



Opportunism in co-production: Implications for value co-creation

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ABSTRACT

This paper examines opportunistic consumer behavior in the context of co-production. Specifically, we identify different types of opportunistic behaviors consumers engage in co-production, interrogate the conditions under which such behaviors may manifest themselves, and examine how they may affect co-creation of value. Theoretically, this paper contributes to the dialog on value co-creation in the context of service-dominant (S-D) logic, extends our understanding of the link between the concepts of co-production and co-creation, and provides a novel perspective on firm–consumer interactions by drawing a parallel to interfirm relationships. From a managerial perspective, our framework suggests relationship management strategies to foster cooperative relations with consumers and guard against opportunistic consumer behavior.

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1. Introduction

Value creation is central to marketing. The traditional formulation of the value creation process rests on two fundamental premises: (1) value is created by the firm; and (2) value is embedded in the products and services of the firm (Lusch and Vargo, 2006b; Prahalad and Ramaswamy, 2004b). These premises, however, have been challenged with the emergence of service-dominant (S-D) logic, a new dominant logic for marketing thought, that marks a shift away from the traditional formulation of value creation towards one of value co-creation (Vargo and Lusch, 2004a). Value co-creation encompasses two nested concepts, namely co-production and co-creation (Vargo and Lusch, 2006a, 2008a). Co-production refers to “participation in the creation of the core offering itself,” while co-creation of value represents a higher order concept and captures the idea that “value can only be created with and determined by the user in the consumption process or through use” (p. 284). Value co-creation occurs with or without co-production. Yet, both of these concepts illustrate that the consumer is endogenous to the value creation process (Vargo and Lusch, 2008b). Hence, the notion of value co-creation erodes the distinction and separation between the roles of the producer and the consumer. It implies that the consumer determines value and that the firm can only make value propositions to potential customers (Lusch and Vargo, 2006b; Vargo and Lusch, 2004a, 2006).

Since its introduction, S-D logic perspective has elicited considerable interest and discussion, and has been further refined and developed (Lusch and Vargo, 2006a; Vargo and Lusch, 2008a,b). Our intention in this article is to continue the evolution of this framework and to contribute to the dialog on value co-creation by expanding on two foundational premises of the S-D logic: FP6 (i.e., *the customer is always a co-creator*) and FP8 (i.e., *A service-centered view is inherently customer oriented and relational*). Together these premises suggest that value creation is relational, and that the firm and the consumer have an interdependent relationship, working towards a common mission in the collaborative process of value creation (Vargo, 2007; Vargo and Lusch, 2008b). In this paper, we argue that this interdependency between the firm and consumer makes value co-creation also susceptible to opportunistic behaviors on part of the consumers.

Specifically, we draw on the distinction between the concepts of co-production and co-creation of value that comprise the value co-creation construct and examine the impact of consumers' opportunistic behaviors in co-production on co-creation of value. Although opportunistic behaviors have been identified as situational factors that may impact the quality of firm–consumer interactions in co-production (e.g., Etkar, 2008), the focus has largely been on firms' opportunistic orientations. Prahalad and Ramaswamy (2004a, p. 11) allude to the idea that consumers may also engage in opportunistic type of behaviors by suggesting, “the firm and the consumer are both collaborators and competitors – collaborators in co-creating value and competitors for the extraction of economic value.” However, to our knowledge, no research in marketing has examined consumer opportunism in co-production.

We conceptualize opportunism in co-production as acts that defy the conventionally accepted behavior in the process of

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co-production and breach the set of mutual expectations between the firm and the consumer. Even though both parties may potentially bring to bear opportunistic orientations to co-production activities, we limit our focus to consumers' opportunistic behaviors. In light of the relational and collaborative orientation of the S-D logic, consumers' opportunistic behaviors have implications for value realized from co-production as determined by beneficiaries in value networks. For example, a direct consequence of opportunism may be a negative impact on the value derived by the firm (e.g., lower revenues, fewer future co-production opportunities). Moreover, given that value-creating relationships are part of a broader context, embedded in larger networks (Gummesson, 2006), opportunism in co-production may negatively affect the experience of the network participants (e.g., brand community members) as well.

We begin with an overview of research on consumer opportunism. Then we review literatures in services marketing and Consumer Culture Theory (CCT) to provide a basis for understanding the link between co-production and co-creation. Services scholarship² has played an important role in stimulating the proposal of the S-D logic for marketing (Lusch and Vargo, 2006a) and research in this area provides grounding specifically for the concept of co-production (Bendapudi and Leone, 2003). Research in the CCT tradition, on the other hand, has also pioneered some of the ideas expressed through S-D logic, especially in relation to how value is uniquely and contextually determined (Arnould, 2006; Vargo and Lusch, 2008a). Subsequently, we introduce our conceptual framework and develop our arguments on the notion of consumer opportunism by drawing a parallel to interfirm relationships and utilizing knowledge gained from relationship governance literature. Next, we identify different types of opportunistic behaviors consumers engage in co-production, interrogate the conditions under which such behaviors may manifest themselves, and examine the ways in which they may affect co-creation of value. We conclude by discussing the theoretical and managerial implications of opportunistic behaviors in co-production and by suggesting directions for further research.

