corporate power which is largely bottom-up. Technology accelerates this process, meaning that the old way of doing things and terminologies can still retain their relevance with changing characters. Although the term prosumer is not new, together with the advancements in technology, one can discuss the rise of prosumer capitalism in which the unpaid practice of control and the meaning of exploitation are at the core. In the new society, no one has complete control over the products or services and co-creation is chaotic. Consumers conceive meaningful interactions with products and services; therefore, brands develop from the bottom up, and customers reinforce different meanings and the authenticity attached to them.

4. RESEARCH DESIGN AND METHODOLOGY

This chapter will focus on the design of the research along with the specific procedures employed in order to achieve the research objectives, including the type of design, the sampling plan comprising the sampling method and sampling unit, the data collection methods and instruments, and finally, the analysis tools. The last section is devoted to the conceptual framework used in the quantitative phase of this study.

4.1. The Research Design

The co-creation experience is analyzed from the consumer side based on existing research and, as the topic of this thesis - managing the co-creation experience - is a relatively new area of study (Patton, 1989), triangulation is required to clarify the concept and enhance the confidence in the results. Triangulation is defined as the use of multiple approaches in when investigating a research question (Bryman, 2011) and, since research in social sciences suffers from the limitations associated with reliance on a single method, triangulation is preferred in this thesis. Denzin (1970) distinguished four different kinds of triangulation, namely data triangulation, investigator triangulation, theoretical triangulation and methodological triangulation. The fourth one mentioned here, methodological triangulation, is the most commonly used type and is applied in this thesis with the use of qualitative research in the form of in-depth interviews supported by quantitative research through the survey method.

Therefore, the research design of this study can be defined as a ‘mixed mode design’ since two distinct phases of research were adopted; an initial qualitative phase followed by a quantitative survey. Value co-creation in the banking industry is a new phenomenon and in order to understand its nature as well as to provide further investigations and in-depth insights, a qualitative study with the objective of exploratory research is planned.

The second phase of the study can be categorized as descriptive research, since the overarching objective of this research is to provide a detailed understanding of the success criteria of value co-creation and to define the connections between the building blocks of

co-creation, innovation strategy and market performance. The type of descriptive design is cross-sectional, which refers to a research design that consists of the data collection from a particular sample population element on only one occasion, due to the nature of the topic and the time constraints (Malhotra & Birks, 2007).

4.2. The Qualitative Phase

The qualitative methodology has been used to collect data from the retail banking industry in order to understand how value co-creation occurs in the industry and how banks contribute to this process as value facilitators as well as the key success factors of managing the co-creation experience.

4.2.1. Sample Selection and Data Collection Method

This Ph.D. thesis uses purposive sampling (Miles and Huberman, 1994) in the qualitative research since it is critical to involve information-rich participants in the exploratory stage for the purpose of clarifying the phenomena. The eight banks, four of which are from the top tier group and the remainder are active participants in innovation and digital transformation, represent a broad range of the banking industry, thus enabling the researcher to reach conclusions regarding the sector.

The primary data collection technique in the research comprises in-depth interviews. The managers who participated in the research are executive vice presidents at a senior level along with their direct reports. Particular effort was made to ensure the participation of reflective practitioners who had demonstrated eagerness to participate in the conceptual development of the framework. The senior executives involved in the research had exhibited an intellectual interest in the concept of co-creation, desired to enhance the products or services offered to customers by their companies and were eager to obtain benefits that co-creation can provide.

The researcher conducted interviews with two different executives from the largest private banks in Turkey, namely İş Bankası and Garanti Bankası, and interviews were conducted

with representatives from a total of eight banks. Each interview lasted for approximately one hour and, in some cases, more than one executive represented the bank. The details of the interviews conducted in the qualitative phase are provided in Table 4.1 below.

Table 4.1. Interviews in the Qualitative Phase

Affiliation	Position of Contact
Finansbank A.Ş.	Director of Enpara
Türkiye İş Bankası A.Ş.	Head of Digital Banking
Denizbank A.Ş.	SVP/ Digital Generation Banking Supervisor
Türkiye Garanti Bankası A.Ş.	Innovation & Research Supervisor SVP / Customer Experience Management
ING Bank A.Ş.	Chief Operating Officer (COO)
Türk Ekonomi Bankası A.Ş.	Digital Banking Senior Manager
Akbank T.A.Ş.	Division Head / Akbank Direct Marketing Manager / Akbank Direct
Yapı ve Kredi Bankası A.Ş.	SVP / Director of Digital Banking Head of Retail Internet Banking Head of Mobile Product Management
Türkiye İş Bankası A.Ş.	Innovation Specialist (Kolektif House)

The criteria used in the selection of participants required the representative to have least five years of banking sector experience, as well as an interest and involvement in co-creation, innovation and/or digital transformation. The varied experience of these executives has provided invaluable input and plays an important role in defining the content of the theoretical model in this thesis. The first series of interviews was conducted between December 2016 and January 2017. At this time, the researcher interviewed representatives from two banks and verified the validity and understandability of the questions. The initial series of interviews were relatively unstructured and the objective was to provide an overview of the co-creation experience in addition to the partners involved in the value co-creation process.

The selection of participants reflects the researcher's choice of introducing a managerial viewpoint into the investigation in terms of the interactive value formation at the expense

of the customer perspective. The assumption in this thesis is that these informants, even though they are somewhat colored by their perspective, also have the ability to reflect the perspective of other stakeholders in their narratives. Since the informants were asked questions that prompted them to share their experiences in regard to the interactions among the actors, it could be argued that interviewing was an appropriate method for mapping the interaction value practices exploited by actors in this specific context.

4.2.2. Data Collection Instrument

The data collection instrument consisted of in-depth interviews and a discussion guide was prepared. The discussion guide was semi-structured and was comprised of a set of main themes that were common throughout all interviews and specific queries regarding the responsibilities of executives that enabled them to raise matters of importance in defining the co-creation experience from their own perspective. The informants in retail banks were predominantly members of senior management who play a key role in creating the appropriate environment for establishing relationships with different stakeholders in new service development.

The content and flow of the discussion guide in the qualitative phase was based on the literature review and the discussions with senior executives concentrated mainly on the following issues:

- Description of the organization and key business partners
- Types of internal and external partners,
- The method of connecting with those stakeholders
- The contribution of partners in product/service development phases
- The meaning of the co-creation concept
 - Co-creation motives
 - Co-creation forms
 - Engaging actors
 - Engagement platforms
- DART model in the Banking sector

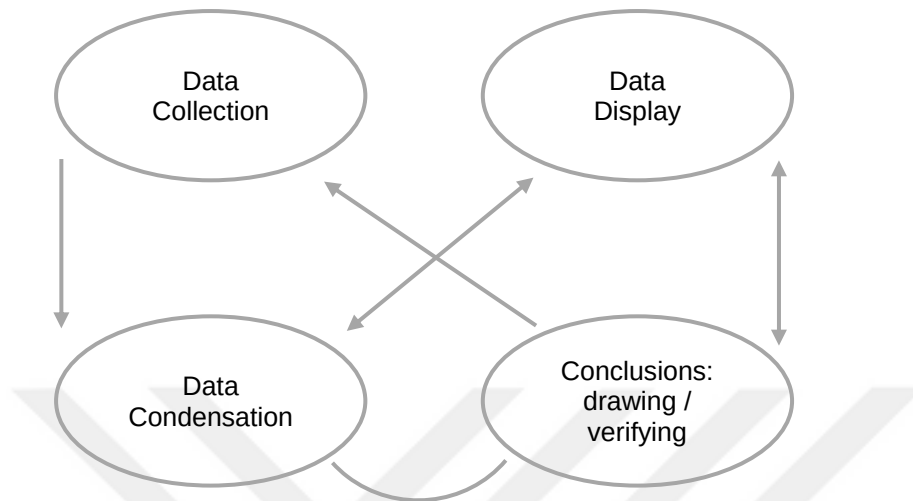
- Their understanding of Dialogue, Access, Risk Assessment and Transparency
 - The expected outcomes from the banks who adhere to the principles of the DART model
- Specific project discussions (This section was planned and devised before each interview according to the current projects relevant to the subject matter)

4.2.3. Analysis Tools

The primary traditions in qualitative research are grounded theory, phenomenology, discourse analysis, narrative research and intuitive inquiry (Wertz et al., 2011). Grounded theory, developed by Glaser and Strauss (1967), aims to create theory and not descriptions and is accomplished through the experiences of subjects. A systematic approach is used in coding and it is essential to determine categories through a process of line-by-line coding performed by the researcher (Saillard, 2011). The qualitative analysis used in this thesis consists of the systematic coding process of raising a code to a category and is based on grounded theory methodology provided by a computer-assisted package.

The data collected is analyzed by means of content analysis and MAXQDA Analytics Pro 2018 (Release 18.0.5) is used to code and analyze the in-depth interviews. The genres of qualitative inquiry require the researcher to gain a holistic view on the subject matter thorough the perceptions of participants and to understand the implicit and explicit rules (Miles et al., 2014). Analysis is performed with words and the researcher constructs the themes and patterns in this process. In this thesis, the original transcripts from all in-depth interviews were assigned codes and themes, following which thematic coding was applied. The coding procedure was inductively derived and the initial set of codes was in ‘in vivo’ format; subsequently, the upper level categories were formed. The entire set of coded categories was compared with frameworks and theories and the final set of categories was evaluated through this lens. Miles et al. (2014) presented the analysis flow that starts from data collection and claimed that the process of analyzing data is continual and iterative.

Figure 4.1 Components of Data Analysis: Interactive Model (Miles et al., 2014, p.14)



The process of coding data, which is defined as data condensation, opens new avenues and generates fresh ideas regarding what should be in the data display, which in turn leads to preliminary conclusions. In the following chapter, the findings from the coding, data condensation will be presented. The verifying solutions and conclusions are collated with the quantitative survey in the Conclusion and Implications chapter.

In this thesis, the computer-assisted qualitative data analysis (CAQDAS) package MAXQDA is used. MAXQDA is a program originally released in 1989 that aims to facilitate and support qualitative, quantitative and mixed method research projects, which has been used by thousands of researchers in more than 150 countries. The program has been a pioneer in the field as a result of its typology tables, cross tabs and the different methods for analyzing and displaying qualitative data. Firstly, all the qualitative data that will be analyzed by using MAXQDA is managed through the document system of the program.

Although there are many different visualizing tools, before progressing to the analysis stage, it is necessary for the researcher to read through each document line-by-line and code the verbatim of the participants. According to Kuckartz (2014), coding is performed in two stages: first, a theme is coded as it is presented in the interview and then the researcher differentiates the levels of the same code and begins the process of transforming

codes into sub-codes. When the coding process is finished, MAXQDA automatically counts how frequently a code is attached to text segments or the number of segments of particular texts that have been coded (Kuckartz, 2014).

In the present thesis, the coding system and the sub-code statistics will be largely provided according to coded segments. Crosstabs is a useful tool for comparing different groups, and in this case, the analyses can be conducted according to two main groups of banks: Tier 1 and Tier 2. The Banker ranked the top five local banks in Turkey as Tier 1; this ranking identified İş Bankası as the best capitalized lender in the country and therefore for the purposes of this sample, Tier 1 consists of İş Bankası, Yapı Kredi, Garanti Bankası and Akbank. The remaining banks in Tier 2, comprise Denizbank, ING, TEB and Finansbank. The final analysis tool used in the following chapter is Maxmaps, quote maps in MAXQDA, which is used to visualize the categories, together with codes and sub-codes where necessary, and the detailed intercepts from the interviews in order to enable the reader to grasp the themes of the subject matter in a snapshot.

CAQDAS software packages support qualitative approaches and have over 30 years of history in the field. Saillard (2011) evaluated two popular packages - NVivo 8 and MAXQDA 10 - in terms of their first-level coding process, open coding and memoing. Even though both packages are based on Grounded Theory Methodology (GTM) and offer similar tools to the reader, Saillard (2011), as a user, found the interactive design and ease of coding provided by MAXQDA to be more motivating and that the use of this software package allows the user greater access to the data. In this thesis, the collected data is analyzed using the processes of Grounded Theory Methodology (GTM) facilitated by the software package MAXQDA.

The quality of qualitative data lies in its richness and in order to interpret this rich amount of data, the researcher must perform analysis that extends beyond interpretation. Categorization is the key to the creation of conceptual tools that enable comparison of the essential aspects of the phenomenon of the study and involves differentiation between the included and the excluded observations. Dey (1993) described the steps involved in

qualitative data analysis, which include managing data, reading, categorizing, linking data, connecting categories and using maps and matrices. This thesis also follows a similar pattern in qualitative analysis through the assistance of computer-aided software.

4.3. The Quantitative Phase

The quantitative methodology has been used to collect data from the retail banking industry in order to understand whether value co-creation has an effect on the innovation strategy of banks, and therefore on the perceived market performance. In order to determine the key success factors of managing the co-creation experience in the context of retail banking services, executives who are responsible for innovation, digital marketing and customer experience have been chosen.

4.3.1. Sampling Method

The process of sampling involves the selection of certain elements in a population in order to extrapolate the findings to the entire population. The sampling methods can be separated into two principal categories, namely probability and non-probability sampling. When choosing among the relevant methods for a specific research project, there are several factors that should be considered such as the accuracy of the results, cost, increased speed of the data collection process and the accessibility of the population (Cooper & Schindler, 2003). Probabilistic methods offer representative solutions since the respondent selection process is random. Nevertheless, the higher costs of conducting purely probabilistic research, the time constraints and the definition of the target population may encourage researchers to adopt non-probability sampling techniques such as convenience, judgmental, quota and snowball sampling. The definition of the target population is a critical and compelling factor in the choice of the sampling method.

As aforementioned, the overarching research aim of this study is to clarify the value co-creation process in retail banks and to determine the key success factors underling the management of the co-creation experience in Turkey. Based on these aims, the target respondent population predominantly consists of sector professionals who participate in value co-creation activities.

Specifically, after the preliminary qualitative research has been completed, the target population of this study is described as banking professionals who have prior innovation or product/service development industry experience, either as a part of their defined role or as a part of informal innovation teams in the bank, and assume responsibilities associated with an innovative outlook. Some of the respondents, particularly employees in digital marketing departments, have both formal predefined roles as well as informal duties in innovation hubs.

Questionnaires were distributed to higher level executives who participated in the initial qualitative survey and were administered to participants chosen from the direct reports and teams of the executives. The sample was also enlarged through the snowball technique, where the participants were asked to share the instrument with their colleagues who contribute to innovative projects and service development.

4.3.2. Data Collection Method and Instrument

The data collection method used in the quantitative research design is a field survey that provides effective coding, analysis and interpretation. The mode of the survey is a web-based, self-administered questionnaire. Clear information has been provided in a brief paragraph within the body of the e-mail message in order to inform the respondents about the purpose and the content of the survey.

The key reason for using an online method is the profile of the target population. Internet surveys offer several advantages to the researcher. Firstly, the target group is composed of professionals in the banking industry who are highly educated and who have limited time to interact with interviewers. Secondly, the web link of the questionnaire can be shared with the participants through their managers and colleagues, which increases the credibility of the survey and completion rate. Thirdly, it is a cost-effective method of reaching qualified and informed respondents without compromising the quality of the data.

There are various factors that should be considered regarding the instrument development process, such as uniformity, usability, security and anonymity (Fielding et al., 2008). The

uniformity implies the use of different browsers and the difficulties experienced in the presentation of the questions. The majority of survey instruments are completed by respondents in workplaces where there is an abundance of Internet facilities and IT support staff are readily available upon request. The usability dimension is also guaranteed since the ease of use of the survey instrument was also considered as a strength in the present research. However, due to security and anonymity concerns, the personal information of the participants has not been collected in a highly detailed format. Their departments, current roles, tenure of the participants are among the information categories that have been recorded.

The questionnaire utilized for this research is structured. The questions have been developed based on concepts, dimensions and items sourced from the literature and taking into account the results of in-depth interviews conducted by the researcher with executives from the banks. The results of the qualitative research revealed an important implication. In the original scale, value co-creation was described as a process that occurs between the provider and the customer. The results of the qualitative survey revealed that large financial services firms in emerging markets like Turkey, namely the retail banks, build innovative projects with different partners e.g. start-ups, FinTech companies, employees and other service companies that are not in direct competition but serve a similar customer segment.

The items utilized in the questionnaire are based on those determined from previous research (Taghizadeh et al., 2014; Albinsson et al., 2016) and have been modified to a certain extent to better fit the context of this study. All original measurement scales were in English and were therefore translated into Turkish through a translation procedure. All items apart from the demographic questions are measured using a 7-point Likert-type scale, thus adhering to the original scales used in the reference models. The detailed conceptual framework will be provided together with hypotheses in the following chapter.

4.3.3. Analysis Tools

The data collected in the section is analyzed through the use of structural equation modeling (SEM), which enables social science researchers to empirically test their theories. The original scales predominantly used student samples and this study is a validation of the constructs developed in prior models.

Among the different models, the LISREL method and software are most closely associated with structural equation modeling (SEM). These theories are generally formulated as theoretical models for observed and latent (unobservable) variables. If data are gathered for the observed variables in the theoretical model, the LISREL program can be employed to fit the model to the data. In the present thesis, data has been collected for latent variables to arrive at constructs that define building blocks of co-creation, degree of innovativeness and market performance.

In the analysis section, confirmatory factor analysis is initially conducted with IBM SPSS Statistics 20 to assess the reliability of all the higher-level constructs in the conceptual framework. Then, a two-step procedure is used to analyze the fit of the data to the proposed model; the assessment of the measurement and structural models form the basis of the analysis (Hair et al., 2013). The results of the measurement model are shared together with the path coefficients and the results of hypotheses testing within the structural model. The detailed analysis and results will be provided in the Results chapter.

4.4. Conceptual Framework

The conceptual model applied to examine the co-creation phenomenon is developed through the use of reference models, the operationalization of variables and the derivation of hypotheses. This part is organized as follows: the theoretical DART framework is discussed in the first section, followed by a discussion of the reference models and the proposed model of this thesis along with the hypothesized relationships; the final section will present the operationalization of the constructs.

4.4.1. DART framework

As aforementioned in the review of the literature, the landmark co-creation model is the DART model developed by Prahalad and Ramaswamy (2002, 2004a, 2004b). The DART model, which represents dialogue, access, risk assessment and transparency as the building blocks of value co-creation, has instigated the debate on value co-creation strategies. This thesis conceptualizes value co-creation as a multidimensional concept called the DART scale, which consists of four higher-order factors. The building blocks, variables in the conceptual model are explained in detail.

Dialogue

In the modern era, companies have realized that dialogue signifies an interactive process between equals (Prahalad & Ramaswamy, 2000). The meaning of dialogue in terms of value co-creation is characterized by interactivity, intense engagement and the tendency to act on both sides (Prahalad & Ramaswamy, 2004a). The elevated status of companies has been reduced due to the problem of information asymmetry and it has therefore become necessary to establish platforms that promote learning for both sides. The innovation perspective also necessitates the understanding of the needs and wants of consumers in their own context. Hence, as the first dimension, dialogue denotes the creation of shared meaning, empathetic understanding and the readiness to act, particularly between two opposing parties (Prahalad & Ramaswamy, 2002, p. 10).

Access

Access is defined as a series of processes that includes the transfer of goods/services and the value proposition from the service provider to the consumers. Hence, as the second component of the DART model, access is considered as a facilitator of dialogue since it provides opportunities for consumers to co-create value optimizing the when, where and how dimensions. Access begins with hands-on experience of the company's information and tools and can be subsequently expanded into company's value chain as well as with partner companies in the design, development, quality processes throughout the value network (Ramaswamy, 2005). The access dimension is closely linked to both the dialogue

and transparency dimensions. The access to information and shared knowledge pave the way for new and transformed dialogue among stakeholders that fosters innovation. In the co-creation process, access rather than ownership provides benefits to consumers since it serves the expectations of consumer groups regarding transparency philosophy.

Risk assessment

Risk assessment, the third component of the DART model, is initially defined as risk reduction. Reducing risk, which refers to the likelihood of the consumers being harmed, is one of the obligations and responsibilities of the firm and consumers in terms of risk management (Prahalad & Ramaswamy, 2002). However, the ongoing debate revolves around the question whether the consumer or the company is responsible in this context. Companies assume that if consumers take a more active role in the co-creation experience, then they also need to take greater responsibilities. The customer-centric view suggested by Prahalad and Ramaswamy highlights that companies are responsible for informing consumers about the potential risks. Risk assessment is also closely linked to transparency, because informing consumers about potential risks creates an open relationship between companies and all stakeholders. Albinsson et al. (2016) mentioned that some product-centric firms still perceive honest disclosure as a potential threat, but value co-creation requires working towards a common goal with all risks on the table.

Transparency

The meaning of transparency, the fourth component of the DART model, is the amount of information that is shared. Disclosing information about a provider company in an open and honest manner signifies the quality of operations from the side of the provider company, which also builds trust among stakeholders. The definition of transparency has also been affected by digitalization, as the information asymmetry between providers and customers has disappeared and even information about costs and prices has now entered the public domain. Thus, the transparency of information in the process of value creation elevates the customer's readiness to accept the quality of services and products (Prahalad & Ramaswamy, 2002). From the value co-creation lens, transparency also facilitates collaborative dialogue with consumers and other stakeholders and new levels of

transparency are needed to foster relationships among work groups that collaborate in the process of product and service development.

The four building blocks and their meanings derived from the literature are summarized in the table below.

Table 4.2. The Building Blocks of the DART framework

Dialogue	Access	Risk Assessment	Transparency
• Dialogue implies more than listening and includes the flow of information and the creation of shared meaning among actors. • It requires the active involvement (engagement & willingness to act) on behalf of different stakeholders.	• Access facilitates dialogue and calls for firms to optimize the location, time and method of co-creating value with the stakeholders. • Companies need to be facilitators of access to processes and resources instead of behaving consumers like outsiders.	• Dialogue and ease of access holds stakeholders, as value creators, partly responsible for the outcomes of the value creation process. • Risk and responsibility go hand-in-hand; if companies expose more information on risks actors assume more responsibility from assesment of that risk.	• Transparency is the way of doing business in digital age and information shared with stakeholders is a diverse set e.g. product development details etc. • Transparency might even mean sharing the information once considered as proprietary outside of the firm.

4.4.2. The reference models

Value co-creation is the new frontier of competitive advantage and in the quantitative model of this Ph.D. thesis, its effect on the degree of innovativeness and perceived market performance has been analyzed. This study further refines the scale developed by Albinsson et al. (2016) by using a sample that includes participants who are actively involved in value co-creation activities.

In their measurement model, Albinsson et al. (2016) connected shared responsibility to the DART assessment, and the DART dimensions – *dialogue*, *access*, *risk assessment* and *transparency* – with loyalty toward the provider. Their findings are only partially supportive of the notion that DART is positively associated with loyalty. In this thesis, the DART scale developed by Albinsson et al (2016) is used and adapted to the banking sector.

The second study by Taghizadeh et al. (2016) presented another scale development and validation of the DART model to describe the process of value co-creation. In their model,

the effect of the value co-creation dimensions on innovation strategy is assessed, followed by analysis of the link between market performance and innovation strategy. The scholars claimed that value co-creation describes the interaction between companies and their customers and it is a phenomenon that is closely related to business and innovation. The findings of their model support the hypothesis that innovation has a strong impact on market performance. By rethinking innovation from the co-creation perspective, this thesis also attempts to examine the effect of DART constructs on innovation strategy and to investigate the degree of influence of innovativeness on market performance. In this thesis, the innovation strategy construct is called the 'degree of innovativeness' based on the results of the qualitative survey.

