Evaluating the Customer's Iterative Value Creation System for Prolonged Services: Insights, Gaps and Recommendations for Future Research

Jennifer Taylor and Katherine Roberto

Summary Brief
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Jennifer Taylor, Texas A&M University – Corpus Christi, USA
Katherine Roberto, Texas A&M University – Corpus Christi, USA

To advance our understanding of the customers' value creation process, this paper integrates theories of value creation, goal system, and habit to explicate the iterative value creation process. Further, it provides conceptual insights into the mechanisms that sustain value creation for prolonged services. Through this conceptual review, we explain how consumers transform service recommendations into iterative value that is sustained for prolonged or indefinite periods of time. Additionally, we provide insights into gaps and research opportunities.

Introduction

Prolonged service recommendations are expertise-based coproduction goals assigned to the customer that represent a desirable and attainable state of affairs (Kruglanski et al 2002). While service recommendations vary in terms of scope and temporal nature (Spanjol et al. 2015), many prolonged service recommendations entail the repetitive achievement of coproduction goals over long or indefinite periods of time before value can be obtained from the service offering (Spanjol et al., 2015; Temerak et al., 2018). The iterative nature of these coproduction goals requires that customers transform recommendations to save, study, and take chronic medicines, into layered systems of interdependent coproduction tasks and behavioral routines that are habituated to comply with provider guidelines (Spanjol et al., 2015; Temerak et al. 2018). There is a growing body of evidence that suggests it is the customer's iterative value creation system that leads to long term behavioral change and stable value creation environments (Spanjol et al., 2015). To understand the iterative value creation process, attention must be directed to the customer's transformation of the ICG into a goal system, specifically how they are coproduced, routinized, and optimized to create a system of nested, interdependent, and contextualized coproduction behaviors that sustain value creation for prolonged periods of time (Spanjol et al. 2015; Temerak et al. 2018).

Iterative Value Creation Systems

Iterative value is uniquely created by the customer when they transform coproduction goals (recommendations) into a system of interconnected coproduction habits that sustain the prolonged achievement of the service recommendation (Spanjol et al. 2015). While service providers may recommend an array of ICGs for achieving the customer's desired end state, each recommendation represents a coproduction goal that the customer must repeatedly achieve before value can be attained from the service offering. For example, a physician who recommends following the Mediterranean diet, exercising regularly, and monitoring blood glucose levels to a patient who needs to manage their diabetes, is recommending three distinct goal states that individually contribute to the customers desired end state of improved health.

Customers coproduce iterative value with the service provider when they participate directly or indirectly in the collaboration and/or identification of the ICG and coproduction tasks that are required for prolonged ICG achievement (Vargo and Lusch 2017). Coproduction tasks represent the interdependent layers of subgoals associated with the acquisition, consumption/usage, or facilitation of the ICG that are required for successful compliance, but alone are not sufficient for prolonged attainment of the ICG. For example, when a doctor prescribes a chronic medication with instructions to take each morning with food (an ICG), the customer must identify the implicit coproduction tasks associated with acquiring the medication, as well as more explicit tasks of consuming one pill each morning and preparing and consuming food before taking the medication. Each coproduction task is taken outside the joint sphere, where the customer must create independent enactment routines that lead to subgoal and goal achievement, which over time leads to value attainment (Essen et al. 2016).

Customers routinize value creation when they integrate coproduction tasks with their operant resources (effort, skills, and knowledge) to create mental representations of coproduction routines that embody a sequence of task-specific actions that lead to ICG achievement (Gronroos and Voima 2013). Mental representations of the

routine develop through a self-regulated learning process that allows the customer to construct, adapt and control the performance of goal-oriented behaviors (Hibbert, et al. 2012). Where customers interpret coproduction tasks, create action plans for goal achievement, enact the plans, monitor the performance of the plan, and evaluate the performance for success (Hibbert et al. 2012). It is a process that fosters the habituation of the coproduction tasks, where repetition, reinforcement, and consistency lead to increased automaticity, that with time, allows the coproduction tasks to be repeated with increasingly less awareness, intention, control, or effort (Lally, et al., 2010).

Recent research suggests that it is the degree to which customers habituate coproduction tasks that optimizes value attainment. Value is optimized for each layer of coproduction task as their corresponding routines reach an asymptotic threshold of automaticity that is determined by the tasks scope and temporal interval (Lally et al. 2010; Spanjol et al. 2015). With high levels of automaticity, the activation of a coproduction task automatically triggers the enactment of a corresponding routine that leads to successful subgoal achievement with little need for motivational control (Spanjol et al, 2015). Automaticity of the coproduction task and associated routine shifts the instigation and execution of the routine from deliberate and intentional control to automatic control (Lally,et al., 2010; Spanjol et al. 2015). This frees up cognitive resources that can be used for other value-generating tasks. Recent research demonstrates that interventions designed to promote automaticity of coproduction tasks in health service environments have higher levels of long-term behavioral maintenance that result in higher value attainment (Beeken et al. 2017). For example, several studies found that consumers who focused on habituating a coproduction goal (healthy eating, physical activity, etc.) received more value (lost more weight) than the control groups (Beeken et al. 2017).

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