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Brazil (an Abstract)

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CO-CREATION IN THE PERSPECTIVE OF SERVICE DOMINANT LOGIC: MULTIPLE CASE STUDIES IN THREE RETAIL SEGMENTS COMPARING NORTH AND SOUTH OF BRAZIL (AN ABSTRACT)

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INTRODUCTION

The use of value co-creation from the perspective of the Service Dominant Logic (SDL) presented by Vargo and Lusch (2004) has provided the interaction between the consumer and the firm and, thereby, generating value for both. The resulting factor of the interaction is the feedback that is provided by the consumer through the value in use, generated by the experience of using the product or service offered by the firm. “When value is perceived as value-in-use for the customer, the focus is no longer predominantly on a personalized bundle of products or services exchanged for a price” (Grönroos; Voima, 2012, p.3). The present work is a qualitative research with the use of multiple case studies, with six firms, being: three in Amazonas, in the city of Parintins and another three in the state of Rio Grande do Sul, in the city of Santa Cruz do Sul. Retail segments surveyed were beverage distribution, bakeries and supermarkets (two companies each), one in each state of Brazil. The objective was to demonstrate how LDS through co-creation results in differentiated services in retail. From the data analysis, a set of relevant findings emerged for the topic.

BACKGROUND

Service Dominant Logic (SDL)

For Vargo and Lusch (2004, p.1) "over the past few decades, new perspectives have emerged with a focus on intangible resources, the co-creation of value and relationships". It is assumed that the new perspectives are converging to form a dominant marketing logic. The SDL “during this period, through the participation of countless contributions from scholars from all over the world and an increasing array of disciplines, has been, and continues to be, even more consolidated, expanded and elaborated” (Vargo and Lusch 2016, p.5). For Vargo and Lusch (2016) an example of this consolidation is the reduction of the ten foundational premises (FPs) (Vargo and Lusch 2004, 2008) to four axioms (Lusch and Vargo, 2014), and more recently, the inclusion of the tenth premise/fifth axiom (Vargo and Lusch, 2016).

Value Co-Creation

Value co-creation gained importance from the SDL proposal (Vargo and Lusch, 2004). Co-creation is the way in which LDS can be better understood (Brambilla and Damacena, 2011; Grönroos, 2008; Brasil, Dietrich and Frio, 2013). In this paradigm "the company and the customer would jointly create value at the so-called points of interaction", moments and places where the co-creation experience occurs (Troccoli, 2009, p.10). Corroborates Berry (1987, p.5) highlighting "the substantive importance of the consumer's presence for the service to be developed". In co-creation, the consumer is necessarily endogenous to the process, actively participating and interacting with the company (Grönroos, 2006). For Koetz and Koetz (2012), every economy is a service economy and, therefore, must be oriented towards operating resources (knowledge and skills) and towards the co-creation of value between the company and the customer.

Vargo and Lusch (2016) emphasize that there is a normative and positive adversary relationship for the distinction of co-production and co-creation. In the view of normative scholars, there is an understanding that "companies must always involve customers (and in some cases, other actors) in the design, definition, creation, completion (eg, self-service), etc. of the company's production (ie, co-production)" (Vargo and Lusch, 2016, p.11). Value co-creation is simply a positive indication that "at least in human systems, which are characterized by specialization and thus interdependence, value is always co-created" (Vargo and Lusch, 2016, p.11). Thus, in the authors' view, co-creation of value, as opposed to co-production, is not optional.

For Vargo and Lusch (2016) value is not created entirely individually, but through the integration of resources, provided by several sources, including a complete range of varied markets, private and public agents. In short, value co-creation is the purpose of exchange and, thus, fundamental for markets and marketing. In the view of Kotler, Kartajaya and Setiawan (2010), for co-creation occur, companies must, in addition to having ideas for new products, involve the consumer in the creation process to carry out customizations or necessary specifications and also constantly receive consumer feedback for the evolution and improvement of the product.

This research was limited to the use of the DART model by Prahalad and Ramaswamy (2004), which provides an understanding of the elements Dialogue, Access, Risk (benefits) and Transparency. These enable co-creation by the firms participating in the research.

Value in Use

For Grönroos and Voima (2012, p.4), "value is perhaps the most ill-defined and elusive concept in marketing and service management". There have been many definitions for creating holistic conceptions of value such as the concept at the individual level (Holbrook, 1999), evaluation of the exchange between benefits and sacrifices (Day 1990; Zeithaml, 1988) and the use of models of ends and means (Woodruff, 1997). More recently, the common cognitive perspective has shifted to a more holistic and experiential perspective that recognizes value in the context of customer experiences (Helkkula et al., 2012). Therefore, it is essential to use the concept of value in use for the customer, valuing the consumer's perception of value in the use of products and services (Vargo and Lusch, 2004; Grönroos, 2006).