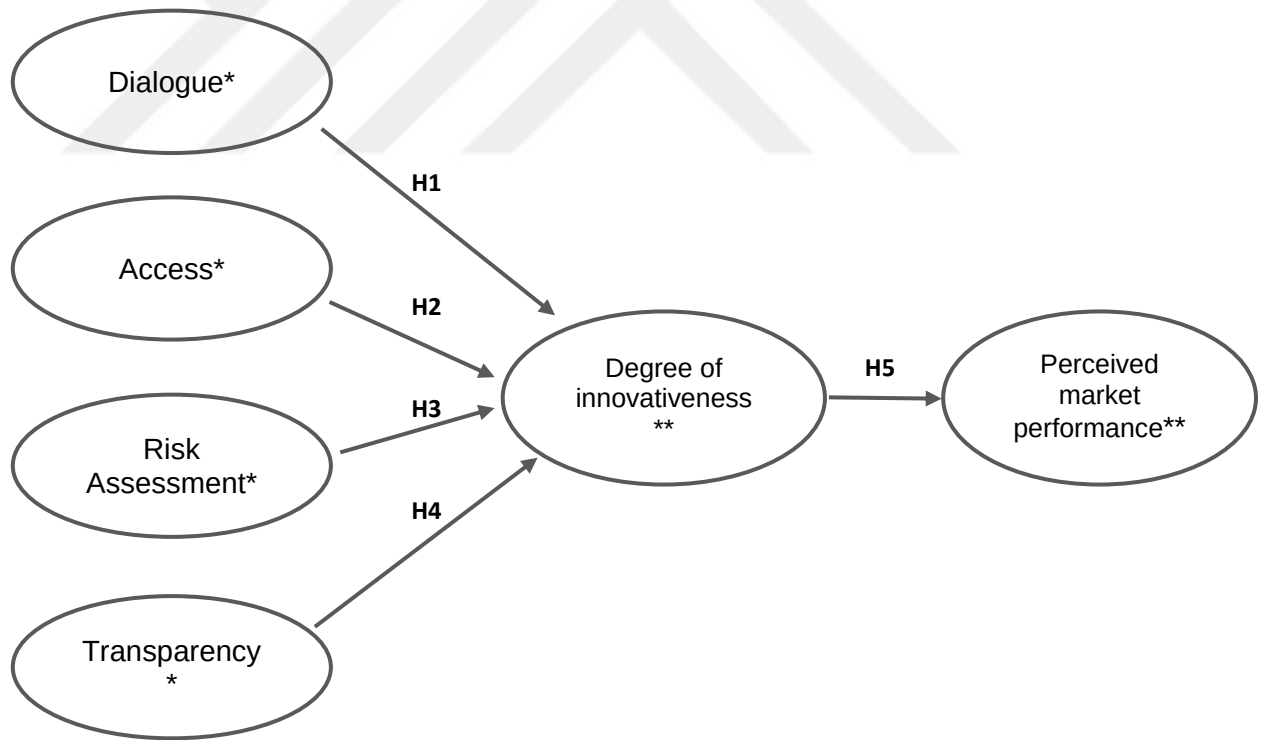
Innovation strategy in the second model is based on the research conducted by Hull and Tidd (2003) and any provider company that aims to build an innovation strategy needs to acquire in-depth market, consumer and technology knowledge and should involve stakeholders within the value co-creation process. Tidd and Hull (2003) asserted that there is a significant relationship between performance and innovation based on product differentiation as well as other factors such as timing and cost concerns. Market performance in the proposed model of this thesis is called 'perceived market performance' since hard metrics were not obtained from the banks; moreover, the performance of the banks related to innovation strategy is based on their evaluation on the eyes of the beholder.

In summary, by incorporating these two models into a comprehensive framework, this thesis addresses how co-creation is related to innovation and ultimately the perception of market performance, namely success criteria. The author believes that the combination of two models offers novel opportunities. In the Results and Discussion Section, the success criteria and value co-creation dimensions are evaluated and supported with intercepts from in-depth interviews with industry professionals.

5.3. The Proposed Model and Hypotheses

This study suggests a value co-creation model by extending the models proposed and validated by Albinsson et al. (2016) and Taghizadeh et al. (2016). The DART scale used by Albinsson et al. (2016) is adapted based on the preliminary qualitative study conducted in the banking sector in Turkey and all the ‘customer’ wordings within the items used are interchanged with ‘stakeholder’ terminology that is preferred throughout the scale. In the body text of the questionnaire, the meaning of stakeholders regarding the banking sector is explained in detail, where stakeholders in this context refers to customers, employees, partners, start-up companies, FinTech companies, among others.

Figure 4.2. The Suggested Model



* Albinsson et al. (2016)

** Taghizadeh et al. (2016)

The literature review, the results of the preliminary qualitative research conducted with top-level executives in the Turkish retail banking industry enable the formulation of the following hypotheses. First, the effect of the dimensions of DART, operationalized via four key constructs, on the degree of innovativeness is tested through four hypotheses and the final hypothesis tests the effect of innovation strategy on market performance.

H1: Dialogue with stakeholders facilitates degree of innovativeness.

H2: Access to the firm's information sources by stakeholders increases degree of innovativeness.

H3: Risk assessment performed by the company supports the formulation of an innovation strategy.

H4: Transparency of the firm's data to the stakeholders enables the formulation of an innovation strategy.

H5: A higher degree of innovativeness leads to higher perceived market performance.

4.4.4. Operationalization of the Variables

The DART scale is operationalized by a total of 23 items: The Dialogue construct is composed of nine items, Access by three items, Risk Assessment by seven items and Transparency by four items. The exogeneous variables, which are 'degree of innovativeness' and 'perceived market performance', are operationalized by five items.

The table below summarizes each construct with its detailed item descriptions, the item codes used throughout the model and the findings part of this thesis, and the sources of the items.

Table 4.3. Operationalization of Variables

Construct	Item	#	Source
DIALOGUE	The provider communicates with <i>stakeholders</i> to receive input on improving the service/product experience.	D1	<i>Adapted from Albinsson et al. (2016)</i>
	The provider is interested in communicating with <i>stakeholders</i> about the best ways to design and deliver a quality service/product experience.	D2	
	The provider uses multiple channels of communication to encourage greater exchange of ideas with <i>stakeholders</i> about the service/product experience.	D3	
	The provider and <i>stakeholders</i> have active dialogue on how to add value in the service/product experience.	D4	
	<i>Stakeholders</i> are encouraged to communicate with the provider about any and all aspects of the service/product experience.	D5	
	Multiple lines of communications are used by the provider to gather input and ideas from <i>stakeholders</i> .	D6	
	The provider actively promotes dialogue with <i>stakeholders</i> to learn more about their reaction to the service/product experience.	D7	
	<i>Stakeholders</i> have many opportunities to share their ideas with the provider about adding value to the service/provider experience.	D8	
	The provider makes it easy for <i>stakeholders</i> to communicate ideas about the design and delivery of the service/product experience.	D9	
Construct	Item	#	Source
ACCESS	The provider let <i>stakeholders</i> decide how they receive the service/product offering.	A1	<i>Adapted from Albinsson et al. (2016)</i>
	<i>Stakeholders</i> have many options to choose how they experience the service/product offering.	A2	
	It is easy for <i>stakeholders</i> to receive the service/ product offering when, where and how they want it.	A3	
Construct	Item	#	Source
RISK ASSESSMENT	The provider provides <i>stakeholders</i> with comprehensive information pertaining how risks and benefits were assessed for the service experience or product.	R1	<i>Adapted from Albinsson et al. (2016)</i>
	<i>Stakeholders</i> receive comprehensive information pertaining to the risks and benefits of the service/product experience.	R2	
	The provider fully informs <i>stakeholders</i> about all risks stemming from product or service use.	R3	
	The provider provides <i>stakeholders</i> with necessary tools and support to make fully informed decisions as to whether they should participate in the service/ product experience.	R4	
	The provider is very clear and factual about both the negative and positive factors associated with the service/product offering.	R5	
	The provider allows <i>stakeholders</i> make informed decisions regarding the risks and benefits of the service/product experience.	R6	
	The provider encourages <i>stakeholders</i> to familiarize themselves with the risks associated with the service/product experience.	R7	

Construct	Item	#	Source
TRANSPARENCY	The provider fully discloses information to <i>stakeholders</i> which might be helpful to improve the outcomes of the service/product experience.	T1	<i>Adapted from Albinsson et al. (2016)</i>
	<i>Stakeholders</i> are given open access to information that might be useful in enhancing the overall design and delivery of the service/product experience.	T2	
	<i>Stakeholders</i> and provider are treated as equal partners in sharing information that is needed to achieve a successful service/product experience.	T3	
	The provider fully discloses <i>stakeholders</i> detailed information regarding the costs and pricing associated with the design and delivery of the service/product experience.	T4	

Construct	Item	#	Source
DEGREE OF INNOVATIVENESS	Making major changes (volume) to existing services	IS1	<i>Adapted from Taghizadeh et al. (2016)</i>
	Making rapid changes (speed) to existing services	IS2	
	Developing novel (new) service to the market	IS3	
	Using forecasting tools and techniques to imagine future threats	IS4	
	Using forecasting tools and techniques to imagine future opportunities	IS5	
Construct	Item	#	Source
PERCEIVED MARKET PERFORMANCE	Attracted new consumers	MP1	<i>Adapted from Taghizadeh et al. (2016)</i>
	Opened up new markets	MP2	
	Capturing market share	MP3	
	Consumer retention	MP4	
	Consumer satisfaction	MP5	

**All of the items are based upon a Likert scale, ranging from 1 to 7 respectively, anchored by 'Strongly Agree' and 'Strongly Disagree'.*

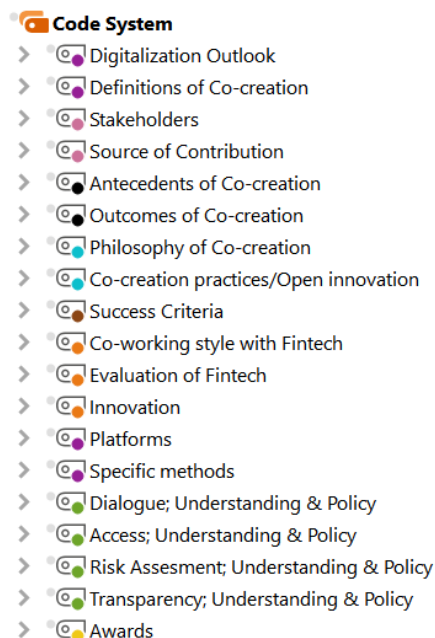
5. RESULTS AND DISCUSSION

This chapter will provide a detailed overview of the findings from the qualitative research and the results of hypothetical relationships expressed in conceptual framework section.

5.1. Qualitative Research

The systematic approach of “line-by-line reading and coding” of the transcripts taken from the in-depth interviews resulted in nineteen different themes with 818 different codes. Some of the constructs and related thematic categories are derived from the literature, such as the DART dimensions and they are also considered as essential aspects of the discussion guide. Apart from common constructs that emerged from the literature review, the flow of the discussion guide was relatively unstructured and was shaped by the different product/service development experiences of the executives. Digitalization outlook is an overarching theme that forms the basis of the co-creation experience in the banking sector and, although this was not a separate question, it was mentioned by almost all the banking representatives. Therefore, the themes are mainly derived from data based on Grounded Theory Methodology (GTM) and some of the thematic categories did not emerge from separate questions but emanated from the data itself. The output of the code system from MAXQDA Analytics Pro 2018 can be found below.

Figure 5.1. The Code System

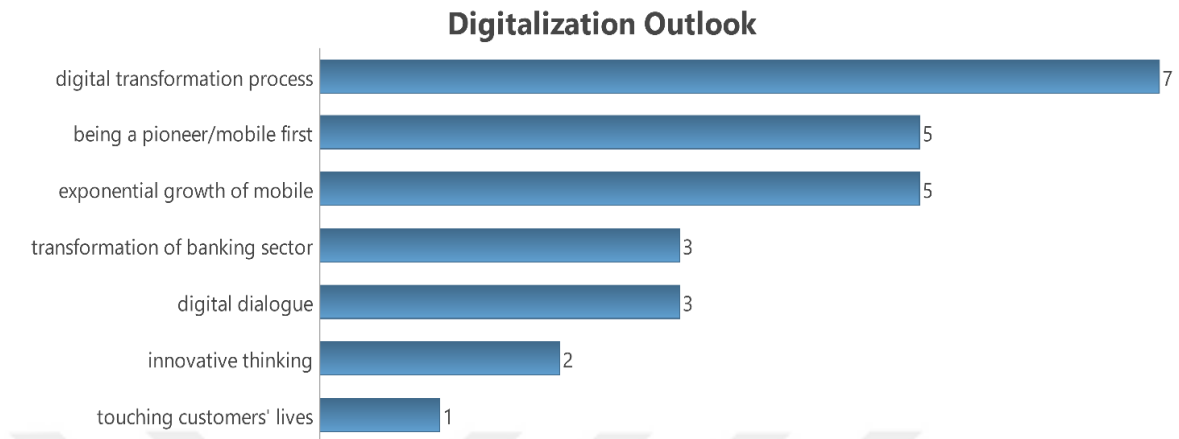


5.1.1 Sub-code Statistics and Maps

This section delves deeper into the code system through analyses such as sub-code statistics and quotations from Maxmaps drawn via MAXQDA program. The frequencies shown below, both in the graphics and in the parentheses of the maps, denote ‘coded segments’ throughout the documents. A single code could be mentioned more than once intra-text and the coded segments could be composed of either a single word, a phrase or even a large paragraph of sentences. The following graphics displaying the sub-code statistics are sorted based on frequencies and the quotations within Maxmaps are also noted systematically, where more quotes are displayed for sub-codes with higher frequencies, e.g. three quotations are provided for a frequency of seven.

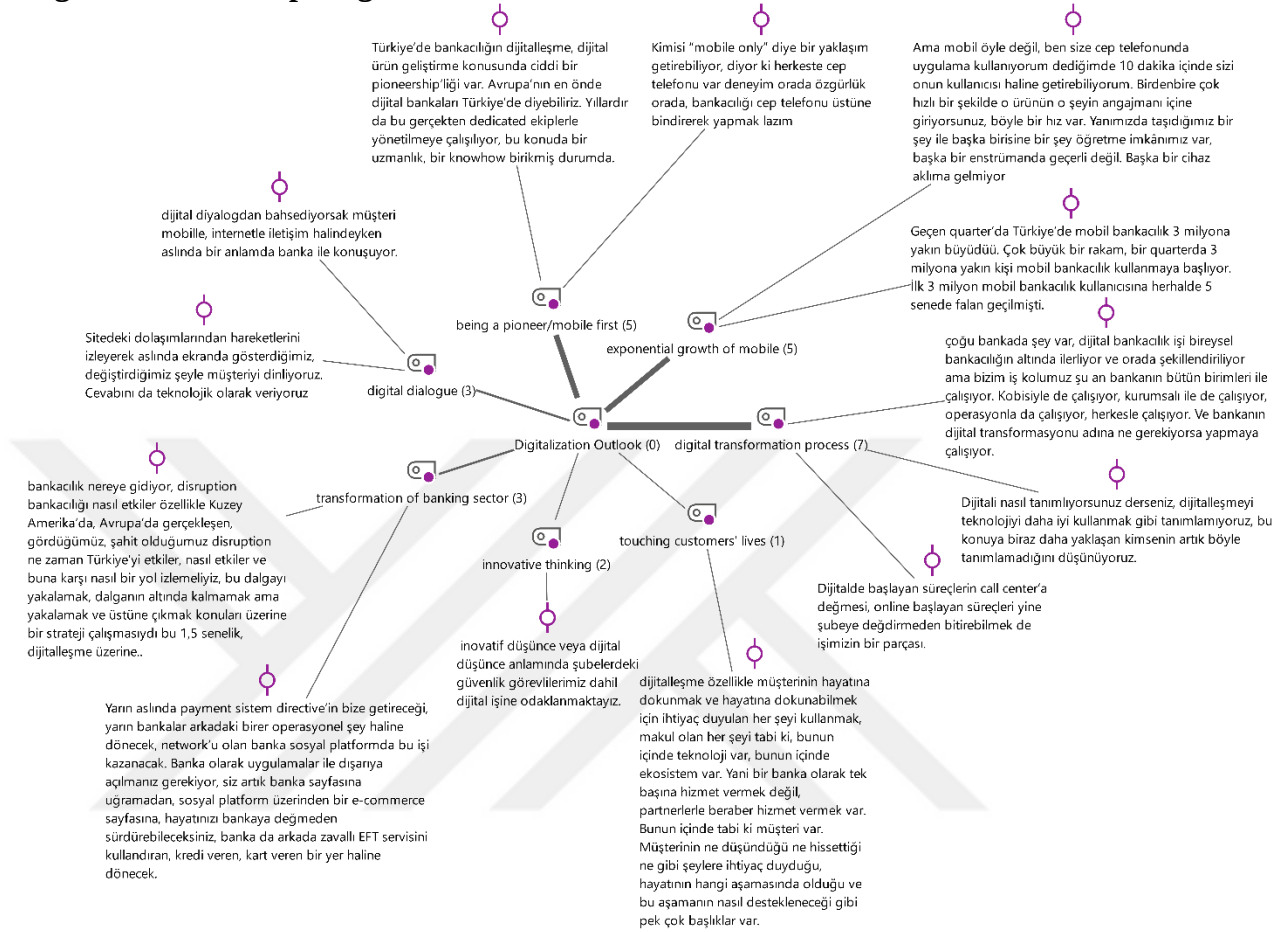
5.1.1.1. *Digitalization Outlook*

The professionals in the banking sector commenced the discussions by highlighting the effect of digitalization on their industry. Although digitalization has had a profound effect on all industries, the banking sector is experiencing a transformation process due to its interconnected structure with other industries based on payment systems, loaning relationships, among others. Therefore, the code with highest frequency can be stated as the digital transformation process. The other sub-codes that are grouped under the thematic category ‘digitalization outlook’ are: being a pioneer, exponential growth of mobile, transformation of the banking sector, digital dialogue, innovative thinking and touching customers’ lives, respectively.

Figure 5.2. Sub-code Statistics: Digitalization Outlook

This study has been conducted in an emerging market in which professionals perceive the Turkish banking industry to be a pioneer in terms of digitalization. Two primary strategies were mentioned that pave the way for digitalization: mobile first and mobile only. The mobile first strategy prioritizes the development of mobile products/services and, as the name implies, in the mobile only strategy, the whole banking system is being built around mobile only for the benefit of mobile users. Mobile only is the end of the road for mainstream development, but traditional channels cannot be completely ignored since the client base of major players in Turkey are users of channels such as bank branches.

The map below illustrates a graphical representation of the code digitalization outlook together with sub-codes and quotations related to each sub-code. The professionals interviewed do not consider digitalization to be equal to using technology better but define digitalization more in the sense of touching customers' lives and using anything that enhances their lives; technology is only a part of this but co-working in collaboration with the stakeholders in the ecosystem to improve the daily lives of end-users, namely the consumers, is at the core of the concept of digitalization.

Figure 5.3. MaxMap: Digitalization Outlook

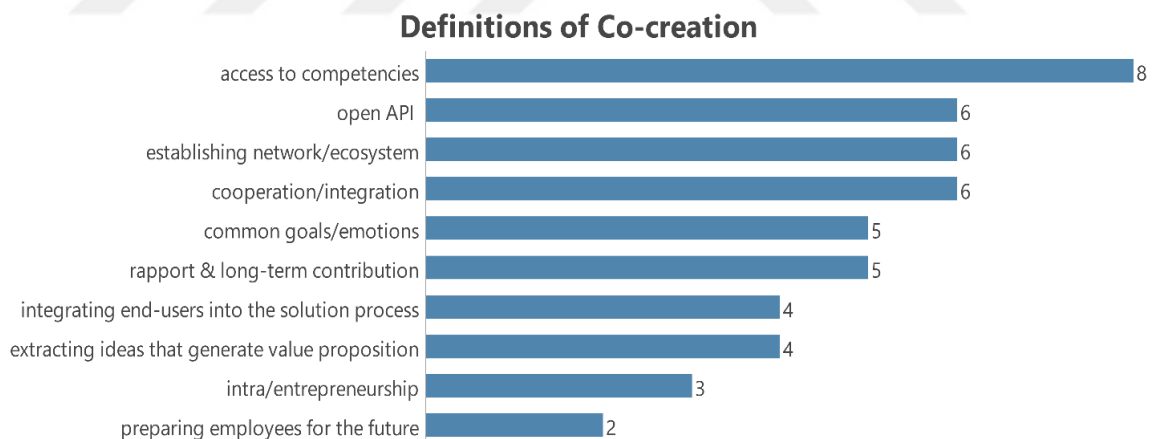
Digital transformation is the process that banks undergo in terms of their operations and the way of conducting business, which is separate from the code 'transformation of banking sector', which is regarded as the strategic part of the whole process. The strategic transformation of the sector is inevitable; for example, the professionals witnessed the disruption that affected the banking industry in North America and evaluated the possible impact on the Turkish banking system in an attempt to mitigate risks and take appropriate actions. The actions of the banks are coded in the digital transformation process, such as the management of processes that start from digital channels and end in traditional channels. One of the professionals acknowledged the fact that the digital transformation project within their bank resulted in the formation of two new departments as an output; one of them was Innovation and the other was Customer Experience. Innovation outlook needs to be embedded in the mindset of all stakeholders and banks in Turkey endeavor to be the facilitators of innovative thinking. Employees at all levels, particularly those with

customer-facing roles, need to be alert to the needs of end-users, to the extent that even security personnel within the branches should be engaged in the growth of digitalization.

5.1.1.2. The Meaning of Co-creation

The professionals in the banking sector used access to competencies in defining co-creation most frequently. Since the context of co-creation experience in this case is the banking sector, open API (Application Programming Interface) is the code with the second highest frequency. The other sub-codes that are grouped under the thematic category ‘definitions of co-creation’ are: establishing network/ecosystem, cooperation/integration, common goals/emotions, rapport and long-term contribution, integrating end-users into the solution process, extracting ideas that generate value proposition, intrapreneurship and entrepreneurship and preparing employees for the future, respectively.