2. Theoretical review

2.1. Consumer opportunism

Opportunism is originally defined as “self-interest seeking with guile” (Williamson, 1975, p. 6). The notion of guile, which may be described as lying, stealing, cheating, calculated efforts to mislead, distort, disguise, obfuscate, or otherwise confuse, is what separates opportunism from other self-interest seeking behavior (e.g., hard bargaining) (John, 1984). Although majority of research on firm-consumer interactions assumes that consumers act in a good-mannered way during exchange, intermittent evidence indicates that it is not uncommon or usual for consumers to engage in negative, destructive, and deviant types of behaviors (see Fullerton and Punj, 1997 for details). Extant research in this area has employed a wide range of terms including “jaycustomer” (Lovell, 1994), “consumer misbehavior” (Fullerton and Punj, 1997, 2004) and “dysfunctional customer behavior” (Reynolds and Harris, 2009) to describe opportunistic consumer behavior, and typically focused on specific variants of these behavioral acts like abusive product

returns (Chu et al., 1998; Harris, 2008), shoplifting (Cox et al., 1990), cheating on service guarantees (Wirtz and Kum, 2004), and digital piracy (Al-Rafee and Cronan, 2006; Denegri-Knott, 2006).

Conceptual and empirical studies into the antecedents of opportunistic consumer behavior have identified psychological, demographic, social, as well as contextual influences and have shown that the interaction of these factors can also contribute to the occurrence of these acts (Fullerton and Punj, 1997, 2004). For example, Wirtz and Kum (2004) found that those consumers, who are high self-monitors, have high levels of morality, and low levels of Machiavellianism³ are less likely to cheat on service guarantees. However, they also found that Machiavellianism interacted with contextual variables like the ease with which consumers could invoke a service guarantee, intentions to repeat purchase, and the size of the payout amount in determining consumers' propensity to cheat.

The significance of opportunistic tendencies of consumers is reflected in research that highlights overwhelmingly negative consequences of these acts for customer-contact employees, customers and organizations. For example, Harris and Reynolds (2003) find that dysfunctional customer behavior can have negative psychological, emotional, behavioral, as well as physical effects on customer-contact employees. Furthermore, their results indicate that such behaviors can spread to other consumers and have financial costs for the organization. Our objective in this paper is to extend the occurrence of consumer opportunism to the co-production context, explore its manifestations, and examine its consequences for co-creation of value. Towards this end, we review the extant literature on co-production and co-creation of value and discuss the link between these two concepts in the following section.

2.2. Co-production and co-creation of value

In the service arena, co-production is conceptualized as consumers' both mental and physical participation in the production and the delivery process (Dabholkar, 1990; Fisk et al., 1993; Silpakit and Fisk, 1985). Studies have addressed economic (e.g., increased productivity, reduced transaction time) and psychosocial (e.g., consumer empowerment, consumer satisfaction) outcomes of co-production for both the firm and the consumer (Bendapudi and Leone, 2003; Cermak et al., 1994; Czepiel, 1990; Lovell and Young, 1979; Schneider and Bowen, 1995). In relation to the benefits of co-production highlighted in these studies, researchers have examined consumers' propensity to co-produce and mainly focused on consumer characteristics (e.g., personality, self-concept, and demographics), motivation, preferences, commitment, and competence as influential factors for co-production (Bateson, 1985; Goodwin, 1988; Meuter et al., 2005; Silpakit and Fisk, 1985). Researchers have also looked at the firm's role in encouraging and managing co-production. Drawing from the organizational socialization literature, they have suggested viewing consumers as partial employees of the firm. Toward this end, they have emphasized the importance of defining the customer's job, training the customer to perform his/her job, and rewarding the customer for a well-done job in order for co-production to result in desirable consequences for both the firm and the consumer (Bowers et al., 1990). Taken as a whole, these studies contribute to our understanding of consumer motivations underlying co-production, management of co-production and consequences of co-production.

S-D logic argues that the concept of co-production is only one component of value co-creation. The second component of

² It is important to note that the term “services” has been conventionally used to refer to a particular type of product (i.e., intangible) in goods-based model of exchange. The singular term “service” that is used in S-D logic, on the other hand, is a higher order term that unifies contrasting philosophies about the processes of value creation and exchange (Vargo and Lusch 2004b, 2008b). Service transcends the supposed distinctions between alternate forms of products and refers to “the application of one's resources for the benefit of another entity” (Vargo and Lusch 2008b, p. 28).

³ Machiavellianism reflects one's tendency to deceive and manipulate others for personal gain (see Christie and Geis 1970 for an overview).

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