As one of the specific objectives of the research is to demonstrate how value in use generates benefits to the actors involved in the process of co-creating value, the concept of 'value in use' was limited here. "Customers can consider value at different times, such as when they make a purchase decision or when they have experience with the product's performance during or after use" (Woodruff, 1997, p.141). Such occurrence causes firms to seek value for the client, not in isolation, but in a process of generating continuous value for the client, within their context and individuality (Prahalad and Ramaswamy, 2004; Grönroos, 2006; Vargo and Lusch, 2006; Vargo and Lusch, 2008). For Grönroos and Voima (2012, p.3), "when value is perceived as value-in-use for the customer, the focus is no longer predominant on a personalized bundle of products or services exchanged for a price". On the contrary, the creation of value becomes a continuous process that emphasizes the customer's experiences, logic and ability to extract value from products and other resources used, that is, the possibility of creating value in use (Grönroos and Voima, 2012).

The relational experience in using the product or service may lead the firm to solve a customer's problems (Sawhney et al., 2006), satisfy customer needs (Tuli et al., 2007), or simply relieve the customer of some responsibility (Normann and Ramirez 1993; Strandvik et al. 2012). For Vargo and Lusch (2004, p.11), "the company can only offer value propositions, and the consumer defines it". The consumer is an active, engaged actor, not just a target.

METHODOLOGY

The research was developed with a methodology of qualitative approach and exploratory nature through the study of multiple cases (six companies from three segments). In-depth interviews were conducted with semi-structured scripts in previous individualized categories, based on the LDS and the co-creation of value. The six firms were selected, being: three in Amazonas, in the city of Parintins and three more in the state of Rio Grande do Sul, in the city of Santa Cruz do Sul. We chose to choose retail segments of beverage distribution, bakeries and supermarkets. The two firms in each segment were researched, one in each Brazilian state. The objective was not to compare the segments, but to demonstrate how the Dominant Service Logic through co-creation results in differentiated services in retail.

RESULTS AND DISCUSSION

It was observed by the content analysis of the in-depth interviews that the firms 'A', 'B' and 'C' of Santa Cruz do Sul, RS, Brazil, and the firms 'X', 'Y' and 'Z' from Parintins, AM, Brazil, offer the possibility of dialogue, either directly or through social media (Facebook, Whatsapp and Instagram), as well as by email, phone, suggestion box. The dialogue enables high quality interactions that arouse sources of competitive advantages for the firm, with the consumer co-constructing service experiences appropriate to its context (Prahalad and Ramaswamy, 2004). It was identified in the firms that interactions through social media contribute to improving the 'service' and offering new 'products'.

For Bendapudi and Leone (2003, p.14), "consumers in an expansive way are being encouraged to assume more active roles in the production of products and services." We emphasize that seeking interaction with the consumer, on a daily basis, is a constant practice by small business owners, according to reports: FIRM OWNER 'B': "there is a customer arriving and we know what they want.

The big ones try to make contact, but they can't because of the volume. The supermarket becomes the daily market in the neighborhood, where interaction is constant”.

FIRM OWNER 'Y': states that “I try to be present at peak times here at the bakery, as this is the moment I have the opportunity to keep in touch, hear complaints and suggestions”. In the 'C' and 'Z' companies, in the beverage distribution segment, in relation to the dialogue, THE OWNERS emphasize this as favorable to the development of strategies. FIRM OWNER 'C': in the dialogue “consumer participation is fundamental, as it is through these interactions that we outline our sales strategies”.

FIRM OWNER 'Z': “maintaining a constant dialogue with my consumer favors even at the stock level, as orders from suppliers are not random”. FIRM MANAGER 'X': “there is a need to satisfy the consumer, and if you satisfy it, it is because a previous interaction has occurred, because the fastest way to offer a new service or product is to seek information with the consumer, and without interaction is not possible”.

It was observed in the surveyed retail segments that there is a perception, of value in use, beneficial by the consumer and that is what has been guaranteeing a lasting commercial relationship with the firm. The essence of co-creation in service is the search for a better composition of value to the consumer, meeting their interests at the individual level, one of the discussions of the SDL. (Brambilla and Damacena, 2001, p.170). This fact is demonstrated by the positive evaluation of the product or service or the possibility of a repurchase, according to the reports of consumers in each segment.

CONCLUSIONS AND IMPLICATIONS FOR THEORY AND PRACTICE

Despite the identification of beneficial results in the co-creation of value, firms need to enable even more, the possibility of interaction with their consumers, since the variety of experiences, the unique experience lived by a customer, personalized co-construction of experiences are the major challenges in co-creation, because despite the focus on the experience of consumers, companies still treat them passively (Prahalad; Ramaswamy, 2004).

It was identified that the result of the value co-creation process has generated beneficial results for the actors involved in the interaction in all firms. We point out as being the positive factors: the volume of business, the proximity in relationships and the use of the DART model in small businesses, since it makes it possible to give quick answers to problems, to offer a new product or service, or to readapt existing ones.

We found a divergence in relation to co-creation of value in the literature reviewed and updated by Vargo and Lusch (2016), as the authors refer to “co-creation of value as actions that involve multiple actors, often ignoring each other, which contribute to well-being each other's (Vargo; Lusch, 2016, p.10)”. However, in the research it was identified that there is the involvement of multiple actors in the small companies surveyed, and the value co-creation is favored by the direct contact made possible by the proximity between the firm and the consumers, who often meet in person. This work does not intend to merit this discussion, in view of its limitations, but it is suggested that this be left to future studies on the subject for its strengthening.

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