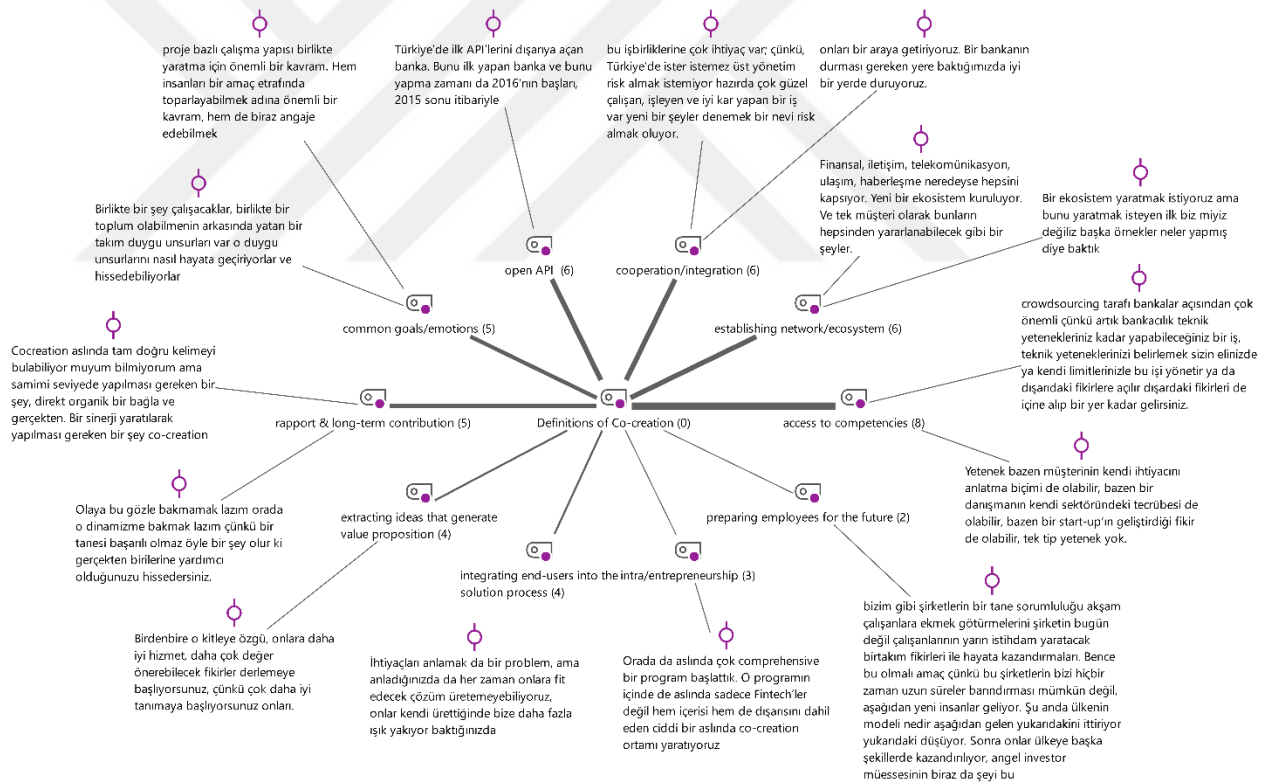
Figure 5.4. Sub-code Statistics: Definitions of Co-creation



The professionals are aware that the corporations of the future cannot operate independently, as their internal competencies will not be sufficient and therefore, co-creation enables access to different competencies. Technical limits constrain business operations in any industry, particularly banking which is dependent on technical competencies, and it is important that these ideas are allowed outside to stretch those limits. Some of the banking professionals overestimated the knowledge and skills of FinTech companies, but as one of the executives mentioned, there is no single type of competency

in the industry - it could be a skill or technology developed by a start-up, the way the problem is described by the end-user or the experience of a design thinking company as a solution partner. The most important factor is the unique integration of those resources, as stated in the literature. Establishing an ecosystem, integration of end-users into the solution, cooperation and extracting ideas that generate value proposition are also common themes observed within the services marketing and new product development (NPD) literature. Open API (Application Programming Interface) is specific to the way that start-ups and FinTech companies operate in the banking industry and is used interchangeably with the terms cooperation and co-working with partners.

Figure 5.5. MaxMap: Definitions of Co-creation



Some of the themes emerged as new concepts in the definition of co-creation, such as sincerity as an ‘organic bond’ that forms the fabric of co-creation. When the partners in an ecosystem create synergy and work towards a common goal with an entrepreneurial spirit, then those efforts are perceived as sincere. Some of the co-creation practices observed in different industries are targeted at the immediate benefit of the ‘hub’ itself but finding a

new area of profit is different than creating value for the partners in the system. This necessitates a long-term outlook and a new way of doing business. The term co-creation space denotes entrepreneurial activities that involve either internal or external partners; some of the banks provide end-to-end solutions and offer a comprehensive program integrating both. Working collaboratively in co-creation spaces and supporting internal partners and their ideas pave the way for a completely different system of creating enterprises from within hub companies. Banks play the role of the mediator in that respect by investing in their employees' ideas to spin-off and form new entities. Although preparing employees for the future is the theme with the lowest frequency, economies are revitalized through entrepreneurial activities and this might be a practice that will be embraced within the industry in the near future.

5.1.1.3. Stakeholders

Professionals in the banking industry were asked about their business partners, and all the internal and external stakeholders in their network were investigated. In all of the interviews, both teams outside the bank and inside the bank were mentioned, but in terms of the coded segments, the executives mentioned their relationship with external partners more frequently than the others.

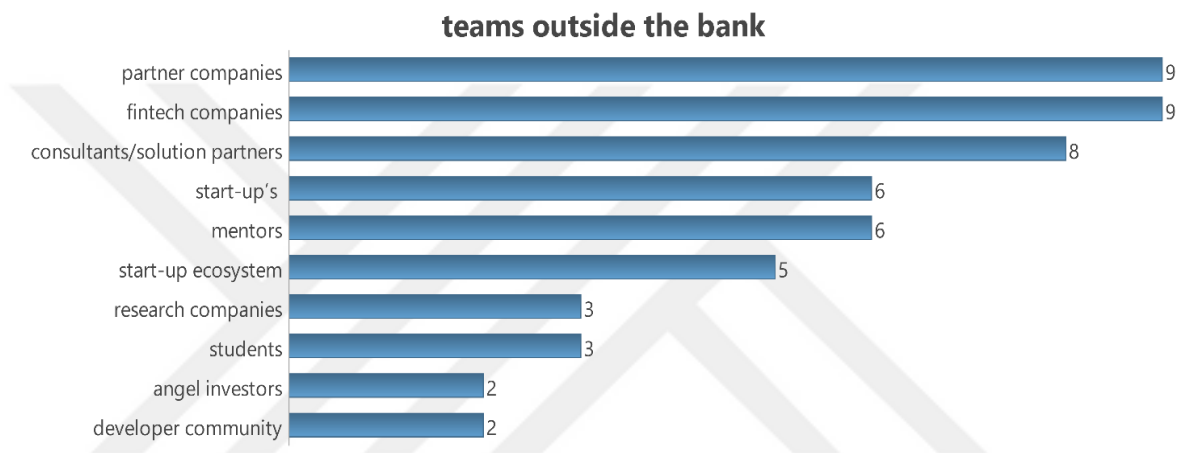
Table 5.1. Sub-code Statistics: Stakeholders

<i>Frequencies</i>	<i>documents</i>	<i>coded segments</i>
Teams outside the bank	10	53
Teams inside the bank	10	20
Customers	9	12

The professionals in the banking sector mentioned partner companies, FinTech companies and solution partners most frequently. Partner companies are usually other service provider companies with whom banks collaborate to solve customer needs and are generally from the fields of telecommunication, transportation, retail etc. The executives referred to those firms as natural allies in the process of touching the lives of customers. FinTech companies were highlighted in eight out of ten interviews and a separate section below is devoted to the co-working styles with FinTech companies. The other sub-codes that are grouped under

the thematic category ‘teams outside the bank’ are: start-up’s, mentors, start-up ecosystems as a whole, research companies, students, angel investors and developer communities, respectively. The start-up ecosystem was also highlighted as a separate entity, while mentors and angel investors within the ecosystem were also mentioned by some of the professionals.

Figure 5.6. Sub-code Statistics: Teams outside the bank



Co-working style with FinTech Companies

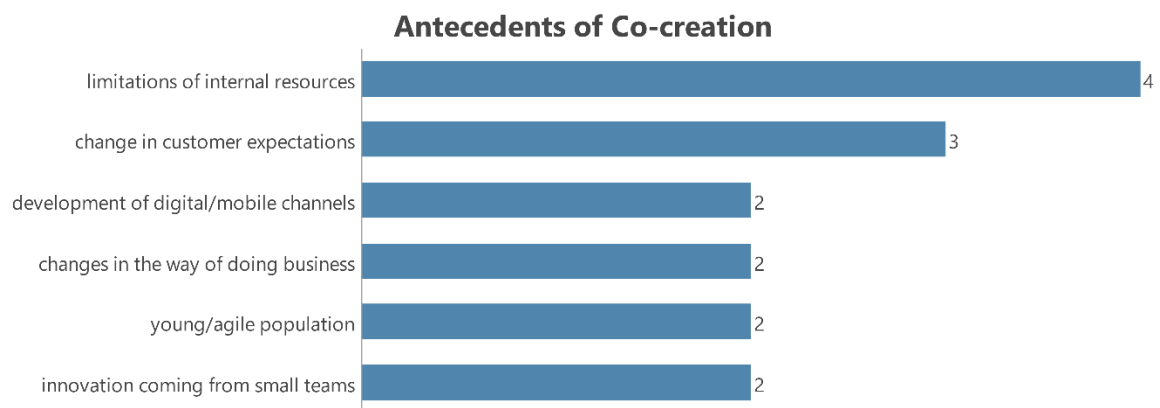
Professionals in the banking industry mentioned different co-working styles with FinTech companies, but there are three main routes to collaboration. First of all, the main route is by working in a partnership, in which banks develop products and services collaboratively with FinTech companies as partners and then support them by either providing platforms or opening up client bases, etc. The second route of investing from the outside is different from a partnership in the sense that it does not entail mentoring or support but includes investment in the form of either being the customer or the distribution channel of the FinTech company. The third option that involves the purchase of a FinTech company is relatively uncommon in Turkey and the executives highlighted the sale of Pozitron to Monitise as a significant achievement.

Table 5.2. Sub-code Statistics: Co-working style with FinTech

<i>Frequencies</i>	<i>documents</i>	<i>coded segments</i>
Continue as a partner	7	17
Invest from outside	5	12
Buy/incorporate	3	4

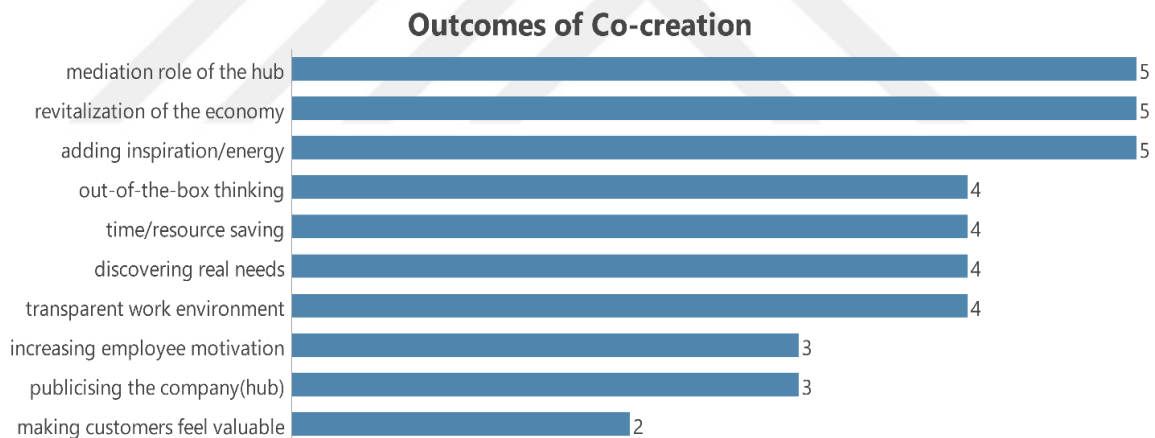
5.1.1.4. Antecedents and Outcomes of Co-creation

The professionals in the banking sector underlined the limitations of internal resources most frequently. This finding is in line with the quotes on the definition of co-creation concerning the access to competencies. Changes in customer expectations is the code with the second highest frequency since new expectations demand quick and agile services that offer diversity. The other sub-codes that are grouped under the thematic category ‘antecedents of co-creation’ are: development of digital/mobile channels, changes in the way of doing business, young/agile population and innovation coming from small teams, respectively. Research is usually conducted in small teams and the reason behind the success of these companies is in the way they operate. FinTech companies unbundle the complete set of services a bank offers into smaller individual services and endeavor to provide high quality service in terms of cutting-edge design and exceeding customer expectations.

Figure 5.7. Sub-code Statistics: Antecedents of co-creation

The professionals in the banking industry mentioned the mediation role of the hub, the retail bank, most frequently. The mediation roles involve bringing together start-up companies who have different ideas and knowhow with other stakeholders that either have to the finances to support them or can provide mentoring support to grow their business. One of the most important outcomes of co-creation is the revitalization of the economy, since all actors in the ecosystem benefit from co-creation and ultimately, it has an effect on the national economy as well. The other sub-codes that are grouped under the thematic category ‘outcomes of co-creation’ are: adding inspiration/energy, out-of-the-box thinking, time/resource saving, discovering real needs, transparent work environment, increase in employee motivation, publicizing the hub company and making customers feel valuable, respectively.

Figure 5.8. Sub-code Statistics: Outcomes of Co-creation

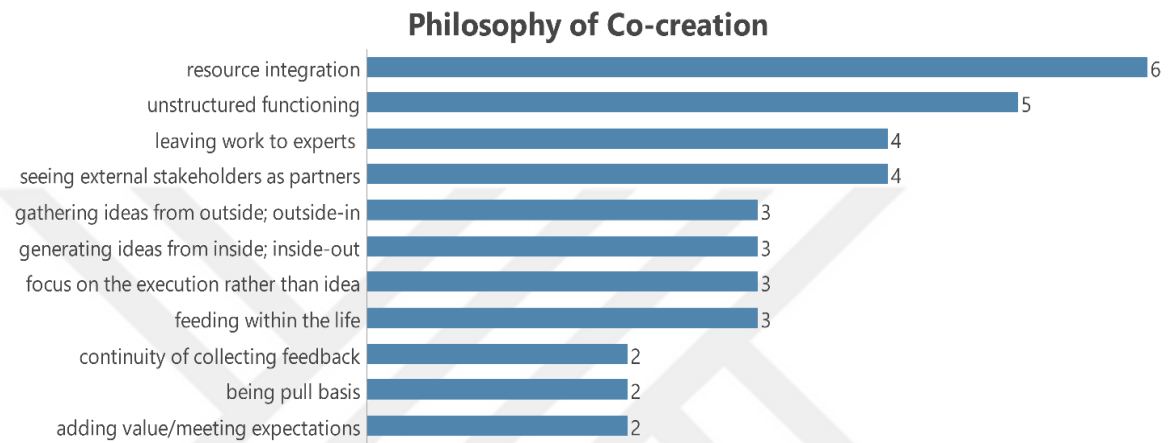


5.1.1.5. Philosophy of Co-Creation

The philosophy of co-creation category was not a separate line of questioning during the interviews, but a code derived from the data that clarifies the definition of co-creation that adds invaluable insights. Resource integration is the sub-code with the highest frequency, which is in line with other categories. Some of the themes emerged as new concepts in explaining the philosophy of co-creation and ‘unstructured functioning’ is one of them which recorded the second highest frequency. The other sub-codes that are grouped under the thematic category ‘philosophy of co-creation’ are: leaving work to experts, seeing

external stakeholders as partners, gathering ideas from outside, generating ideas from inside, focus on the execution rather than the idea, feeding within the life, continuity of collecting feedback, being pull basis and adding value/meeting expectations, respectively.

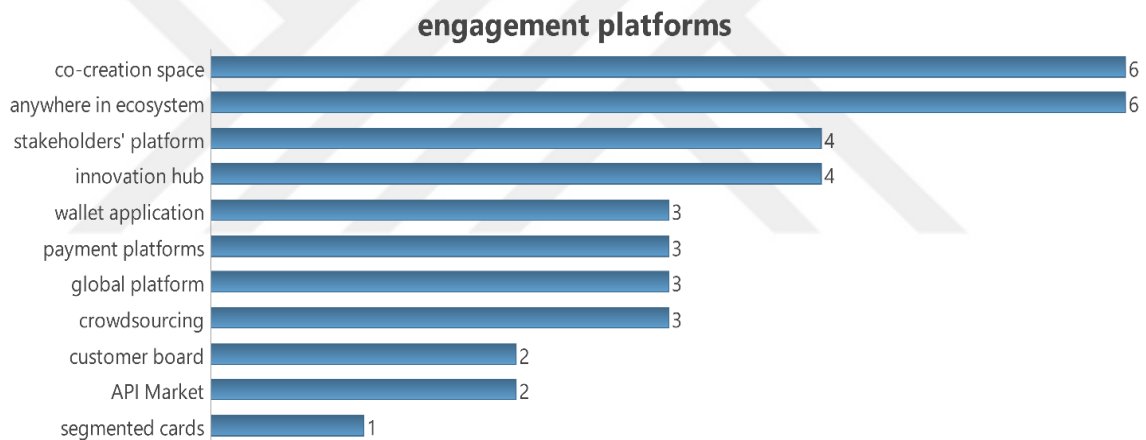
Figure 5.9. Sub-code Statistics: Philosophy of Co-creation



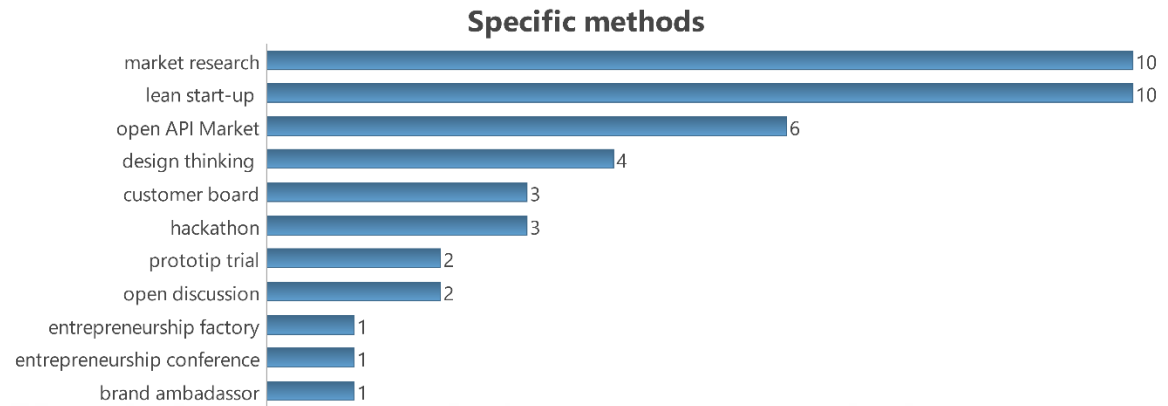
‘Unstructured functioning’ is the business philosophy of small technology firms, start-ups and FinTech companies, and this philosophy is completely different from the one espoused by long-established banks in the industry. This new philosophy also differs from the business model of outsourcing. The new generations are not accustomed to the formal and structured way of doing business, whereas the philosophy of co-creation, working in teams in a loosely coupled format, suits them better. It is argued that disruptive innovation does not emanate from the people within the companies, mainly insiders, since they are so involved in the day-to-day routines of their companies that their suggestions are usually related to process improvement. Some of the executives clarified this debate by stating that although employees are a good source of innovation, as they possess adequate knowhow to detect the needs and problems at first-hand, they do not excel at providing solutions. Therefore, it is a worthwhile exercise to receive input from them in the form of ideas, but in terms of execution, the banks need to ‘leave work to the experts’ such as design thinking companies, software development teams, among many others.

The practice of working with external stakeholders such as FinTech companies is implemented in isolated hubs called ‘co-creation spaces’ by professionals. Orange Lab of ING Bank and Garanti Partners by Garanti Bank are examples of co-creation spaces. Payment systems represent the main platforms that foster collaborative work with outsiders based on open API programs. An API market is a platform mostly initiated by the global headquarters of banks to transfer innovative ideas and thinking. Apart from co-creation spaces, there are separate procedural functioning deployed for innovation projects called ‘innovation hubs’. Engagement platforms can also take the form of segmented cards (e.g. farmer segment), where the companies involved establish an ecosystem.

Figure 5.11. Sub-code Statistics: Engagement Platforms



Apart from platforms, the banking professionals mentioned specific methods used in co-creation. Market research and lean start-up methodology were those mentioned the most. Due to the specific context, the open API Market is the third most frequently specified method that fosters collaborative work. Customer boards substitute market research and are more effective in building a rapport with customers. The other sub-codes under the thematic category ‘specific methods’ are: design thinking, hackathons, prototype trials, entrepreneurship factories/conferences and brand ambassadors.

Figure 5.12. Sub-code Statistics: Specific methods

5.1.1.7. Innovation

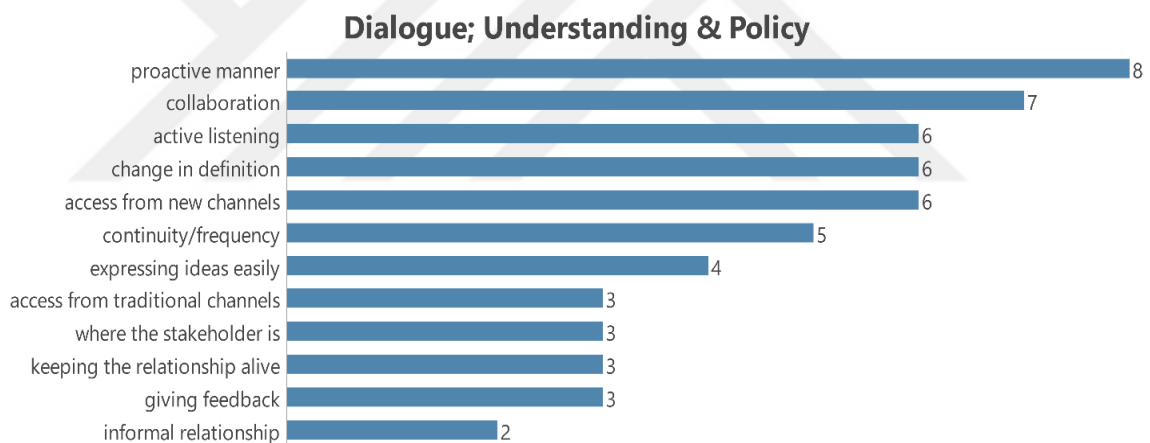
The discussion regarding innovation among the banking professionals was diverse and there was not a clear focus. The only word that was used together with innovation was ‘idea’, which can be observed from the word cloud below that gives an indication into the mindset of practitioners that innovation is still in the ideation stage from their perspective rather than execution. Almost all of the professionals associated innovation with new ideas and admitted that disruptive ideas are rare and innovation is largely nurtured by user experience. There are two critical issues tackled in the industry: the first one is that innovation is perceived as an obligation not a luxury and the other is the source of innovation. The philosophy of co-creation forces professionals to perceive the source of innovation as trivial; whether it is internal or external is irrelevant as the contribution is critical.

Figure 5.13. Word Cloud: Innovation

5.1.1.8. DART Dimensions

All of the DART dimensions of dialogue, access, risk assessment and transparency were discussed and evaluated with a lens on the co-creation practices in banking industry. The professionals in the banking industry associate proactive manner, collaboration and active listening with the term dialogue. The other sub-codes that are grouped under the thematic category ‘dialogue understanding & policy’ are: active listening, change in definition, access from new channels, continuity/frequency, expressing ideas easily, access from traditional channels, where the stakeholder is, keeping the relationship alive, giving feedback and informal relationships, respectively.

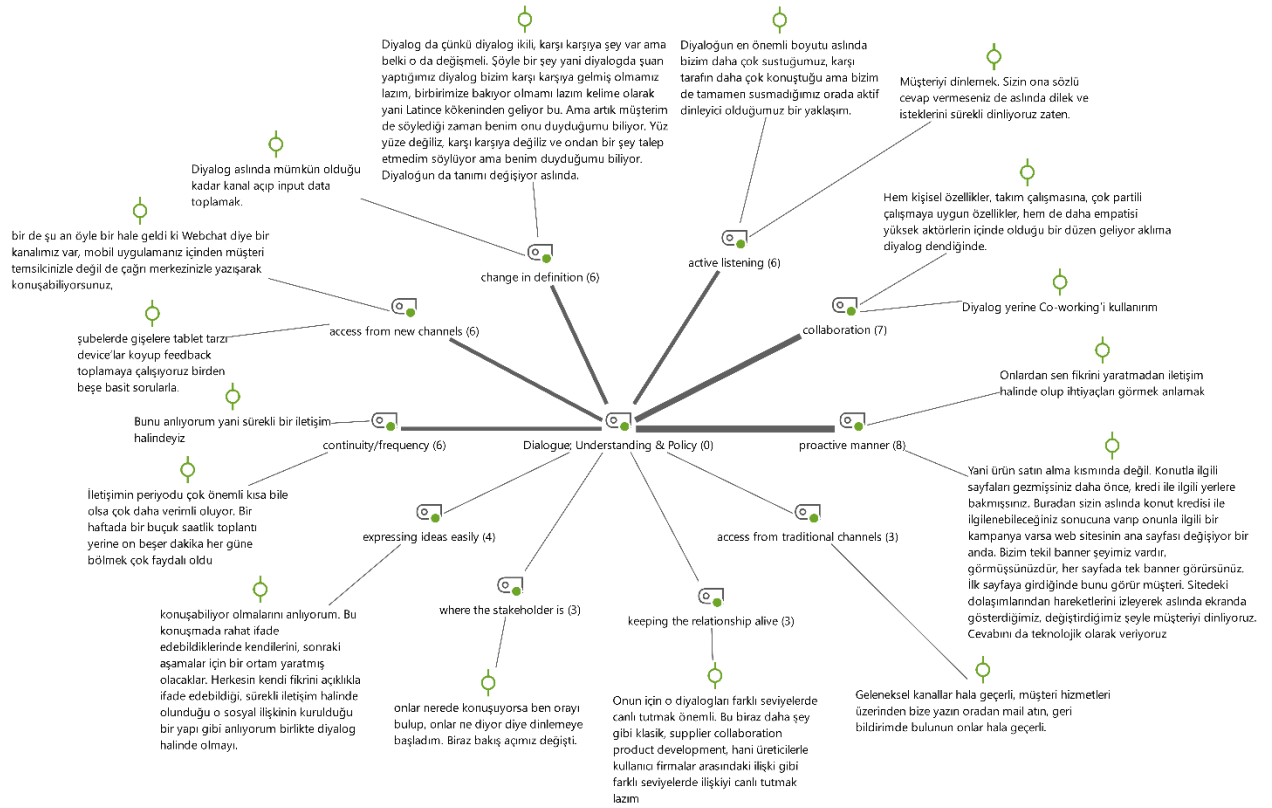
Figure 5.14. Sub-code Statistics: Dialogue



The definition of dialogue has been affected tremendously by the process of digitalization; in order for dialogue to occur in the past, two people had to communicate face-to-face, but this is now no longer necessary as a result of simultaneous communication via different mediums such as phones and other forms of technology. In the new era, dialogue does not need to be synchronous; for example, if a customer uses the @ sign and leaves a comment, this footprint is considered as the start of a dialogue and he or she knows that the service provider is listening to their voice. Dialogue is ‘active listening’ on a continuous basis and does not involving responding verbally, but with actions; a proactive manner is displayed as a result of the active listening in the form of tailor-made offers that suit the needs of

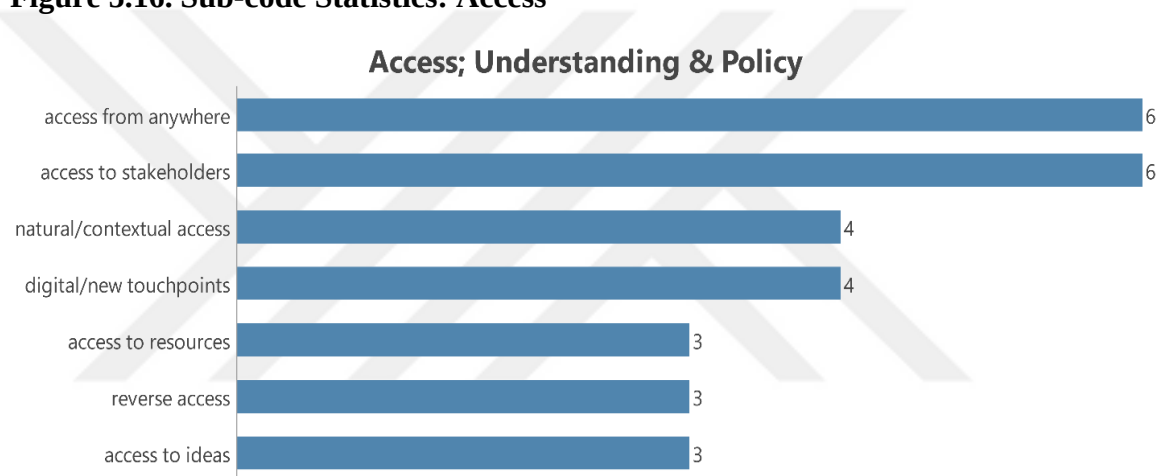
customers. Service providers need to accurately identify the location of digital discussions about their brands and start listening where the stakeholders are talking. Access from new channels is also effective in the changing definition, as traditional channels have been replaced by digital ones, e.g. a Webchat channel enables customers to talk with customer representatives in the form of chatting via a mobile application. These new channels decrease the usage of traditional channels such as call centers with increased dialogue in the written format in comparison to real talking. While working collaboratively in teams, the frequency of dialogue becomes a critical issue. The ‘frequency of dialogue’ and ‘seamlessness in project management’ in multi-actor settings is more important than the length of the dialogue. One of the professionals mentioned that they meet with the internal and external parties involved in an innovation project every day for fifteen minutes. Dialogue also connotes the ability to talk with other actors and express ideas openly, which is a prerequisite for collaborative work. The banks as innovation hubs are responsible for creating such an atmosphere in which different parties can share their ideas and dialogue can be stimulated.

Figure 5.15. MaxMap: Dialogue



Digitalization has had a profound effect on the understanding of the access dimension and the ability to access from anywhere has become one of the key concerns in the new era. Professionals also mentioned access to stakeholders at an equal frequency and this finding is related to the topic under discussion, namely the co-creation experience. The other sub-codes that are grouped under the thematic category ‘access understanding & policy’ are: natural/contextual access, digital/new touchpoints, access to resources, reverse access and access to ideas, respectively.

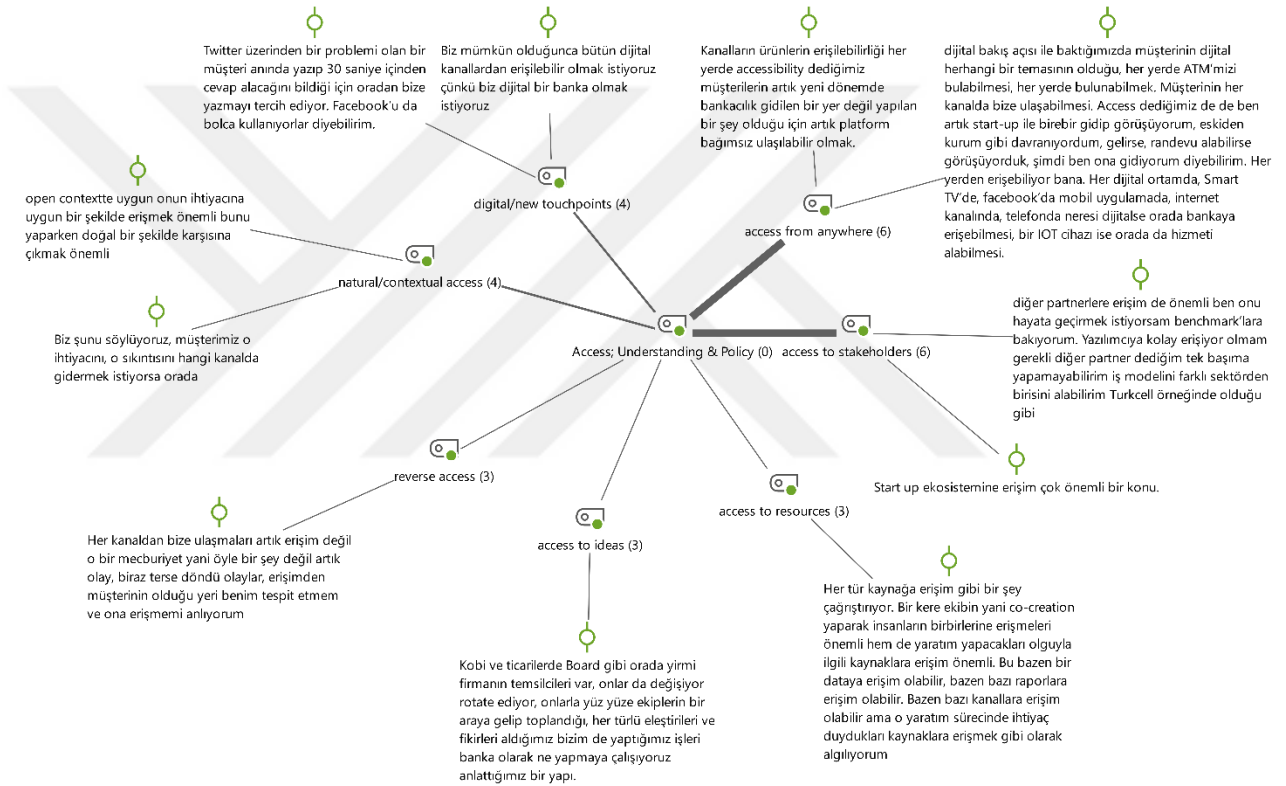
Figure 5.16. Sub-code Statistics: Access



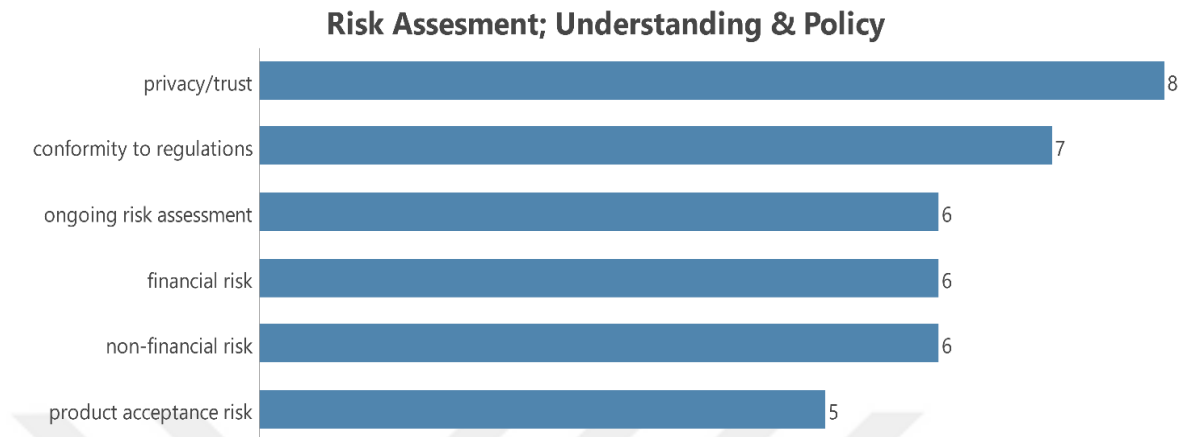
Access from anywhere in a digital outlook means providing customers with the opportunity to reach the different channels of the bank in their daily lives. New channels now not only include automated teller machines or Internet banking, as was the case a decade ago, but any touchpoint that is critical for customers such as social networking sites, Smart TVs, IOT equipment, mobile applications and anything that is accessible through a mobile phone. The other sub-codes are also closely related to this ‘anywhere, anytime’ outlook. Customers prefer digital channels because they are efficient alternatives for handling needs and problems. In the banking industry, it is not always easy to reach customer representatives through an IVR menu in a call center, but banks usually guarantee that they will respond to queries coming from social media within a short timeframe. Access to stakeholders, access to resources when working collaboratively as teams and finally, access to ideas from internal and external partners are the connotations from the term access. One theme under this category is relatively new in the literature, which is ‘reverse access’.

Banks, as long-established institutions, previously opened a variety of different channels for stakeholders to reach them, but this is not how the business is conducted at a level where internal, external, collaborative and co-creative ideas are integrated and thus, banks now initiate the access and try to reach customers themselves.

Figure 5.17. MaxMap: Access



The professionals in the banking industry highlighted privacy and trust issues together with access. Risk is at the core of the banking business, as banking is associated with managing both financial and non-financial risks. The most important aspect of privacy is related to the law on the protection of personal information, which restricts the activities of the banks such as crowdsourcing, etc. Even if the banks collaborate with external partners in co-creation spaces and/or during “hackathons”, they do not disclose or share customer information with third parties. The other sub-codes that are grouped under the thematic category ‘risk assessment understanding & policy’ are: ongoing risk assessment, financial risk, non-financial risk and product acceptance risk, respectively.

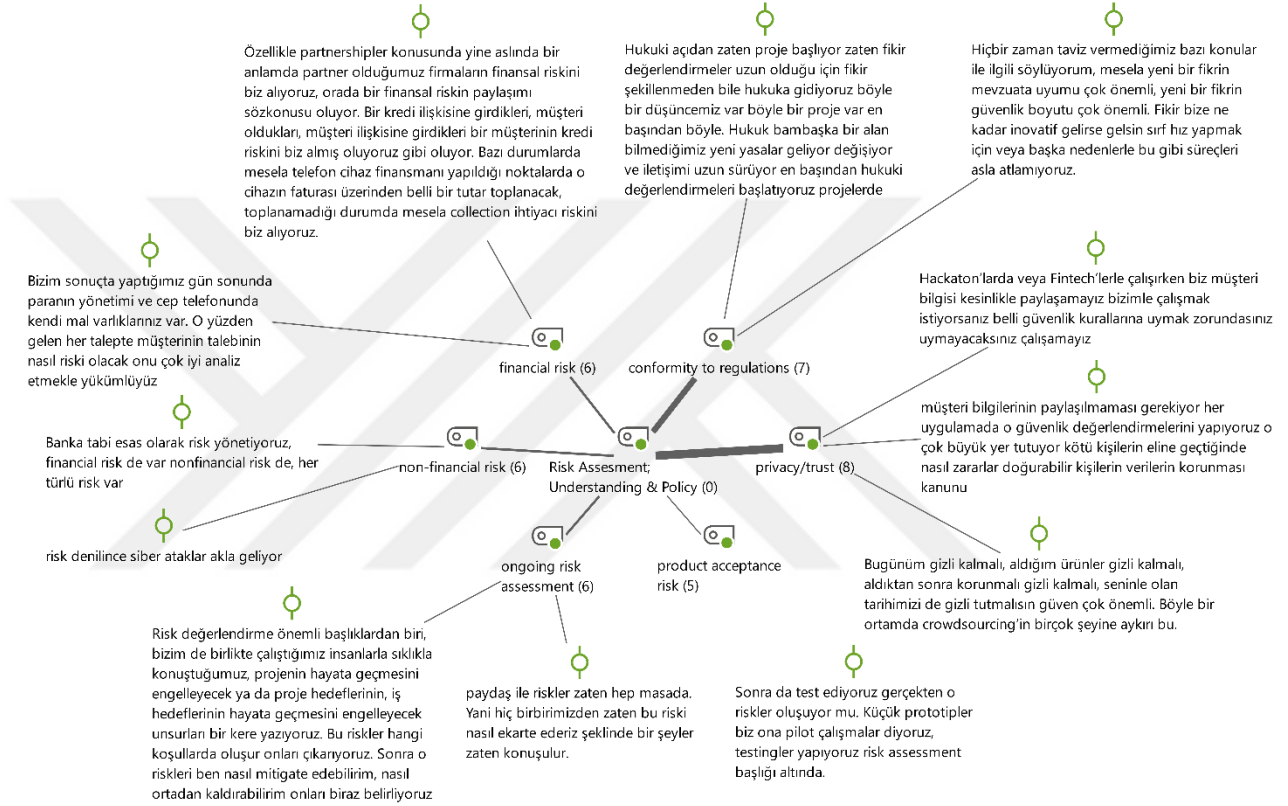
Figure 5.18. Sub-code Statistics: Risk Assessment

Banking is a highly regulated sector in which the confidentiality of information is paramount. Customers trust banks more than any other institution in society and do not expect to incur any financial or non-financial loss as a result of their business relationships with banks. This is one of the barriers restricting the growth of FinTech companies, since they do not have a similar level of trust. Conformity to regulations is also an issue that is not open to discussion and all new products and services that are offered to customers should demonstrate legal and regulatory compliance. Legal departments in banks play a pivotal role in this new product development process, and they should therefore be integrated in development teams from the outset; in fact, some of the professionals admitted that they even share information during the ideation stage with their colleagues in their legal department to ensure that there are no flaws in their design.

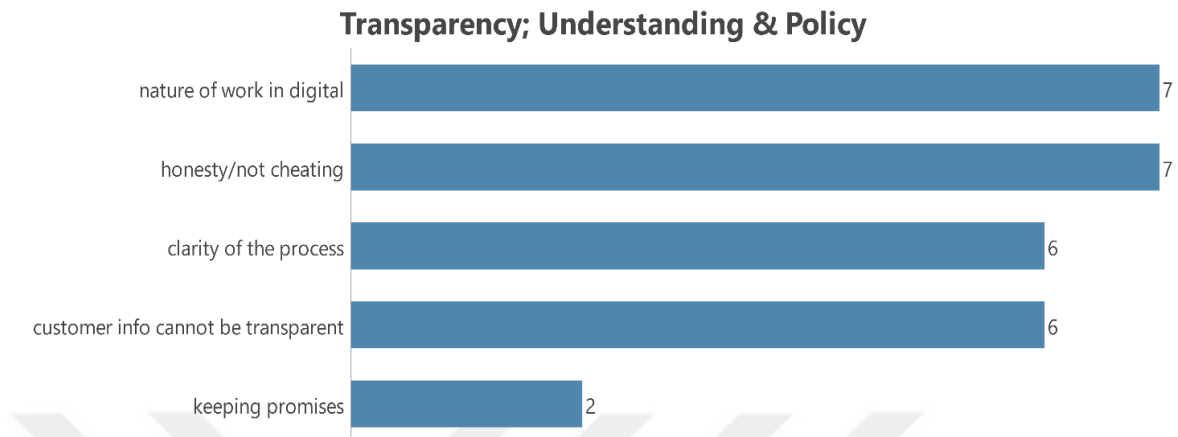
Various risk types were mentioned by professionals under this category, such as financial risk, non-financial risk, product acceptance risk, etc. Financial risk outgrows when integrations (B2B partnerships) are formed with companies, since banks undertake the credit risk of customers in any kind of transaction. As a result of increased digitalization, cyber-attacks and risks related to the security of information are at the forefront of risk assessment. Some of the themes also emerged as new concepts, such as ‘ongoing risk assessment’ in collaborative workgroups. One of the professionals rephrased this issue by stating that ‘risks are always on the table’ when working with internal and external stakeholders on a common project. Hence, banks in the industry do not stop the business

cycle and evaluate risks, but due to the nature of co-creation and collaborative innovation, risks and the ways of mitigating them are normal aspects of daily business and are discussed throughout project cycles.

Figure 5.19. MaxMaps: Risk Assessment

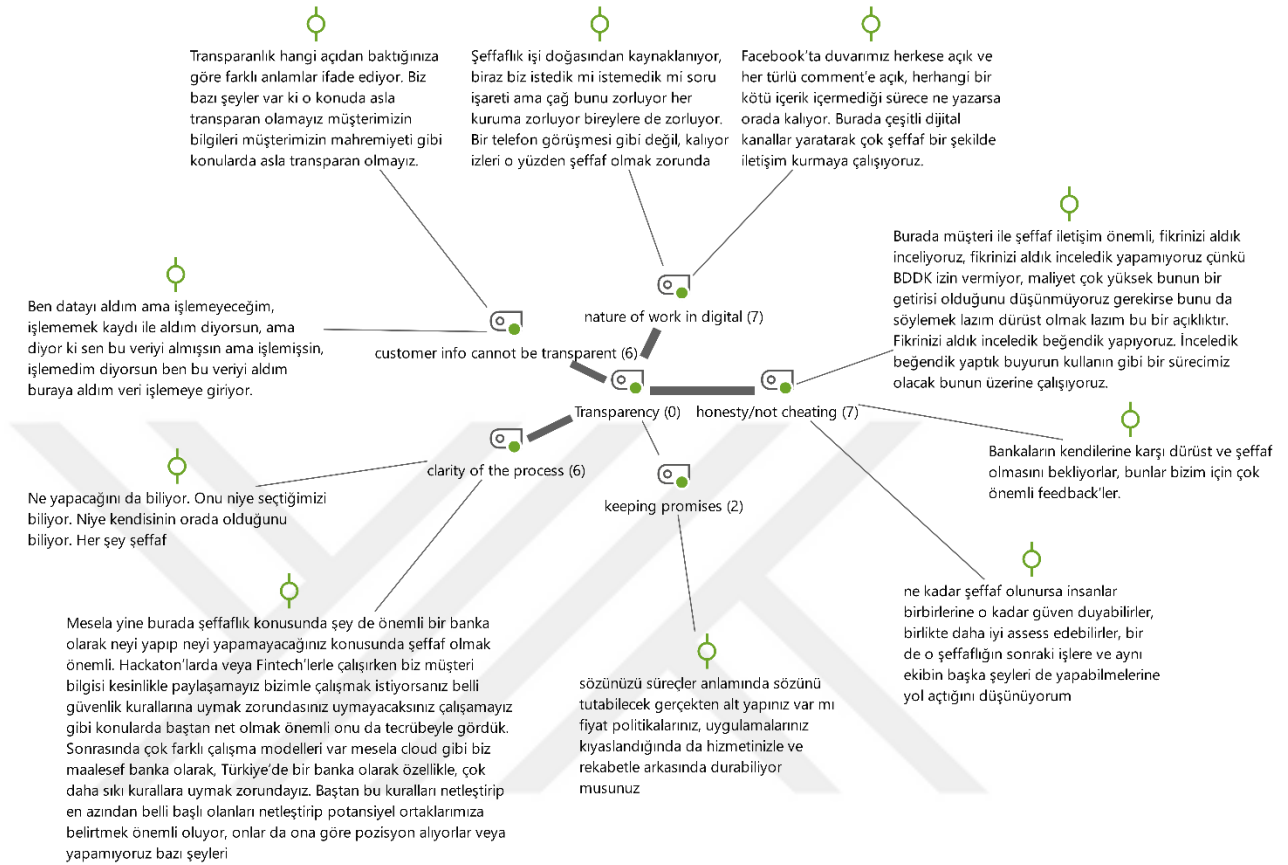


Transparent communication is expected from banks and therefore honesty was mentioned the most. Risk assessment is closely linked to the understanding and policies of transparency. Risk is at the core of the banking business, as banking is associated with managing financial and non-financial risks. The other sub-codes that are grouped under the thematic category 'transparency understanding & policy' are: clarity of the process, non-transparent customer information and keeping promises, respectively.

Figure 5.20. Sub-code Statistics: Transparency

Transparency is considered to be transparent dialogue with customers and being open to all kinds of information, even if the information is not positive. When customers share their ideas or needs on a specific issue via different channels, the bank needs to respond in a timely manner and provide feedback on the status of their idea; for example, whether it has been accepted, is in the pipeline, or cannot be operationalized due to regulative issues or cost concerns, among others. The nature of work after digitalization has forced all sectors and companies to increase their level of transparency, and this is not a choice but an obligation for companies and even individuals. Social networking forums are open to dialogue and the footprints of all information can be traced for future reference. Social channels can even be considered as social proof in some cases and provide valuable marketing collateral.

Co-creation reminded the professionals of the banking sector projects in which they had collaborated with internal and external partners and that the clarity of the processes in a project cycle is critical. There are different working styles and FinTech companies have the right to choose one that is appropriate for their needs, while banks as innovation hubs need to be transparent in their promises. Therefore, ‘keeping promises’, or doing what you say you will do, forms the backbone of transparency.

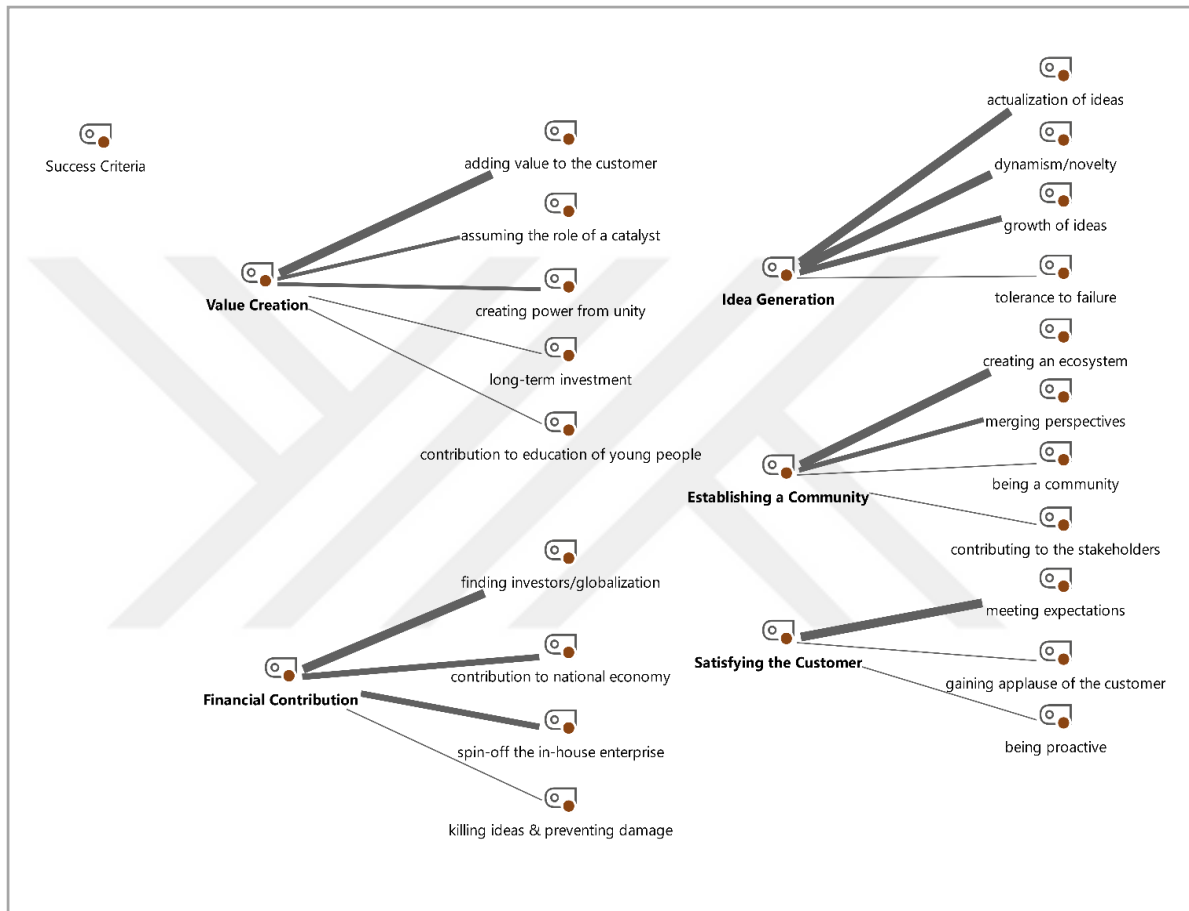
Figure 5.21. MaxMaps: Transparency

5.1.1.9. Success Criteria

Managing the co-creation experience is a complex issue in multi-actor settings with a network of stakeholders. Banks play the role of the catalyst and attempt to contribute to the well-being of all actors in the network, both financially and emotionally. Success is not defined as a hard metric, but rather as a contribution to the well-being of actors, which is in line with Ramaswamy and Ozcan (2014), who defined co-creation as emergent from ecosystems of capabilities to expand welfare and/or well-being. Innovation, in the form of idea generation, is also perceived as a success criterion of the co-creation experience. Since professionals mentioned the idea together with innovation, it is evident that their understanding of innovation is focused on the ideation stage. The other sub-codes that are grouped under the thematic category 'success criteria' are: value creation, financial

contribution, idea generation, establishing a community and satisfying the customer, respectively.

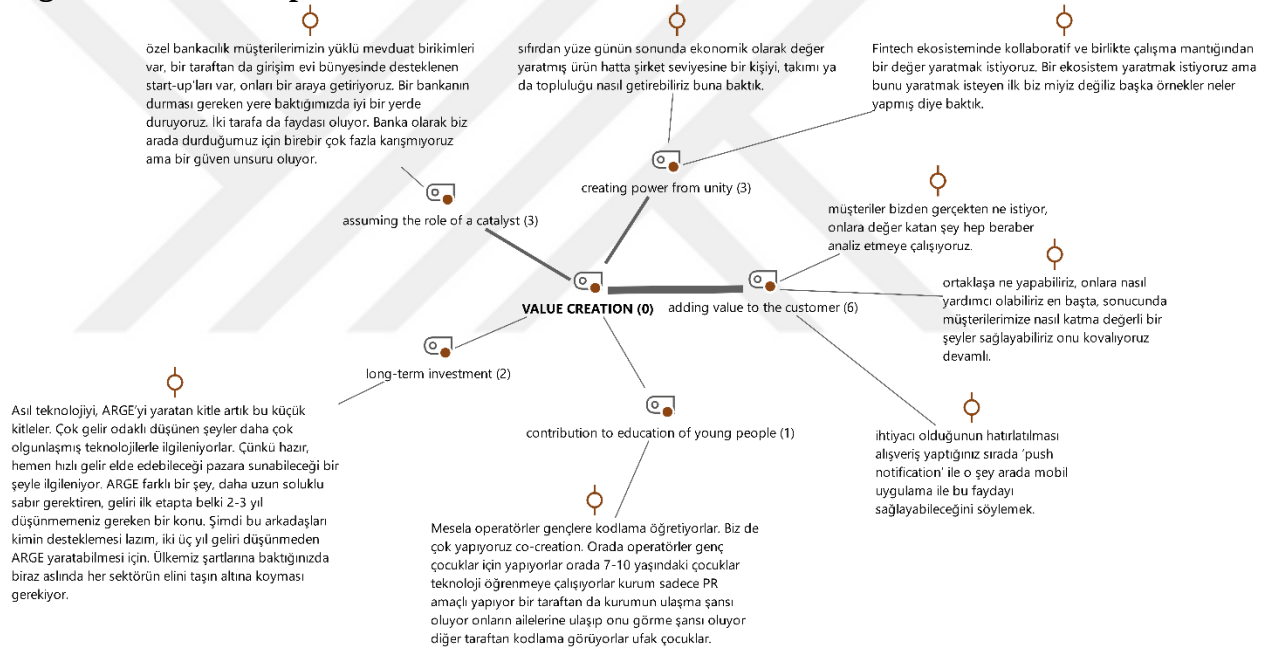
Figure 5.22. MaxMaps: Success Criteria



Value creation is both an overarching theme underlying the co-creation experience and also a success criterion evaluated by professionals. Executives from the banking industry assessed their efforts based on the contribution to end-users and other stakeholders as well as touching as many people as possible. All other stakeholders collaborate in this process to understand the wants and needs of customers as end-users and to pursue offerings that add value to them. Banks want to co-create value in FinTech ecosystems by working collaboratively to create such an ecosystem. Value creation is considered as the elevation of a person, a group of people or a community up through the ranks into an entity that ultimately has economic value. Banks assume the role of a catalyst and bring together the people who have the ideas and financial resources to invest in those ideas. They act as

mediators and are generally only involved in the process of connecting the parties; hence, they are not overly involved in the decision-making process, but act to establish trust among the various actors. Value creation necessitates a long-term outlook as well as investment and all the sectors in an emergent market like Turkey should be responsible for contributing to research and development activities and banking is one of them as an established sector. Contributing to the education of young people and familiarizing the adolescent demographic with technology through coding education is one of the aspects of co-creation activities that adds value.

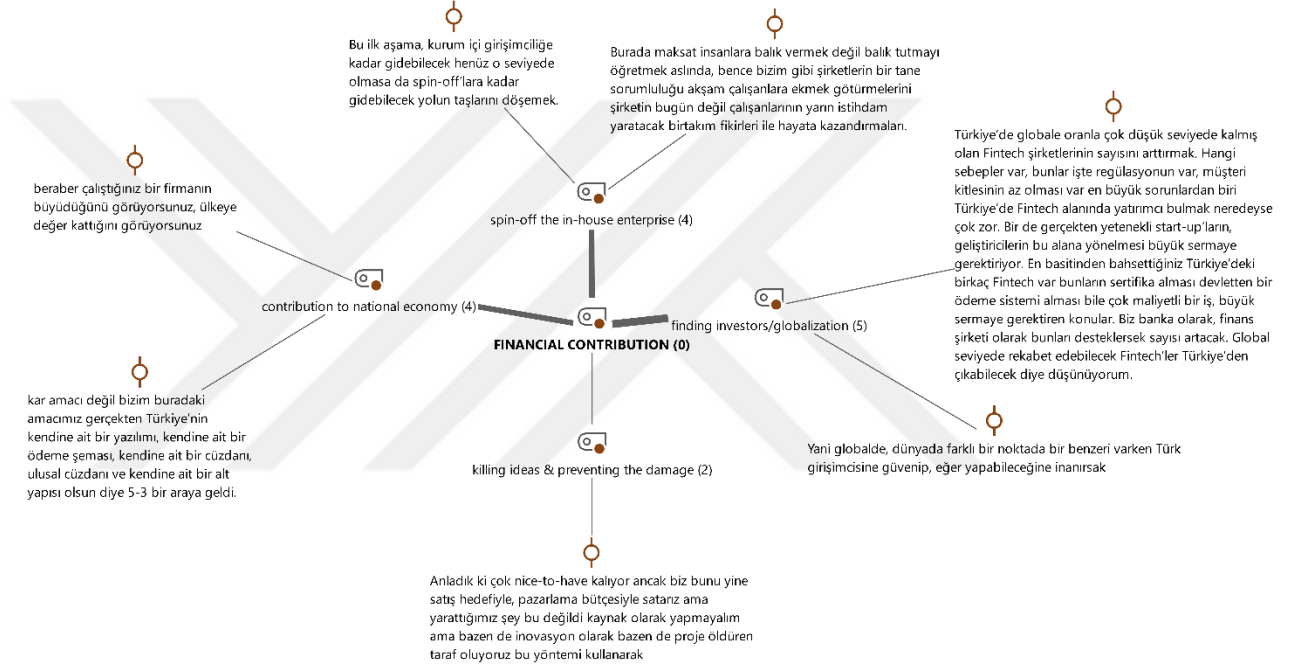
Figure 5.23. MaxMaps: Success Criteria / Value Creation



Financial contribution was another success criterion mentioned by the professionals. There is a relatively low number of FinTech companies in Turkey and finding investors to support those start-ups who can enable them to compete with global counterparts is one of the main objectives of banks. One of the themes that emerged is relatively new in practice as well as in the literature, which is 'spin-off the in-house enterprise'. Intrapreneurship is considered to be one of the responsibilities of banks that is considered as a financial contribution; moreover, even though it is currently in its infancy, providing support to employees to establish their own businesses and paving the way for spin-off's is the ultimate aim. Banks contribute financially to start-up companies and some of them will

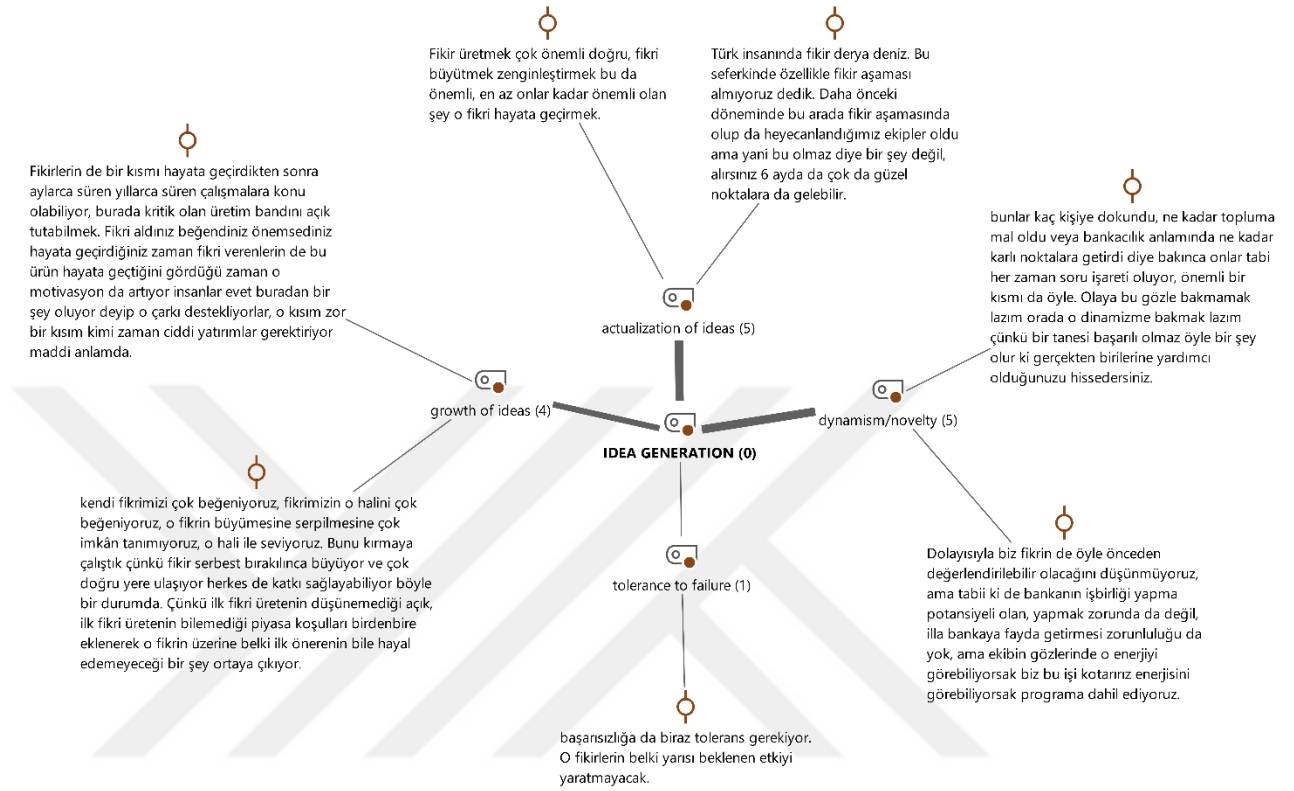
grow and pay it forward by creating value for the country, thus becoming a contributor to the national economy. Financial contribution is not only about making money or maximizing profits, but it also refers to preventing loss through the use of lean start-up techniques and also contributing to the financial well-being of the hub; ironically, killing ideas is also stated as one of the duties of the innovation department.

Figure 5.24. MaxMaps: Success Criteria / Financial Contribution



Idea generation is considered to be part of innovation; thus, creating an environment that fosters the generation of ideas is a success criterion. Although ideas are plentiful, the important factor is the execution of those ideas. The professionals underlined one of the drawbacks inherent in Turkish culture, stating that even though people have numerous ideas and they demonstrate significant passion for the initial idea, they do not let it grow and develop into an actionable solution. On the other hand, the philosophy of co-creation involves leaving work to experts and resource integration, which creates an environment that is conducive to the growth of ideas. Tolerance to failure and allowing some ideas to die is another stimulator, since success is not related to the conversion rate of ideas to execution but is establishing a dynamic culture that provokes both internal and external stakeholders to share ideas.

Figure 5.25. MaxMaps: Success Criteria / Idea Generation



Establishing a community is also another criterion related to all other success criteria mentioned above. Creating an ecosystem through an engagement platform is one alternative, while opening an office within the ecosystem and contemplating the ways of contributing to the ecosystem is another; both are effective in assisting stakeholders to improve their welfare. Merging the perspectives of different stakeholders within a community is beneficial for overcoming organizational blindness. Collaboration between different parties can be increased when they share their emotions. Emotional factors underlying the success of co-creation activities open up a new angle, as emotions are the glue that binds the community spirit in collaborative workgroups; thus, one of the new themes that emerged was ‘community attachment’. Finally, the satisfaction of customers as end-users is the last success factor, which is composed of the sub-codes of meeting expectations, gaining applause from the customer and being proactive. Expectations from banks not only include financial benefit, but also higher service standards and collaborative efforts can be beneficial for achieving those objectives. A proactive manner is closely related to the way of conducting business after digitalization.

Figure 5.26. MaxMaps: Success Criteria / Establishing A Community

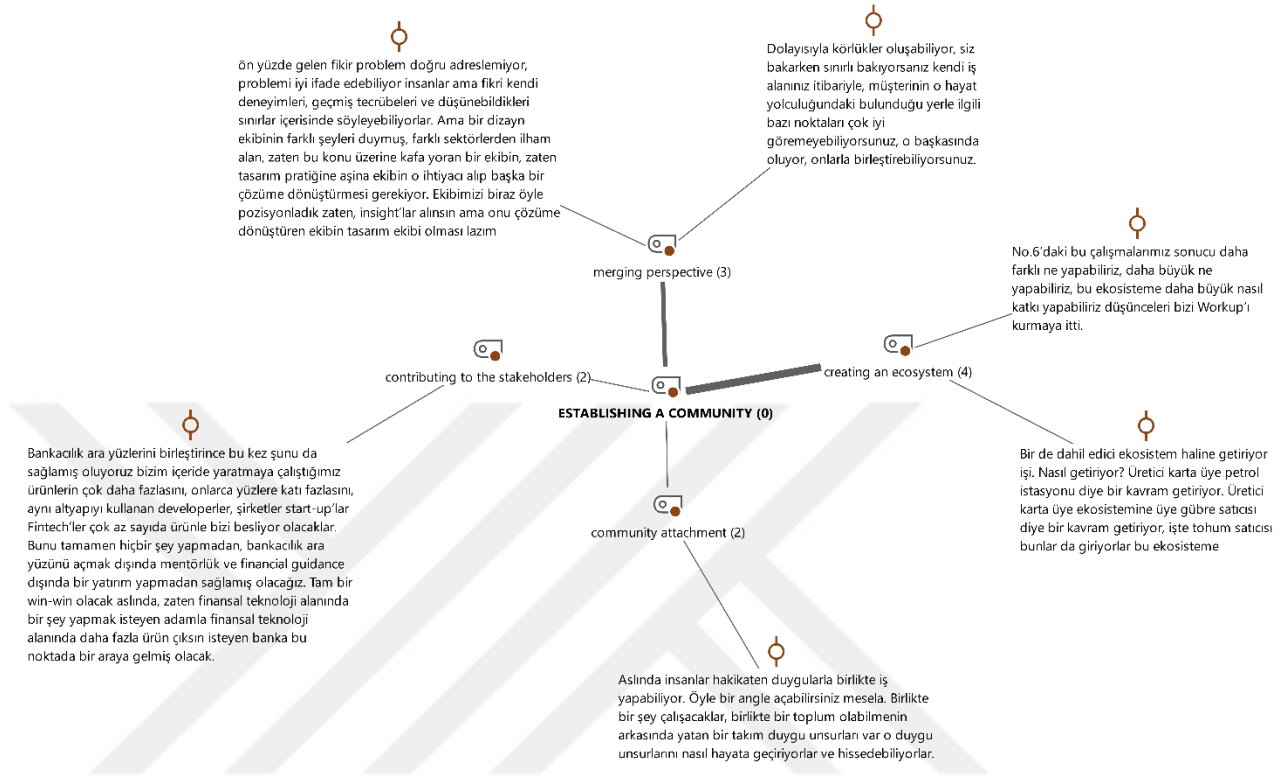
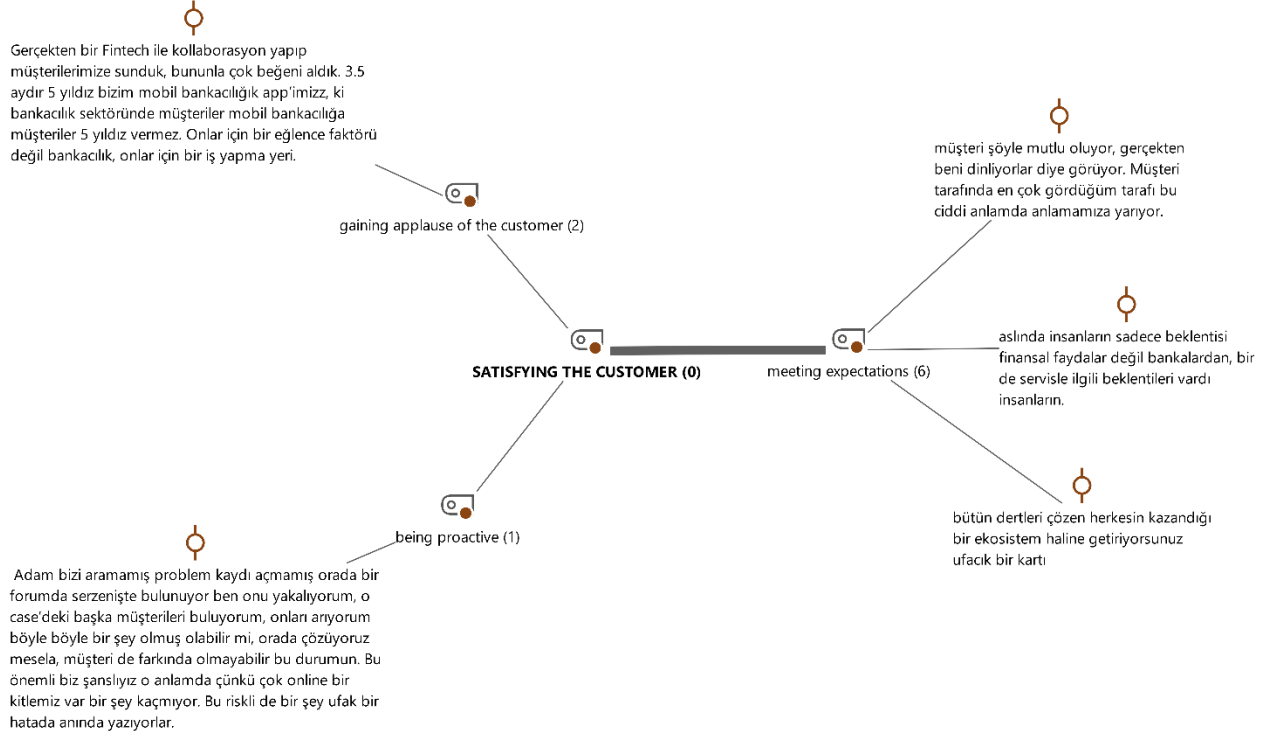


Figure 5.27. MaxMaps: Success Criteria / Satisfying the Customer



5.2. Quantitative Research

The quantitative part is organized as follows. Firstly, statistics regarding the demographic profile of the sample are presented. Secondly, the results of the initial reliability analysis are displayed. The final part includes findings extracted from all the stages of the structural model, the assessment of the measurement model through analysis results of the convergent validity and reliability of the suggested model as well as an evaluation of the structural model based on the results of the hypotheses.

5.2.1. Sample Characteristics

As aforementioned in the research design section, the target population of this study is banking professionals who have innovation or product/service development experience; therefore, the respondents in this sample had assumed roles including marketing, sales, customer relationship management, product development and software development within their respective banks. The department names vary from one bank to another and new terminologies have flourished due to the impact of digitalization; however, departments such as customer analytics and innovation, product development and strategy, data analytics, and digital banking were at the forefront. The decomposition of the sample regarding these demographic variables can be found in the following tables. The sample comprises 60% from Tier 1 group banks and 40% from the Tier 2 group.

Table 5.4. Bank Type

Bank Type	Frequency	Percent
Tier 1 Group	100	59.5
Garanti Bankası	32	19.0
İş Bankası	30	17.9
Akbank	14	8.3
Yapı ve Kredi Bankası	14	8.3
Ziraat Bankası	10	6.0
Tier 2 Group	68	40.5
Finansbank	38	22.6
Denizbank	10	6.0
ING	10	6.0
TEB	10	6.0
TOTAL	168	100

The sample characteristics comprise the type of banks in which the participants work, age, gender, education, work experience (tenure) and managerial responsibility of the respondents. The results show that 48% of the respondents are female and 52% are male.

Table 5.5. Demographic Characteristics of the Sample

		Frequency	Percent
Gender	Female	80	47.6
	Male	88	52.4
	TOTAL	168	100
Education	Undergraduate	101	60.1
	Graduate	65	38.7
	Ph.D.	2	1.2
	TOTAL	168	100
Age	Below 25	5	3.0
	25 - 34	78	46.4
	35 - 44	73	43.5
	45 - 54	11	6.5
	55 - 64	1	0.6
	TOTAL	168	100
Tenure	Less than 1 year	1	0.6
	1 - 3 years	8	4.8
	4 - 6 years	38	22.6
	7 - 9 years	35	20.8
	10 - 12 years	23	13.7
	13 -15 years	14	8.3
	More than 15 years	49	29.2
	TOTAL	168	100
Man. Resp.	Yes	75	44.6
	No	93	55.4
	TOTAL	168	100

5.2.2. Reliability Analysis

Upon completion of data collection, reliability analysis was conducted for the scales.

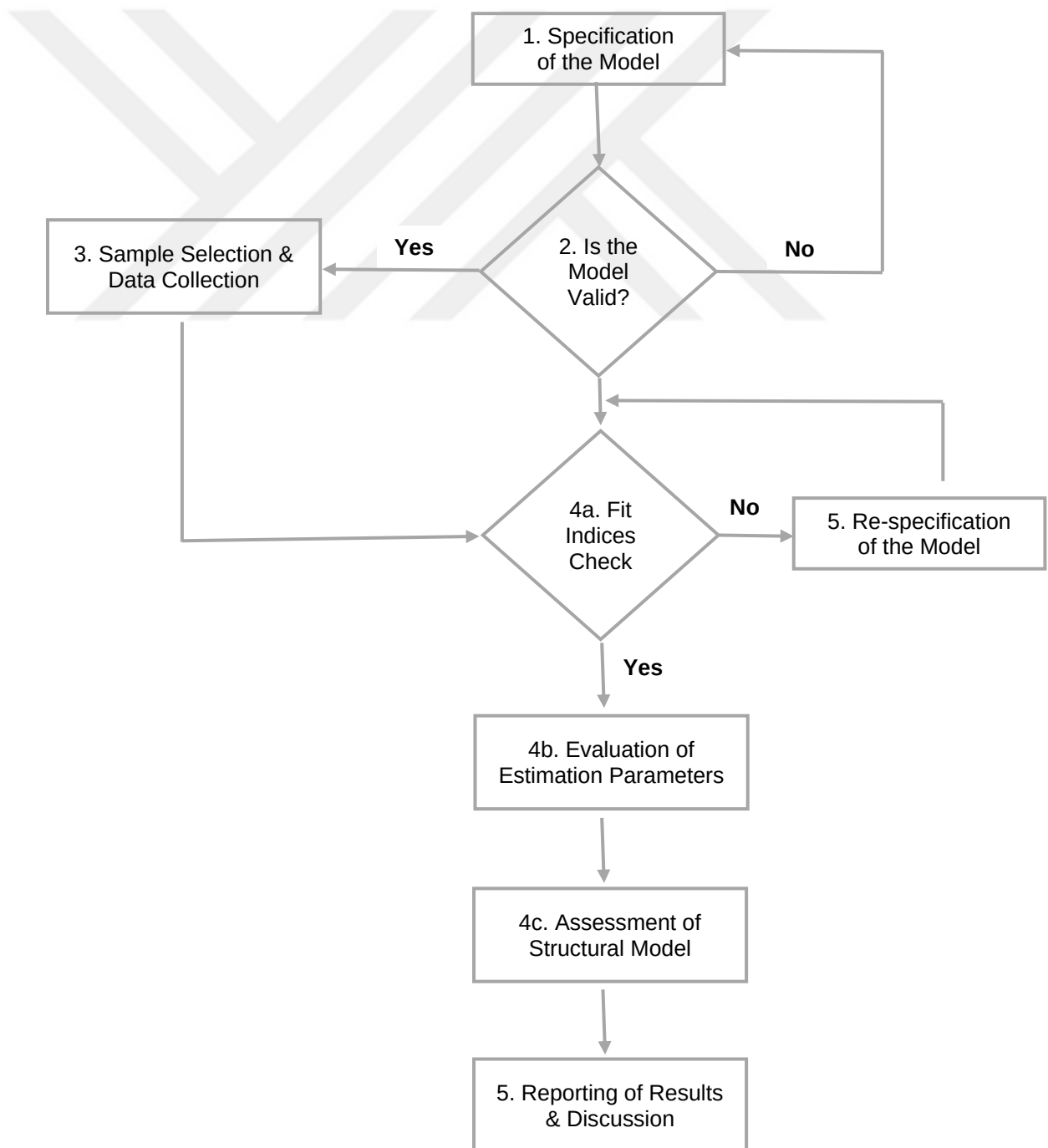
Table 5.6 Results of the Reliability Analysis

	Cronbach's alpha
Dialogue	.971
Access	.930
Risk Assessment	.967
Transparency	.928
Degree of Innovativeness	.898
Perceived Market Performance	.880

5.2.3. The Model

Structural equation modelling is used to assess how well the theory fits the data (Hair et al., 2006) and is preferred when testing the complex relationships within suggested research models. The stages of the structural equation model are presented below and the thesis follows the indicated path.

Figure 5.27. Stages of a Structural Equation Model (Kline, 2011)



Structural Equation Modelling is a technique used to identify cause and effect relationships and is composed of two phases: the measurement model and the structural model. Although these two phases can either be conducted at a single step, as Kline (2011) clarified in the steps of SEM modelling, it is better to follow the two-stage model in which the measurement model is followed by the structural model. The analysis conducted to assess the measurement model is called Confirmatory Factor Analysis (CFA), which evaluates the structure of the hypothesized factors. The measurement model describes the operationalization of latent variables (Diamantopoulos & Siguaw, 2006), which are constructs that cannot be measured directly (Hair et al., 2006) but are measured through measured variables, namely indicators.

First, CFA was performed as the first part of the two-stage model estimation process.

Table 5.7. Fit Indices of the Initial Model & Fit Indices Intervals

Fit Indices	Good Fit	Acceptable Fit	Model
RMSEA	$0 \leq \text{RMSEA} \leq 0.05$	$0.05 \leq \text{RMSEA} \leq 0.10$	0.090
CFI	$0.97 \leq \text{CFI} \leq 1.00$	$0.95 \leq \text{CFI} \leq 0.97$	0.97
$(\chi^2/\text{s.d.})$	<2	<3	2.344

(Reference for the cut-off values of fit indices: Schermelleh-Engel & Moosbrugger, 2003)

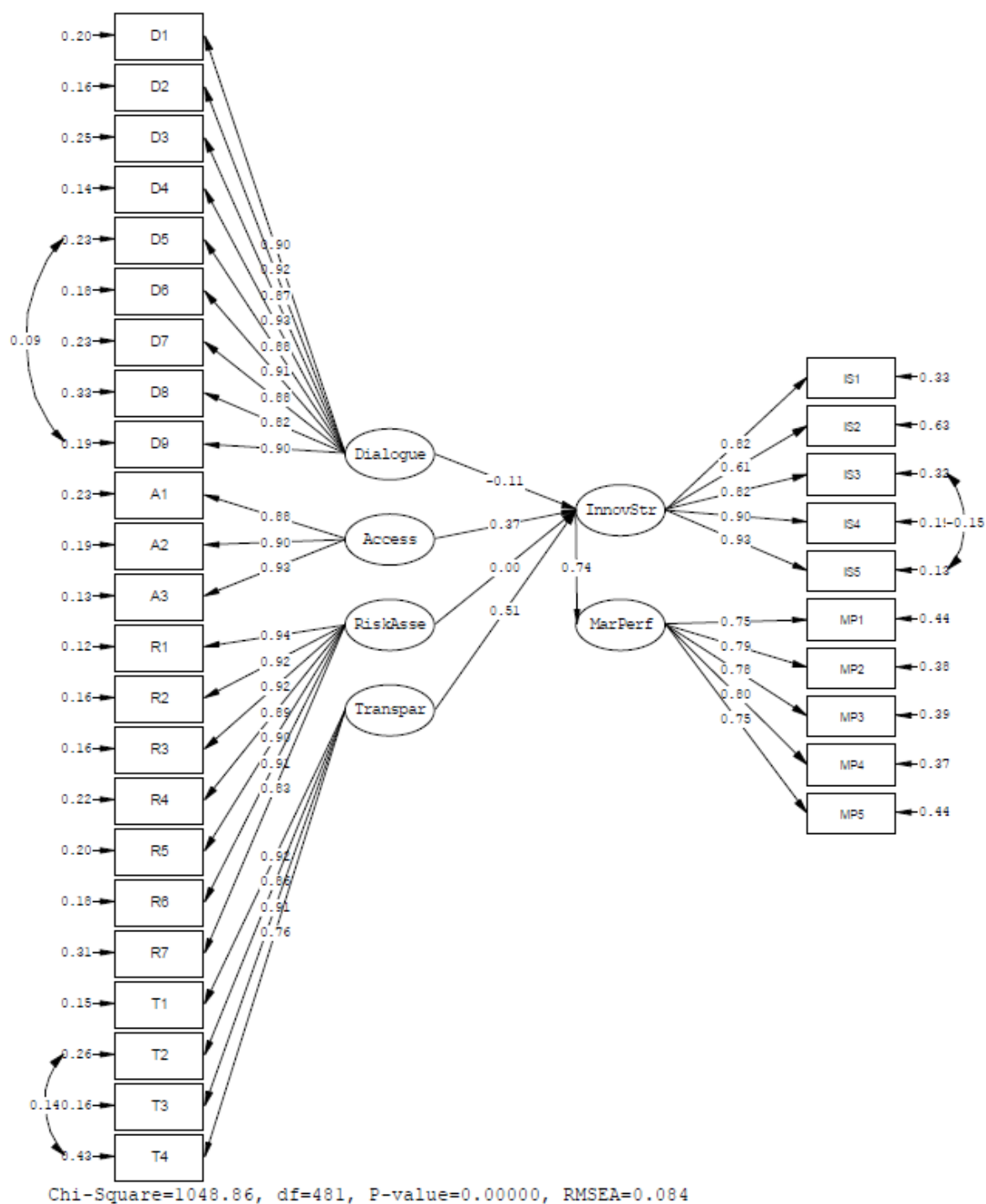
The improvement of the model can be achieved through freeing some of the model parameters. Analysis of the output file extracted from LISREL displays modification suggestions but from these, the top three suggestions that enable a high level of decrease in the Chi-square value are chosen for the purpose of this research. At the initial conceptualization stage, no links between these variables were assumed; however, the modifications allow covariances among the errors of those parameters. The modification index displays the amount of the Chi-square value that can be reduced by freeing the designated path. These modifications can be listed as below:

Table 5.8. Modifications

<i>Item No #1</i>	<i>Item No #2</i>	<i>Decrease in Chi-square</i>
D5	D9	32.3
T2	T4	24.0
IS3	IS5	29.8

Since the decision to free the path between D5 and D9, T2 and T4, and IS3 and IS5 necessitates the re-estimation of the model, all of the procedures until this point are started from scratch. The path diagram is constructed and a new version of the measurement model is tested. The final structural equation model diagram of the model is presented below. The straight arrows within the model represent dependence relationships between a construct and a measured variable. If any dependence relationship is analyzed between two constructs, then it is a structural relationship.

Figure 5.28. SEM Diagram of the Model



The path diagram denotes the standardized coefficients that are close to +1 and -1 and if a coefficient is close to +1, a strong positive linear relationship exists (Hair et al., 2006).

When the path diagram of the model is analyzed the standardized coefficients of each variable can be indicated. The first construct, the latent variable Dialogue, is measured through nine indicators. All of the standardized coefficients are high and above 0.80. The highest score among all is the coefficient of D4 (0.93) 'active dialogue on how to add value in the service experience', followed by the coefficient of D2 (0.92) 'interest of the provider in communicating the best ways to design and deliver a quality service/product experience'. The lowest score among all is the coefficient of D8 (0.82) that denotes the numerous opportunities stakeholders have in sharing ideas with the provider regarding adding value to the service/provider experience. The latent variable Access is measured through three indicators. All of the standard coefficients are above 0.80 and the highest score among them is the coefficient of A3 (0.93) that denotes the ease of receiving the service/product offering whenever, wherever and how stakeholders want.

The latent variable Risk Assessment is measured through seven indicators. The Risk Assessment construct is affected by two items at an equal level (0.92); R2 'stakeholders receive comprehensive information pertaining to the risks and benefits of the service/product experience' and R3 'the provider fully informs stakeholders about all risks stemming from product or service use'. The lowest item R7 (0.83) among the seven measures of risk assessment is the encouragement of the provider to familiarize stakeholders with the risks associated with the service/product experience. The latent variable Transparency is measured through four indicators and the highest score among all variables is T1 (0.92) which denotes the 'full disclosure of information to stakeholders which might be helpful to improve the outcomes of service/product experience' and the lowest item T4 (0.72) among four measures of transparency is related to the 'full disclosure of stakeholder related information regarding the costs and pricing associated with the design and delivery of the service/product experience'.

5.2.3.1 Confirmatory Factor Analysis (CFA)

The assessment of the quality of fit of a model is affected by different factors, such as the model complexity, sample size, the profile of the respondents, the research method chosen, among many others. The rule of thumb specified by scholars (Hair et al., 2006) will be followed and multiple fit indices will be used to assess the goodness of the model. There are a number of goodness of fit measures available in CFA and the fundamental measure of fit is Chi-square; however, Chi-square is very sensitive to sample size and therefore Chi-square divided by degrees of freedom is used. The CMIN/df is the key metric that needs to be taken into account, together with one absolute and one incremental fit indices. In our model, RMSEA as an absolute fit index and CFI as an incremental fit index are used together with CMIN/df. The lower values for Root Mean Square of Estimation (RMSEA) indicate a better fit. The Comparative Fit Index (CFI) is a widely used incremental fit index which is considered as an improved version of NFI (Bentler, 1990).

The following goodness of fit statistics represent an acceptable fit of the model in terms of the RMSEA (Root Mean Square Error of Approximation) and CMIN/df (Minimum discrepancy divided by degrees of freedom) indices and a good fit regarding CFI (Comparative Fit Index). The cut-off value for a good RMSEA value has been debated, but for an acceptable model, the typical value needs to be below 0.10 (Hair et al., 2006).

As a summary, the results indicate an acceptable model fit between the research model and the empirical data.

Table 5.9. Fit Indices of the Suggested Model & Fit Indices Intervals

Fit Indices	Good Fit	Acceptable Fit	Model
RMSEA	$0 \leq \text{RMSEA} \leq 0.05$	$0.05 \leq \text{RMSEA} \leq 0.10$	0.084
CFI	$0.97 \leq \text{CFI} \leq 1.00$	$0.95 \leq \text{CFI} \leq 0.97$	0.98
$(\chi^2/s.d.)$	<2	<3	2.181

(Reference for the cut-off values of fit indices: Schermelleh-Engel & Moosbrugger, 2003)

5.2.3.2. Assessment of the Measurement Model

The quality of the measurement model is assessed through construct validity and reliability through convergent and discriminant validity. In order to establish the convergent validity of the measurement model, three criteria are considered (Hair et al., 2006);

- The standard factor loadings of the items, each indicator, that belong to a latent variable (construct) to exceed 0.50
- Composite reliability (CR) values to exceed 0.70
- Average variance extracted to exceed 0.50

The most straightforward way to assess the initial condition of convergent validity in CFA is to evaluate factor loadings. In our study, all standardized factor loadings are higher than 0.60 and statistically significant ($p < 0.001$). The table below summarizes the results.

Table 5.10. Results of the Measurement Model

Factors / Items	Standard loadings	t-value	R^2
Factor #1: Dialogue			
The provider communicates with <i>stakeholders</i> to receive input on improving the service/product experience.	0.90	14.87***	0.80
The provider is interested in communicating with <i>stakeholders</i> about the best ways to design and deliver a quality service/product experience.	0.92	15.55***	0.84
The provider uses multiple channels of communication to encourage greater exchange of ideas with <i>stakeholders</i> about the service/product experience.	0.87	14.13***	0.75
The provider and <i>stakeholders</i> have active dialogue on how to add value in the service/product experience.	0.93	15.88***	0.86
<i>Stakeholders</i> are encouraged to communicate with the provider about any and all aspects of the service/product experience.	0.88	14.39***	0.77
Multiple lines of communications are used by the provider to gather input and ideas from <i>stakeholders</i> .	0.91	15.16***	0.82
The provider actively promotes dialogue with <i>stakeholders</i> to learn more about their reaction to the service/product experience.	0.88	14.33***	0.77
<i>Stakeholders</i> have many opportunities to share their ideas with the provider about adding value to the service/provider experience.	0.82	12.94***	0.67
The provider makes it easy for <i>stakeholders</i> to communicate ideas about the design and delivery of the service/product experience.	0.90	15.04***	0.81
Factors / Items	Standard loadings	t-value	R^2
Factor #2: Access			
The provider let <i>stakeholders</i> decide how they receive the service/product offering.	0.88	14.30***	0.77
<i>Stakeholders</i> have many options to choose how they experience the service/product offering.	0.90	14.86***	0.81
It is easy for <i>stakeholders</i> to receive the service/ product offering when, where and how they want it.	0.93	15.85***	0.87

Factors / Items	Standard loadings	t-value	R ²
Factor #3: Risk Assessment			
The provider provides <i>stakeholders</i> with comprehensive information pertaining how risks and benefits were assessed for the service experience or product.	0.94	16.05***	0.88
<i>Stakeholders</i> receive comprehensive information pertaining to the risks and benefits of the service/product experience.	0.94	15.48***	0.84
The provider fully informs <i>stakeholders</i> about all risks stemming from product or service use.	0.92	15.43***	0.84
The provider provides <i>stakeholders</i> with necessary tools and support to make fully informed decisions as to whether they should participate in the service/ product experience.	0.89	14.57***	0.78
The provider is very clear and factual about both the negative and positive factors associated with the service/product offering.	0.90	14.89***	0.80
The provider allows <i>stakeholders</i> make informed decisions regarding the risks and benefits of the service/product experience.	0.91	15.19***	0.82
The provider encourages <i>stakeholders</i> to familiarize themselves with the risks associated with the service/product experience.	0.83	13.17***	0.69
Factors / Items	Standard loadings	t-value	R ²
Factor #4: Transparency			
The provider fully discloses information to <i>stakeholders</i> which might be helpful to improve the outcomes of the service/product experience.	0.92	15.52***	0.85
<i>Stakeholders</i> are given open access to information that might be useful in enhancing the overall design and delivery of the service/product experience.	0.86	13.79***	0.74
<i>Stakeholders</i> and provider are treated as equal partners in sharing information that is needed to achieve a successful service/product experience.	0.91	15.24***	0.84
The provider fully discloses <i>stakeholders</i> detailed information regarding the costs and pricing associated with the design and delivery of the service/ product experience.	0.76	11.29***	0.57
Factors / Items	Standard loadings	t-value	R ²
Factor #5: Degree of Innovativeness			
Making major changes (volume) to existing services	0.82		0.67
Making rapid changes (speed) to existing services	0.61	8.62***	0.37
Developing novel (new) service to the market	0.82	12.49***	0.68
Using forecasting tools and techniques to imagine future threats	0.90	14.96***	0.81
Using forecasting tools and techniques to imagine future opportunities	0.93	15.27***	0.87
Factors / Items	Standard loadings	t-value	R ²
Factor #6: Perceived Market Performance			
Attracted new consumers	0.75		0.56
Opened up new markets	0.79	10.12***	0.62
Capturing market share	0.78	10.06***	0.61
Consumer retention	0.80	10.24***	0.63
Consumer satisfaction	0.75	9.57***	0.56

***p < .001 ^{NS} t-values are not significant.

In statistics (AVE), average variance extracted (Fornel and Larcker, 1981) is a measure that provides the assessment of the amount of variance captured by the construct. An AVE score, the degree of shared variance between the latent variables of the model, of .50 or above denotes high internal consistency. All indicators shown in Table 5.11 in the model suggest convergent validity of the model together with the standardized factor loading results aforementioned above.

Table 5.11. Convergent Validity of the Model

Factors / Items	CR (Composite Reliability)	AVE (Average Variance Extracted)
Dialogue	0.97	0.79
Access	0.93	0.82
Risk Assessment	0.97	0.81
Transparency	0.92	0.75
Degree of Innovativeness	0.91	0.68
Perceived Market Performance	0.88	0.60

Discriminant validity is the extent to which the measures is not a reflection of other variables and assessed by comparing squared correlations between constructs and square root of AVE for the related construct (Fornel and Larcker, 1981). Diagonal values in the matrix shown in Table 5.12, shows the variance extracted for each construct and the matrix includes squared correlation estimates between constructs.

Table 5.12. Discriminant Validity of the Model

	MarPerf	InnovStr	Dialogue	Access	RiskAssess	Transpar
MarPerf	(0.773)					
InnovStr	0.74	(0.824)				
Dialogue	0.44	0.59	(0.888)			
Access	0.50	0.67	0.82	(0.904)		
RiskAssess	0.47	0.63	0.74	0.80	(0.899)	
Transpar	0.53	0.71	0.76	0.75	0.81	(0.866)

5.2.3.3. Hypotheses Tests and Structural Model

Table 5.13. Hypotheses Test Results

Hypothesis	Standard loadings	t-value	Result
<i>H₁: Dialogue → Degree of Innovativeness</i>	-0.11	-0.94 ^{NS}	Reject
<i>H₂: Access → Degree of Innovativeness</i>	0.37	2.78***	Accept
<i>H₃: Risk Assessment → Degree of Innovativeness</i>	0.00	-0.03 ^{NS}	Reject
<i>H₄: Transparency → Degree of Innovativeness</i>	0.51	4.08***	Accept
<i>H₅: Degree of Innovativeness → Perceived Market Performance</i>	0.74	8.43***	Accept

***p < .001

^{NS} t-values are not significant.

As shown in Figure 5.2 and Table 5.13, three hypotheses out of five were supported. Among the relationships with the DART principles and degree of innovativeness, access and transparency have been supported. Access has a factor loading of 0.37 and a significant t-value result, whereas transparency has a factor loading of 0.51 and $p < 0.001$. The score for transparency is higher than Access and it therefore has a positive influence on formulating innovation strategy. H5 is also accepted, which hypothesizes that practicing innovation strategy has a positive effect on perceived market performance. In summary, H1 and H3 are rejected, whereas H2, H4 and H5 are accepted.

6. CONCLUSION AND IMPLICATIONS

This final chapter presents an overview of the main conclusions derived from the qualitative and quantitative research undertaken in this study. The first section of this chapter addresses the research objectives based on the findings presented in the previous chapter. The researcher's own evaluation of managing the co-creation experience, the new findings and their contribution to the value co-creation literature and recommendations for the reference of banking sector professionals are explained in detail. The final section of this chapter presents the limitations of the study and future directions.

6.1. Introduction

In their breakthrough article published almost two decades ago, Prahalad and Ramaswamy highlighted that the building blocks of co-creation are dialogue, access, risk assessment and transparency. These criteria apply to co-creation within the organizational context of this thesis as well with differences based on the effects of digitalization, exponential growth in the mobile sector, the various types of collaborative working styles adopted and the nature of the industry chosen. The readiness of the banking sector in Turkey to co-creation starts with changing the established mind-set and norms to foster cooperation and the sharing of expertise. Organizational structure and culture determine the success of collaborative platforms and services, which necessitate close collaboration. The first building block 'dialogue' is used to signify the flow of information and the creation of shared meaning and, even if the core meaning of the block still remains valid, the interpretation of each block has been altered due to the contemporary practices employed in the business world.

RQ1: Does collaborative working affect the innovation strategy of a firm?

The findings of the quantitative study revealed that Dialogue with stakeholders does not facilitate a degree of innovativeness but if stakeholders can Access a firm's information sources, the degree of innovativeness is increased. In light of the precepts acquired from the viewpoints of banking industry professionals, the term dialogue is now used

interchangeably with access as a result of digitalization; therefore, this result is in line with the results of the qualitative survey. The change in the definition of dialogue in the industry has been analyzed through a more holistic approach and this presents an invaluable contribution to the field. It is now no longer necessary for dialogue to be either face-to-face or synchronous as was the case previously, but it needs to occur as rapidly as possible. This finding builds on the studies of several scholars within the field. For example, Ind et al. (2013) also asserted that the key mechanism is considered to be feedback, which is a modern version of dialogue, and this thesis also heralds the change in the interpretation of dialogue as something closer to receiving feedback, which represents the new way of conducting business in the digital era. Digital channels are more effective at adapting to the demands of shorter response times and even the use of “@” signs and comments in social network sites denote commencement of a form of dialogue; *active listening*, *proactive reactions* and *collaboration* are now the key connotations of dialogue. In order to become active listeners, organizations need to improve their capacity to give rapid feedback and connect different platforms and channels in a more effective manner. Other scholars who attempted to extend the views on co-creation included Hatch and Schultz (2010), who applied the building blocks of co-creation to branding literature and converged dialogue together with access to denote engagement in branding. However, branding is not the focus of our study, as this thesis endeavors to determine the key success factors of managing the co-creation experience. Furthermore, the convergence of dialogue and access is uncovered both from the precepts of professionals in the industry, who prefer to use other terms rather than dialogue, and the results of the quantitative survey, which indicate that dialogue alone ultimately does not lead to perceived market performance.

Access is at the forefront of co-creation due to the unlimited nature and extent of channels as well as the ability to access from anywhere, which is fostered through new and digital channels. The connotations of Access, such as *access to consumers in their natural context* and *access to stakeholders* while working collaboratively signal the clues of dialogic principles. In the banking industry, which is the context of our study, banks previously opened up channels in order for stakeholders to reach them; however, through the

assistance of technology they try to reach stakeholders and even plan visits to small start-up companies, thus initiating dialogue.

A risk assessment performed by a company does not support the formulation of innovation strategy in our study. The discussion regarding risk assessment among the banking professionals was diverse and various risk types were mentioned under this category. In terms of collaborative working, risk assessment means conformity to regulations, where all stakeholders are required to adhere to the rules and standards. However, due to the nature of the industry, risk connotations are predominantly focused on the confidentiality of information. Banking is largely concerned with managing and mitigating the financial risks of individuals and companies and the responsibility of the industry is to protect them from these potential risks. Therefore, risk assessment is closely linked to the understanding of transparency. Transparency is the dimension that has the greatest positive effect on the degree of innovativeness since the nature of work after digitalization has forced all sectors and even individuals to increase their level of transparency. The issue of trust is the overarching theme that encompasses both risk assessment and transparency. People can work collaboratively when they trust each other and share information.

Innovation still occurs in the ideation stage rather than execution and this mindset needs to be taken into account when analyzing innovation strategy. Competition revolves around innovation, but not all companies devise end-to-end innovation hubs and platforms that contribute to the well-being of stakeholders. Some of the larger conglomerates create innovation theaters in the form of “hackathons” or innovation contests, but do not support the internal or external partners after the ideation stage. Financial support or mentoring is needed to integrate the differing roles and needs of actors in a network, which is discussed in the following research topic.

In summary, collaborative working affects the degree of innovativeness of a company as well as its innovation strategy. The building blocks of co-creation and the transition in their meaning after digitalization have affected the interpretations of the nature and extent of collaborative work. The higher degree of innovativeness has increased the level of

perceived market performance internally, whereby internal partners acknowledge the fact that innovative companies attract new consumers, open up new markets, satisfy and retain customers, and ultimately capture market share.

RQ2: How does a service provider successfully integrate the roles of different stakeholders?

In the context of this study, banks play the roles of mediators, mentors and catalysts in an attempt to contribute to the well-being of all actors in the network, either financially or psychologically. The technological developments in the industry, the interconnected nature of the banking industry and deep engagement with the ecosystem and Fintech companies have resulted in banks assuming the role of mediators. Although they act as *mediators*, this is not an easy task since the needs and demands of various partners are not always matching, while their primary responsibility is to assess competencies and address the correct teams. Banks are conglomerates and, in some cases, the service developed by a third party might be beneficial for an affiliate rather than the bank itself, meaning that the team responsible for mediation has to identify these kinds of issues. Success in the mediation role necessitates an objective stance and it only involves the process of connecting parties. Therefore, banks are not overly involved in the decision-making process, but act to establish trust among the various actors.

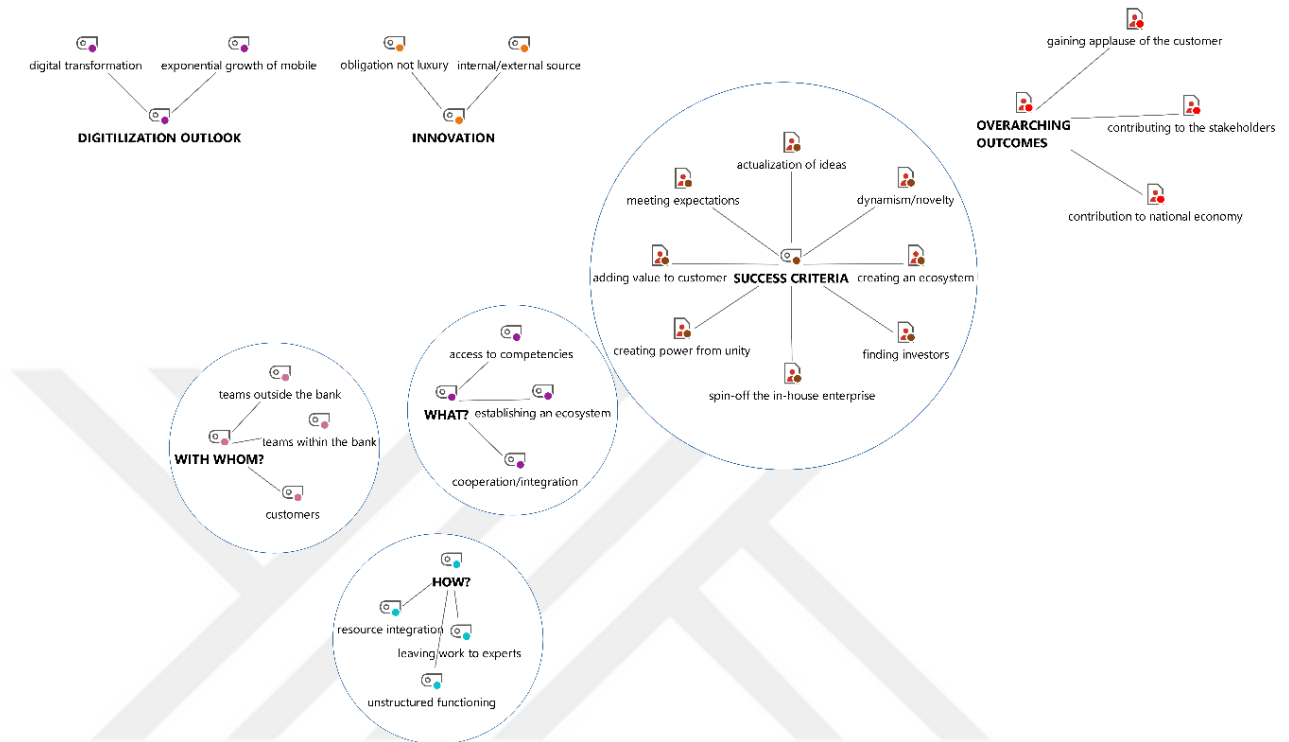
Banks also play the role of the *mentor* and support their partners in growing their businesses. External parties are supported through the knowledge of internal teams and experts from the community. Banks even invest time and effort in their employees' ideas and prioritize their projects to enable them to spin-off and form new entities. Companies in the industry feel a sense of responsibility to teach their employees how they can become self-sufficient rather than supporting them each month financially in the form of monthly salaries. In an emerging market like Turkey, it is important to consider the mentoring role of hubs like banks that revitalize the economy. Banks also assume the role of a *catalyst* and support FinTech companies or start-ups by either investing from outside or purchasing the

company. This role has a more strategic focus, since the ultimate aim is to enable national technology companies to thrive and become players in the global arena, which has not been commonly observed in Turkey. There are several examples of global sell-out's that are regarded as significant achievements.

RQ3: What are the key success factors in the management of the co-creation experience?

The digitalization outlook and degree of innovativeness of companies designate their readiness for co-creation and signal the level of success in terms of their contribution to various stakeholders and the community at large. These two constructs constitute the bedrock of the co-creation philosophy and collaborative working style that instigate the transformation in the way of doing business, the need to collaborate and the change in the success criteria. Digitalization has had a profound effect on all industries and in the context of the present study, the banking industry has also experienced a rigorous transformation process. The exponential growth of mobile technologies has also affected the daily lives of end-users, which in turn has forced service providers to adapt their way of conducting business in order to be able to reach consumers in their natural context. Competition in the digital era has taken the form of competition for innovation and companies believe that innovation today is not a luxury, but an obligation. The source of innovation is trivial, it could emanate from the insiders, the teams inside a company, or even from outsiders, such as partner companies, solution providers, customers, mentors and anyone in the start-up ecosystem. Furthermore, the distinction between insiders and outsiders is blurring, where even the conglomerates such as banks are now forming partnerships with small teams of individuals. Companies can effectively collaborate with individuals in an accelerator program with the guidance of different mentors such as design thinking professionals, consultants or consumers. The map below summarizes the key aspects of the findings in terms of success criteria.

Figure 6.1. Maxmap: Brief Summary



Managing the co-creation experience in a multi-actor setting is a complex endeavor and as a brief summary, it is mainly achieved through access to competencies, forming integrations and cooperative work in an attempt to establish an ecosystem. The philosophy behind co-creation efforts involves resource integration, leaving work to experts and unstructured functioning.

The key success factors in the management of the co-creation experience can be grouped into five main thematic categories, which are value creation, financial contribution, idea generation, establishing a community and satisfying the customer. Value creation is rather an overarching outcome as well, which necessitates a long-term outlook in addition to investment. All the sectors and industry leaders in an emerging market like Turkey should be responsible for contributing to research and development activities, where banking represents one such established sector. Contributing to the education of young people and

familiarizing the adolescent demographic with technology through coding education are some of the aspects of co-creation activities that add value.

Idea generation is an integral part of innovation and creating an environment that fosters the generation of ideas is critical for organizations. However, building a dynamic culture can often be challenging in reality, since it sometimes takes years to finalize the execution of an idea and during this process, the owners of the ideas, whether they are internal or external, need to be aware of or be part of the different stages. The end-result needs to be shared as a benchmark that can inspire others to share their innovative ideas and this represents the first step in establishing a community. Community attachment is created through emotional bonds and the willingness of individuals to work together as different actors in the ecosystem. Financial contribution not only supports the beneficiaries but finding investors has a magnifier effect on the economy. Chesbrough (2003) is considered a pioneer in the field and he discussed and exploited different strategies that generate innovation, contending that some companies prefer to spin-off labs to benefit from the ecosystem, whereas others choose to direct the ecosystem. In an emerging market like Turkey, the application of both types has been witnessed, where established organizations prefer to take more control of the ecosystem, while some of the relatively younger organizations are in favor of more loosely coupled formats. In addition to those two types of formats that aim to benefit from the ecosystem, the professionals even went further to discuss the possibilities of supporting individuals as intrapreneurs within the organization. These kinds of results transcend the boundaries of the banking sector and can also represent a benchmark for other service sector organizations that aim to act like hubs.

Success is not monetary, it is mainly achieved by the number of people a company can touch as well as the contribution to all stakeholders and the wider national economy. Customer recognition, particularly gaining applause from the customer, is an even harder task in the digital era, and organic feedback, e.g. the unincentivized content that customers share through different forms of media, is valuable. In this study, a benchmark example of customer applause used as a communication campaign is shared by one of the banks: customer remarks from a blog, eksisozluk.com, were shared as full-page communication

in one of the top tier newspapers without any modifications. Another banking representative underlined their success by emphasizing the five-star evaluations received from customers in regard to their mobile banking application. In summary, the overarching outcomes touch the lives of stakeholders, customers and indirectly impact the lives of all citizens of the same country.

6.2. Implications for Researchers

The findings of this study expand on the views of scholars who have specifically focused on co-creation. Ramaswamy and Ozcan (2014) depicted the co-creation paradigm as an engagement platform in the value co-creation process with individual stakeholders, such as customers, employees, suppliers, financiers and citizens. In our thesis, the engagement platforms can take many forms, from payment platforms to customer boards, but two particular areas are emphasized as they are specifically designed as co-creation practices. The professionals preferred to call them either ‘co-creation spaces’ or ‘innovation hubs’, which provide the platform that can link enterprises or people from different sectors, thus allowing them to collaborate on a common aim. Co-creators are not only limited to the stakeholders in the value chain such as suppliers or financiers, but include individuals (*designers, developers*) and companies (*start-up's, Fintech companies and partner companies*) in a broader range. The partner companies in the service sector that serve similar customer segments usually form a kind of alliance specifically for the project phase in order to offer a seamless service experience for the end-user, which improves the well-being and welfare of citizens and develops the wider national economy. Another contribution of this research to the literature is the integrating roles that the nodal companies successfully perform. Prahalad and Ramaswamy (2003) determined that a nodal company is required to form an experience network of many partners and our study illustrates how that is achieved in the banking sector, which has links to many other service industries in an emerging market like Turkey.

Some of the themes emerged as new concepts and provide implications for researchers who study value co-creation. The overarching themes that emanated from the discussions with professionals can be summarized as ‘co-creation values’ and ‘co-creation philosophy’.

Co-creation values bind the community spirit and catalyze the manner in which people work together, which can be stated as sincerity, honesty, community attachment, and keeping promises. These values act like hidden gems that have an invisible effect on the success of co-creation activities. *Sincerity* forms part of the definition of co-creation and is perceived as an ‘organic bond’ that forms the fabric of co-creation. The co-creation efforts of companies need to be planned with a long-term outlook and an investment with an end-to-end mentality that touches the lives of all internal and external actors. The other actors in the ecosystem contribute more if they perceive the manner of the hub as a sincere attempt of value creation.

Honesty and community attachment are discussed under the heading of transparency and success factors, which are the essential elements of working in multi-actor settings. *Honesty* denotes open communication among stakeholders, equal treatment for all actors regardless of their status, suggestion of competitive prices, apologies in case and lastly, trust among all actors based on the guaranteed prior conditions. *Community attachment* resembles a glue that binds the community spirit not only in collaborative workgroups, but also in the wider society. People can work collaboratively when they have positive feelings towards each other; dialogue facilitates cordiality among different parties, access ensures trust for oneself, the workgroup and the resources at hand to devise a good design, risk assessment keeps people away from fears by taking control of the project, and lastly, transparency builds trust. Transparency denotes the sharing of information that has previously been considered proprietary outside the firm. The results gleaned from the in-depth interviews reveal that transparency constitutes the “emotional side” of co-creation in service delivery. Although co-creating parties do not necessarily love each other, there needs to be a certain level of cordiality so that transparent relationships will occur.

Keeping promises is similar to the display of no dichotomy between thought and conduct. Companies collect innovative ideas and suggestions for improvement both from inside and outside, but if they do not actualize those ideas or do not communicate the reasons behind the potential lags or difficulties experienced with putting them into practice, the actors who have shared their ideas may feel deceived. The companies who initiate co-creation spaces or support innovation hubs are responsible for establishing a culture that provokes all internal and external stakeholders to share ideas. Keeping a promise also entails adherence to the co-working style with partners such as start-up companies. Start-up companies have the right to have clarity in the co-working terms, e.g. if a hub company cannot provide real customer data to work on or would not support the new start-up by becoming a customer or a distribution channel, then the start-up companies have the right to get this information prior to starting the relationship. Therefore, uniformity in thought and conduct and similarity in execution concerning all areas is a substantial factor for success.

The philosophy of co-creation is expressed as a part of the definition of co-creation in the literature. Some of the themes emerged as new concepts in explaining the philosophy of co-creation, such as unstructured functioning, leaving work to experts, reverse access, and ongoing risk assessment. *Unstructured functioning* is the “soul” of co-creation in collaborative workgroups. The loosely coupled format of workgroups have been mentioned in the literature, but the unstructured way of conducting business not only refers to the structure of workgroups, but also denotes the procedural issues and tasks at hand. The professionals responsible for the co-creation spaces of banks acknowledged the fact that they do not have detailed plans while working with and investing in start-ups. The level of their support provided throughout the program in innovation hubs is affected by many factors, such as the energy of the team and the acceleration rate of the teams involved in innovation hubs; thus, they do not have pre-defined schedules and roles for the partners in the community.

Leaving work to experts refers to more than access to competencies and transferring talent in and out of the company; it is also considered as a philosophical change in the outlook to innovation. Companies have long asked for the input of end-users in order to devise

solutions to their own problems. Even if end-users are the most effective at identifying the problems or needs, they do not excel at providing solutions. In the solution process, people from other departments, consultancy companies and mentors in the ecosystem come into play.

Reverse access was not considered to be an issue a decade ago, as companies like retail banks positioned themselves as centers that customers and all other stakeholders could reach whenever they chose. Reverse access involves reaching out to customers in their natural settings even before their need for financial support arises. This is the combination of dialogue and access and can also be stated as seamlessness in communication. Risk assessment alone does not lead to an increase in the degree of innovativeness, since it is an essential part of daily routines in collaborative work; therefore, it can be replaced with the terminology *ongoing risk assessment* as a part of co-creation philosophy.

6.3. Managerial Implications

Value co-creation in an ecosystem has changed the role of companies and different types of stakeholders. This study addresses these priorities and investigates the effect of the digital context on value co-creation in the Turkish banking sector. Financial services are part of a service ecosystem that consists of connected actors that are dependent on one another for growth. Technology, digitalization and new business models all affect service delivery and value creation. Co-creation bridges the gap between the organization and its customers and also brings together consumers, managers, employees, partner companies and other stakeholders; thus, internal as well as external stakeholders need to be incorporated in the process of co-creating new brands, products and services. In the near future, the actors in the ecosystem will not only collaborate for growth potential but also for survival. The services sector will be interlinked and the companies that seize the opportunities earlier will reap the most benefits.

Opportunities can be found in the application of theoretical knowledge of co-creation to build practical insights. This study undertakes a review of the value co-creation literature

with an emphasis on the role of the firm, in this case the retail bank, as a potential hub of service provision. The retail banking sector has witnessed a transformation in terms of the type of collaborative efforts the banks participate in, the partnerships and the networks. The results reveal that the large financial services firms in emerging markets like Turkey build innovative projects with different partners, e.g., telecommunications companies, start-ups, FinTech companies, universities and other services companies that are not in direct competition but serve a similar customer segment.

Although earlier proposals stated that co-creation is beneficial for dyadic customer-firm relationships, marketing theory has now progressed to the participation of actors in value creation who combine resources in the most fruitful way. The responsibility of actors exerts an important managerial implication since managers need to monitor both the internal and external resources with a deep understanding of the inhibitors in terms of the institutions and principles surrounding the context in which they operate. In the financial services industry, particularly retail banking, it is important to re-evaluate the practices that broaden the scope of customer experience beyond dyadic firm-customer relationships. The collaborative efforts of different stakeholders who are parties in the ongoing dialogue have started to shape the new economy.

It is observed that different systems and priorities emerge through the collaboration of key actors, who each contribute their skills and expertise for developing the provision of service. The banks do not aim to achieve short-term positive gains from these partnerships and the value co-creation process is not necessarily digital. Some of the banks have constructed lab-like environments called “co-creation spaces” to create an environment for the development of partnerships, whereas others prefer to become part of the ecosystem by working in an open office together with start-ups. The role of selecting the right actors like a hub, whether it is an internal department or a completely different company, and the process of maximizing value creation are both critical. There are also different techniques used both internally and externally as a part of the co-creation efforts within the banks. The majority of banks use innovation contests in the form of so-called “hackathons” among consumers, employees, and outside firms or at the very least gather ideas through an

internal suggestion mechanism. Even if enabling the source of innovation is effective at first, managing the idea marketplace might become cumbersome. Almost all executives acknowledge that even though there are numerous ideas, the key factors are the execution and conversion of these ideas into meaningful solutions. The role of selecting the appropriate technique that enables the innovation funnel to work is also critical. The time frame needs to be taken into account as creating value is a long-term commitment and managing the co-creation experience necessitates end-to-end strategic thinking in regard to the internal and external entrepreneurship efforts that touch the lives of different people as well as the community at large.

In the present study, it has been shown that banks strive to be nodal companies that draw various players into an experience network. However, their presence does not necessarily force any other node to obey the rules of the game and co-creation does not only revolve around these banks. The banking network is also relatively different in terms of the actors involved; not only individuals such as employees or customers, but start-up companies, consultants such as design-thinking companies and other members of the ecosystem also constitute the set of experts. The expertise of banks lies in their client bases, long-established trust and the relationships with those clients, the knowhow of important issues such as regulations and how business should be conducted under Turkish laws, among many factors. The banking system will not be solely composed of transactions in the near future and the target for banks is to be a crucial part of the service network that touches the daily lives of consumers.

6.4. Limitations

The current study is one of the initial attempts to address value co-creation in the collaborative context in an emerging market like Turkey. This thesis has displayed the success factors in managing the co-creation experience in a multi-actor setting. Further research is needed to investigate value co-creation in other empirical domains.

Firstly, the study findings are based on a single industry setting, namely banking. Managing the co-creation experience can be context specific, thus the characteristics of different service industries can have an effect on the evaluation of the success factors of co-creation. It is recommended that this study be replicated in multi-industry settings to further the understanding of the effects of value co-creation.

Secondly, for theory testing purposes, participants from eight major banks in Turkey were chosen, four of which are from the top tier group and the rest from active participants in innovation and digital transformation, which represents a broad range of the banking industry. Even though a broad range of respondents from eight different banks were reached, caution should be used when attempting to extrapolate the results to all bank customers.

Thirdly, the sampling frame in this research constitutes the employees of the service provider. The assumption in this thesis is that these respondents also have the ability to reflect the perspective of other stakeholders, mainly the customer perspective, in their quotes with the opportunity given them to share their experiences in regard to the interactions among the actors. However, the findings are limited to the perspective of the service providers and further research that focuses on the viewpoints of other stakeholders in the service ecosystem is recommended.

APPENDIX A: IN-DEPTH INTERVIEW GUIDE
(ORTAK-YARATMA DENEYİMİ DERİNLEMESİNE GÖRÜŞME AKIŞI)

GİRİŞ

- Katılım için teşekkür
- Araştırma konusu ve kapsamının paylaşımı
- Ses kaydı konusunda bilgilendirme

BANKA, GÖRÜŞMECİ, PAYDAŞLAR

Araştırmaya katıldığınız için teşekkür ederiz. İlk olarak sizi biraz daha yakından tanıyarak başlayalım.

- Görüşmeci hakkında bilgi
 - Görüşmecinin ünvanı
 - Görüşmecinin kurum içinde üstlendiği rol
 - Görüşmecinin kaç yıldır kurum & mevcut pozisyonda çalıştığı
- Organizasyonun, iş biriminin ve ana paydaşların tanımı
 - Bankanızın içinde yer aldığı ağlar içinde yer alan farklı tipteki iş ortakları kim? Birlikte iş yaptığınız iş birimlerinden, iç ve dış paydaşlardan biraz bahsedebilir misiniz?
 - Bankanız farklı paydaşlarla ne şekilde iletişim kuruyor?
 - Bankanız farklı paydaşları hizmet tasarımı sürecine nasıl dahil etmektedir?
 - Paydaşlar fikirlerini sizinle nasıl paylaşıyorlar, nasıl bir sistem var, siz banka olarak ne sağlıyorsunuz?
 - (Müşteri BELİRTİLİRSE) Müşterileri paydaşlarınızdan biri olarak belirtiniz, müşteriler ile nasıl bir iş birliği kuruyorsunuz?
 - (Platform) Hizmet deneyim sürecine müşteri ne şekilde katılıyor, fikirlerini nasıl ve hangi platform aracılığıyla paylaşıyor?
 - (Kaynaklar) Müşteriler hizmet deneyimine nasıl katkıda bulunuyor, ne tür kaynaklar sağlıyor?

ORTAK-YARATMA KAVRAMI

Çalıştığınız kurum ve bu kurum içinde üstlendiğiniz rol hakkında sohbet ettik. Şimdi biraz ortak-yaratma kavramının anlamı ve uygulamalar hakkında konuşalım.

- Birlikte yaratma kavramı Prahalad ve Ramaswamy tarafından ortaya atılıyor ve **“müşterinin yaratma sürecine katılımının yetkinlik olduğu kolektif bir eylem”** olarak tanımlanıyor. Tanımda ilk etapta müşterilere odaklanılsa da tüm paydaşlarla birlikte değer yaratma ve geliştirme sürecini ifade ediyor, bu süreçte farklı bağlanma platformları kullanılıyor ve kurumların bünyesinde olmayan yetenek ekosistemlerine de ulaşıyor.
- Bu tanım ışığında bankacılık sektöründe ortak-yaratma kavramını detaylandıralım. Sizce bankacılık sektöründe ne tür hizmetler ve/veya iş yapma biçimleri birlikte yaratma deneyimi olarak değerlendirilebilir? Hem çalıştığınız kurumdan hem de rakiplerden bu konuda örnekler verebilir misiniz?
- Bankanın hangi kaynakları bağlanma platformu olarak kaldıraç görevi üstelenebilir; örnek olarak mobil uygulamalar, sosyal medya, çağrı merkezi, şubeler, web sitesi, çevrimiçi topluluklar. Müşteri ve dış paydaşlarla bu platformlarda aracılığıyla nasıl farklı bir deneyim yaratılabilir?
- Birlikte yaratma motivasyonları, tipleri, paydaşları ve platformlarından bahsedelim.
 - Motivasyonlar (müşteri deneyimini zenginleştirme)
 - Tipleri (ortak fikir geliştirme, ortak tasarım, ortak deneyim)
 - Katılımcı aktörler (müşteri / tedarikçi / ortak / rakip)
 - Bağlanma platformları (dijital platform / araç ve ürünler)

BANKACILIK SEKTÖRÜNDE DART MODELİ

- Hizmet sağlayıcı ve paydaşların **DİYALOG** içinde olmasından ne anlıyorsunuz?
- Finansal kurumların hizmetlerine ulaşılmak istenen kanallar erişim başlığı altında değerlendiriliyor. **ERİŞİM** kavramı size ne çağrıştırıyor? Banka olarak günümüz koşullarında paydaşlarınıza erişim konusunda nasıl bir deneyim sunuyorsunuz, örneğin müşterileriniz veya iş ortaklarınız size hangi kanallardan ulaşabiliyor?

- Müşterilerin birlikte değer yaratan paydaşlar olması durumunda sunulan ürün ve hizmetlerin riskleri konusunda daha fazla bilgi talep edeceği öngörülür, insanların daha çok kendilerinin işlem yaptığı düşünülürse bu risk değerlendirme görüşüdür. Banka olarak paydaşlarınızın hizmete dair tüm artı ve eksileri öğrenme talebini, diğer bir deyişle **RİSK DEĞERLENDİRME** başlığını nasıl yorumluyorsunuz?
- Transparanlık bireyler ve kurumlar arasında güven oluşturmak için gereken bilgi paylaşımıdır. Geçmişte firmalar ve müşterileri arasında bilgi konusunda bir asimetri söz konusu iken günümüzde bu asimetri giderek kayboluyor. Banka olarak paydaşlarla bilgi paylaşımını, **TRANSPARANLIK** konusunu nasıl değerlendiriyorsunuz?
- Özetle, eğer bir finansal kurum olarak paydaşlarınızla **Diyalog** içinde, farklı kanallardan **Ulaşılabilir** bir kurum olarak müşterilerinize aldıkları hizmetlerin koşullarına ilişkin **Risk Değerlendirme** olanağı tanıyıp her tür finansal işlem konusunda **Transparan** davranıyorsanız sizce bunun hangi iş sonuçları üzerinde nasıl bir etkisi olur?

PROJE TARTIŞMA (ÖRNEK)

Şimdi sizi kısa bir süreliğine Enpara proje fikrinin ilk çıkış aşamasına götürelim. Enpara platformunun uzun süren bir ön çalışması olduğunu duyduk. Hem ekip olarak ilk yola çıkış noktanızı hem de kullanıcılardan aldığınız ilk geri dönüşleri öğrenmek istiyoruz.

- (İlk Tepkiler) Enpara Proje fikri ortaya çıktığında ilk tepkilerinizden bahsedelim, yeni bir hizmet deneyim platformu, fikir aşamasında neler düşündünüz? Neler hissettiniz? Neden?
- (Beğeni) Enpara Projesi hayata geçtikten sonra eklemek veya değiştirmek istediğiniz noktalar oldu mu? Kullanıcıların en sevdiği/sevmediği yönleri ne oldu? Neden?
- (Anlaşılabilirlik) Yeni hizmet platformunu konuyu hiç bilmeyen bir arkadaşınıza nasıl anlatıyorsunuz, nasıl anlattınız? Yeni kullanıcılar için anlaşılması zor yönleri neler? Başka?
- (Dikkat çekicilik) Yeni bir hizmet platformu olarak en çok ilgi çeken yönü ne oldu? Neden?
- (Algılanan Fayda) Platforma üye olan bir kullanıcı nasıl bir fayda sağlamış olur sizce? Neden? Başka?

Değerli katkılarınız için teşekkür ederiz. Sormak istediklerim bu kadardı, sizin başka eklemek istediğiniz bir şey varsa dinlemek isterim.

APPENDIX B: QUESTIONNAIRE (ORTAK-YARATMA DENEYİMİ ARŞ. ANKET)

Değerli Katılımcılar,

Bu çalışma akademik bir araştırma olup Yeditepe Üniversitesi İktisadi ve İdari Bilimler Fakültesi İşletme Bölümü Pazarlama Anabilim Dalı doktora öğrencisi Özgecan Karancı tarafından yürütülmektedir. Doktora tezi kapsamında bankacılık sektöründe bir araştırma yürütüyoruz ve sizin de görüşlerinizi almak istiyoruz.

Vereceğiniz bilgiler tamamıyla istatistiki olarak değerlendirilecek ve yanıtlarınız gizli tutulacaktır. Araştırmanın başarısı açısından katılımınız ve tüm soruları cevaplamanız çok önemlidir. Değerli zamanınız ve bilime vereceğiniz desteğiniz için şimdiden teşekkür ederiz.

Ortak-yaratma, bağlanma platformları (insan, süreç, arayüz) aracılığıyla paydaşlarla (müşteri, çalışan, tedarikçi, partner, girişimci vb.) birlikte değer yaratmak ve geliştirmektir. Ortak-yaratma kapasitelerini ortaya çıkarmak paydaşların içinde yer aldıkları sosyal, iş, sivil ve doğal topluluk örgütlerinin yeteneklerinden yararlanmakla mümkündür.

Günümüzde firmalar sadece kendi sahip oldukları bilgi ve deneyimle yetinmeyip müşteriler ve diğer paydaşlarının etkileşimlerinden öğrenmekte, açık ve sosyal kaynakları kullanarak yeni fikirler üretmekte ve böylece farklı yetenek ekosistemlerine ulaşmaktadır.

Aşağıdaki soruları cevaplandırırken bir banka çalışanı olarak çalıştığınız kurumun veya sektörün farklı paydaşlarla birlikte değer yarattığı platformları ve örnekleri göz önünde bulundurmanızı önemle rica ederiz.

S1. Çalıştığınız bankayı işaretleyiniz. **TEK CEVAP**

Akbank	1	ING Bank	12
Alternatifbank	2	ICBC Turkey Bank	13
Anadolubank	3	Odea Bank	14
Burgan Bank	4	Şekerbank	15
Citibank	5	Turkish Bank	16
Denizbank	6	Turkland Bank	17
Fibabanka	7	TEB	18
QNB Finansbank	8	İş Bankası	19
Garanti Bankası	9	Vakıfbank	20
Halkbank	10	Yapı Kredi Bankası	21
HSBC Bank	11	Ziraat Bankası	22

S2. Bankada hangi bölümde çalışıyorsunuz?

LÜTFEN BELİRTİNİZ →

S3. Çalıştığınız bankada üstlendiğiniz görev ve sorumlulukları aşağıdaki başlıklardan hangisi veya hangileri tanımlar? **ÇOK CEVAP OLABİLİR**

Pazarlama	1
Satış	2
Müşteri ilişkileri	3
Ürün geliştirme	4
Yazılım geliştirme	5
DİĞER (LÜTFEN BELİRTİNİZ) →	

S4. Lütfen şu anda çalıştığınız banka dahil olmak üzere toplam iş deneyiminizin kaç yıldan oluştuğunu belirtiniz. **TEK CEVAP**

1 YILDAN AZ	1
1-3 YIL	2
4-6 YIL	3
7-9 YIL	4
10-12 YIL	5
13-15 YIL	6
15 YILDAN FAZLA	7

S5. İşyerinizde size bağlı çalışanınız var mı? **TEK CEVAP**

EVET	1
HAYIR	2

A4=EVET İSE DEVAM EDİN, AKSİ TAKDİRDE A6'YA GEÇİN

S6. İşyerinizde size bağlı olarak kaç kişinin çalıştığını belirtir misiniz? **TEK CEVAP**

1-5 KİŞİ	1
6-10 KİŞİ	2
11-15 KİŞİ	3
16-20 KİŞİ	4
20 KİŞİDEN FAZLA	5

S7. Yaşınızı işaretler misiniz? **TEK CEVAP**

25 yaş altı	1
25-34	2
35-44	3
45-54	4
55-64	5
65 yaş ve üzeri	6

S8. En son bitirdiğiniz okulu/programı belirtir misiniz? **TEK CEVAP**

Üniversite (Lisans)	1
Yüksek lisans	2
Doktora	3

S9. Cinsiyetinizi işaretleyiniz. **TEK CEVAP**

Kadın	1
Erkek	2

S10. Şimdi okuyacağınız ifadelerle göre Bankanız ile paydaşların (müşteri, çalışan, partner, girişimci, Fintech) birlikte değer yaratılan ürün/hizmet deneyimini iletişim açısından değerlendirmenizi istiyoruz. Bu örnekte Bankanız=Şu anda çalışmakta olduğunuz kurumu; ürün/hizmet deneyimi ise bankanızın bireysel müşterilerine sunduğu hizmetlerin toplamını ifade etmektedir.

.....ifadesine ne derece katıldığınızı belirtir misiniz ?

1 okuduğunuz ifadeye “kesinlikle katılmadığınız”, 7 ise “kesinlikle katıldığınız” anlamına gelmektedir. Aradaki rakamları da kullanabilirsiniz.

		Kesinlikle katılmıyorum						Kesinlikle katılıyorum
1	Bankanız; ürün/hizmet deneyimini geliştirecek bilgilere ulaşmak için paydaşları ile karşılıklı iletişim kurar.	1	2	3	4	5	6	7
2	Bankanız; ürün/hizmet deneyiminin en iyi şekilde tasarlanması ve sunulması için paydaşları ile iletişim kurmayı önemser.	1	2	3	4	5	6	7
3	Bankanız; ürün/hizmet deneyimi konusunda pek çok iletişim kanalını kullanarak paydaşlarını fikir alışverişinde bulunma konusunda cesaretlendirir.	1	2	3	4	5	6	7
4	Bankanız ve paydaşları ürün/hizmet deneyimine değer katmak için aktif bir diyalog içindedir.	1	2	3	4	5	6	7
5	Paydaşlar ürün/hizmet deneyiminin her alanında Bankanız ile iletişim kurmaya cesaretlendirilir.	1	2	3	4	5	6	7
6	Bankanız; paydaşlarının fikirlerini ve önerilerini toplamak için pek çok iletişim kanalını kullanır.	1	2	3	4	5	6	7
7	Bankanız; ürün/hizmet deneyimine ilişkin paydaşlarının yaklaşımları hakkında daha detaylı bilgi edinmek için onlarla diyalogu etkin bir şekilde destekler.	1	2	3	4	5	6	7
8	Paydaşlar, ürün/hizmet deneyimine değer katmak için fikirlerini Bankanız ile paylaşma konusunda pek çok fırsata sahiptir.	1	2	3	4	5	6	7
9	Bankanız; paydaşlarına, ürün/hizmet tasarımı ve sunumu konusundaki fikirlerini paylaşabilmeleri için iletişim kolaylıkları sağlar.	1	2	3	4	5	6	7

S11. Şimdi okuyacağınız ifadelerle göre paydaşların (müşteri, çalışan, partner, girişimci, Fintech) birlikte değer yaratılan ürün/hizmet deneyimini erişim açısından değerlendirmenizi istiyoruz. Bu örnekte Bankanız=Şu anda çalışmakta olduğunuz kurumu; ürün/hizmet deneyimi ise bankanızın bireysel müşterilerine sunduğu hizmetlerin toplamını ifade etmektedir.

.....ifadesine ne derece katıldığınızı belirtir misiniz ?

1 okuduğunuz ifadeye “kesinlikle katılmadığınız”, 7 ise “kesinlikle katıldığınız” anlamına gelmektedir. Aradaki rakamları da kullanabilirsiniz.

		Kesinlikle katılmıyorum						Kesinlikle katılıyorum
1	Bankanız; sunulan ürün/hizmetlere nasıl ulaşacakları konusunda paydaşların kendilerinin karar vermesini sağlar.	1	2	3	4	5	6	7
2	Paydaşlar, sunulan ürün/hizmeti deneyimleme konusunda pek çok seçeneğe sahiptir.	1	2	3	4	5	6	7
3	Paydaşlar için sunulan ürün/hizmetlere ne zaman, nerede ve nasıl ulaşacaklarını seçmek çok kolaydır.	1	2	3	4	5	6	7

S12. Şimdi okuyacağınız ifadelerle göre Bankanız ile paydaşların (müşteri, çalışan, partner, girişimci, Fintech) birlikte değer yaratılan ürün/hizmet deneyimini taşınan riskler açısından değerlendirmenizi istiyoruz. Bu örnekte Bankanız=Şu anda çalışmakta olduğunuz kurumu; ürün/hizmet deneyimi ise bankanızın bireysel müşterilerine sunduğu hizmetlerin toplamını ifade etmektedir.

.....ifadesine ne derece katıldığınızı belirtir misiniz ?

1 okuduğunuz ifadeye “kesinlikle katılmadığınız”, 7 ise “kesinlikle katıldığınız” anlamına gelmektedir. Aradaki rakamları da kullanabilirsiniz.

		Kesinlikle katılmıyorum						Kesinlikle katılıyorum
1	Bankanız, ürün ve hizmetlerin taşıdığı riskler ve faydalar konusunda paydaşlarına kapsamlı bilgi sağlar.	1	2	3	4	5	6	7
2	Paydaşlar, sunulan ürün ve hizmetlerin taşıdığı riskler ve faydalar konusunda kapsamlı bilgi edinir.	1	2	3	4	5	6	7
3	Bankanız, ürün ve hizmet kullanımından doğabilecek tüm riskler konusunda paydaşlarını bilgilendirir.	1	2	3	4	5	6	7
4	Bankanız; paydaşlarının ürün/hizmet deneyimine katılıp katılmayacakları konusunda karar verebilmeleri için gerekli her türlü araç ve bilgilendirme desteğini sağlar.	1	2	3	4	5	6	7
5	Bankanız; sunulan ürün ve hizmetlerin olumlu ve olumsuz yönleri konusunda açık ve gerçekçi davranır.	1	2	3	4	5	6	7
6	Bankanız; paydaşlarının ürün ve hizmetlerin riskleri ve faydalarına ilişkin bilgiye dayanan kararlar almasına imkan tanır.	1	2	3	4	5	6	7
7	Bankanız; paydaşlarını ürün ve hizmetlerin taşıdığı risklerin farkında olmaları konusunda cesaretlendirir.	1	2	3	4	5	6	7

S13. Şimdi okuyacağınız ifadelerle göre Bankanız ile paydaşların (müşteri, çalışan, partner, girişimci, Fintech) birlikte değer yaratılan ürün/hizmet deneyimini şeffaflık açısından değerlendirmenizi istiyoruz.

Bu örnekte Bankanız=Şu anda çalışmakta olduğunuz kurumu; ürün/hizmet ise bankanızın bireysel müşterilerine sunduğu hizmetlerin toplamını ifade etmektedir.

.....ifadesine ne derece katıldığınızı belirtir misiniz ?

1 okuduğunuz ifadeye “kesinlikle katılmadığınız”, 7 ise “kesinlikle katıldığınız” anlamına gelmektedir. Aradaki rakamları da kullanabilirsiniz.

		Kesinlikle katılmıyorum						Kesinlikle katılıyorum
1	Bankanız; ürün ve hizmetlerin sonuçlarını geliştirmeye yardımcı olabilecek konularda paydaşlarını tam anlamıyla bilgilendirir.	1	2	3	4	5	6	7
2	Paydaşlara, ürün ve hizmetlerin genel tasarım ve sunumunun geliştirilebilmesi için faydalı olabilecek her türlü bilgiye ulaşmaları için açık erişim sağlanır.	1	2	3	4	5	6	7
3	Başarılı bir ürün/hizmet deneyimi elde edebilmek için gerekli olan bilgiyi paylaşma açısından Bankanız ve paydaşları eşit iki partner gibi değerlendirilir.	1	2	3	4	5	6	7
4	Bankanız; tasarlanan ve sunulan ürün/hizmetlerin maliyetleri ve fiyatları konusunda paydaşlarını açık bir biçimde ve detaylı olarak bilgilendirir.	1	2	3	4	5	6	7

S14. Şimdi okuyacağınız ifadelere göre Bankanız ile paydaşların ilişkisini ve bu iletişimin ürün/hizmet deneyimine yönelik algıyı nasıl etkilediğini değerlendirmenizi istiyoruz. Bu örnekte Bankanız=Şu anda çalışmakta olduğunuz kurum; ürün/hizmet ise bankanızın bireysel müşterilerine sunduğu hizmetlerin toplamını ifade etmektedir.

.....ifadesine ne derece katıldığınızı belirtir misiniz ?

1 okuduğunuz ifadeye “kesinlikle katılmadığınız”, 7 ise “kesinlikle katıldığınız” anlamına gelmektedir. Aradaki rakamları da kullanabilirsiniz.

		Kesinlikle katılmıyorum						Kesinlikle katılıyorum
1	Ürün/hizmet deneyiminin daha başarılı olması için Bankanız ve paydaşları birlikte eşit iki partner gibi çalışır.	1	2	3	4	5	6	7
2	Ürün/hizmet deneyiminin başarılı bir sonuca ulaşması için Bankanız ve paydaşları birbirine güvenmelidir.	1	2	3	4	5	6	7
3	Paydaşlar ürün/hizmet deneyimi üzerinde ne kadar kontrol sahibi ise, deneyimin başarısı konusunda da o kadar sorumluluk hisseder.	1	2	3	4	5	6	7
4	Ürün/hizmet deneyiminin sonuçlarından Bankanız ve paydaşları birlikte sorumludur.	1	2	3	4	5	6	7

S15. Bankanızın **geçtiğimiz 5 yıl içinde** bireysel bankacılık alanındaki stratejisi **ne derece** aşağıda okuyacağınız alanlara odaklanmıştır? 1 okuduğunuz ifadeye “kesinlikle katılmadığınız”, 7 ise “kesinlikle katıldığınız” anlamına gelmektedir. Aradaki rakamları da kullanabilirsiniz.

		Kesinlikle katılmıyorum						Kesinlikle katılıyorum
1	Mevcut ürün/hizmetlerde <u>büyük</u> değişiklikler yapma	1	2	3	4	5	6	7
2	Mevcut ürün/hizmetlerde <u>hızlı</u> değişiklikler yapma	1	2	3	4	5	6	7
3	Sektöre <u>alışılmamış (yeni)</u> ürün/hizmetler geliştirme	1	2	3	4	5	6	7
4	Gelecek <u>tehditlere</u> karşı tahmin araç ve yöntemleri kullanma	1	2	3	4	5	6	7
5	Gelecek <u>fırsatlara</u> karşı tahmin araç ve yöntemleri kullanma	1	2	3	4	5	6	7

S16. Bankanızın **geçtiğimiz 5 yıl içinde** bireysel bankacılık alanındaki stratejilerinin sonuçlarını aşağıdaki ifadeler **ne derece** açıklamaktadır? 1 okuduğunuz ifadeye “kesinlikle katılmadığınız”, 7 ise “kesinlikle katıldığınız” anlamına gelmektedir. Aradaki rakamları da kullanabilirsiniz.

		Kesinlikle katılmıyorum						Kesinlikle katılıyorum
1	Yeni müşteri kazanma	1	2	3	4	5	6	7
2	Yeni pazarlara açılma	1	2	3	4	5	6	7
3	Pazar payı edinme	1	2	3	4	5	6	7
4	Müşteri elde tutma	1	2	3	4	5	6	7
5	Müşteri memnuniyeti	1	2	3	4	5	6	7

ARAŞTIRMAMIZA KATILDIĞINIZ İÇİN TEŞEKKÜR EDERİZ.

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