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## Building Connections in Co-Production Environments

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# Building Connections in Co-Production Environments

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**Abstract** - With the impact of the Covid-19 pandemic felt around the globe, consumers look forward to once again being able to engage in communal experiences where relationships with other customers and with service providers are integral parts of ongoing service experiences. The purpose of this study is to provide a framework for service establishments to better understand the communal approach to becoming a service co-creator, helping service providers create more meaningful relationships between their customers when customers are engaging in the service experience in a group and as an individual. We distinguish individual versus group influences that emerge as a result of this unique but growing class of service offerings. We extend knowledge in this area by uncovering the nontangible elements of a co-production experience found to deepen the customer-service provider relationship, which ultimately impacts repeat patronage. We examined these influences in two different co-production environments and subsequently laid the foundation for the need for further research in this area, with the goal of identifying common practices that can enhance co-creation across varied industries.

**Keywords** - Co-creation, Co-production, customer experiences, service experiences, service providers, service quality

## Introduction

In an effort to respond to consumers' desire to follow safety guidelines in the midst of a pandemic, and at the same time fulfill a desire to spend time with family and friends, Walmart is hosting the Walmart Drive-In in hundreds of Walmart parking lots around the country. By offering these types of experiences, Walmart is tapping into consumers' desire to engage in memorable experiences with others, and to do so in a safe manner. Companies like Walmart recognize the importance of these communal experiences (Whiteside 2020). In this study, we examine communal experiences and explore the "notion" of simultaneous production and consumption within such experiences. This unique aspect of services has been thought of as a challenge (Sampson 2001) but we explore whether what has been thought of as a challenge may actually be an opportunity.

As co-contributors in the creation of the service experience, we propose that customers are seeking service experiences in which they can be actively involved, and thus create a communal "what's in it for us" experience (with service provider and consumer becoming service co-creators) versus an individual "what's in it for me" experience. Like the Walmart Drive-in example, consumers make a choice to engage in a communal drive-in experience with others or individually watch an older classic movie using a streaming service at home. In our research we seek to better understand this communal experience in a "customer controlled" service environment where

without the customer's input, the service offering would not exist (Ramaswamy and Gouillart, 2010). The purpose of this study is to provide a framework for service establishments to better understand the communal approach to becoming a service co-creator, helping service providers create more meaningful relationships between their customers when customers are engaging in the service experience in a group and as an individual. We distinguish individual versus group influences that emerge as a result of this unique but growing class of service offerings.

Researchers have studied co-creation/co-production in an attempt to understand benefits, factors and activities that are involved in the co-creation environment. While there is extensive research related to co-production, we contribute by highlighting how the presence of others in the co-creation environment can impact outcomes of a co-production experience coupled with how one enters a service establishment, as an individual or as a member of a group (i.e., with friends or family), can influence the level of satisfaction in the service encounter. Using a meal assembly service as the context to explore co-production experiences, we gathered insights from focus groups, and followed up with survey data from an art studio to explore how other customers, unacquainted and known, impact individuals' service experiences.

## **Literature Review**

In light of the extensive research that has been conducted with regard to co-production, this literature review focuses on the two areas that tie specifically to the present study, value creation in co-production and consumer relationships in co-production.

### **Value creation in Co-Production**

Lengnick-Hall et al. (2000) state that companies involved in co-production are "engaging customers as active participants in the organization's work." When customers are active participants, they are in essence helping to create the value that they desire (Prahalad and Ramaswamy, 2000). Due to this value creation on the part of the consumer, Prahalad and Ramaswamy refer to co-production experiences as "co-creation" experiences. Research conducted by Grönroos and Ravald (2011) clarifies many of the terms used within studies examining co-production, and establishes the context of environments where co-creation value is sought. Auh et al. (2007) state that co-production has two main benefits: 1) productivity gains for organizations, and 2) customization of offerings to customers' needs. Auh et al.'s examination of co-production revealed three consumer factors that are key to positive service outcomes in a co-production environment: 1) perceived clarity of the task, 2) ability or competence of the consumer, and 3) motivation of the consumer. They conclude that co-production is significantly associated with attitudinal loyalty and attitudinal loyalty is positively and significantly related to behavioral loyalty.

Prahalad (2004) outlines five activities of co-creation: customer engagement, self-service, customer experience, problem solving, and co-design. Gebauer et al. (2010) focused on Prahalad's (2004) five activities of value co-creation to determine how the Swiss Federal Railway operator (SBB) addressed each to ultimately provide a better customer experience and increase ridership and revenue. Using a service-dominant logic, the value in public transport is co-created with the passengers as value-in-use. Gebauer, Johnson and Enquist (2010) conclude that it is important to involve customers in co-creation of their own service experience to suit their own

personalized experiences. This same emphasis on personalized experiences is stressed by Prahalad and Ramaswamy (2000) as they state that personalization is about the customer becoming a co-creator of the content of their experiences. Gebauer, Johnson and Enquist (2010) emphasize the importance of customers being active participants instead of passive participants. While Auh et al. (2007) examined loyalty in the context of co-production in financial services and Gebauer et al. (2010) examined value co-creation in the context of public transport services, it is imperative to also determine the extent to which loyalty is impacted in different co-production environments, as recommended by Gebauer, Johnson and Enquist (2010).

Etgar's (2008) model of the consumer co-production process also has implications for how companies can enhance the overall value to the consumer, as consumers customize the products and services purchased through their participation in the production process. Vargo and Lusch (2004) established what they termed as a service dominant logic in which value is created by the dynamic exchange that takes place with the consumer (as opposed to the traditional view where emphasis was placed on the product). One of the main implications of this service dominant logic (Grönroos, 2008) is for the company to cultivate relationships with customers who are viewed as active participants in relational exchanges as the company and the customer co-create value. Puccinelli et al. (2009) made note in their examination of customer experience management in retailing that consumers are willing to pay more for co-creation, an indicator of consumers' desire to be a part of the product assembly. An example of consumers paying more for co-creation can be seen in the frozen yogurt industry. Many "self-serve" yogurt stores have become popular. These stores allow consumers to serve themselves as much yogurt as they'd like and add toppings. The Wall Street Journal published an article called "Yogurt Chains Give Power to the People," which states that the average price on a self-serve ticket is \$6.32, while at a traditional yogurt store, the average ticket is \$5.61 (Pessin, 2011). This illustrates the idea that consumers are willing to pay more to be involved in the production experience. The same trend can be seen with Build-A-Bear Workshop, where consumers can choose every aspect of their stuffed animals, from type of animal to clothing and accessories. Bloomberg Businessweek published an article stating that the average price of a Build-a-Bear is \$32 (Crockett, 2005). Meanwhile, most stuffed animals of similar quality are found on Amazon in the price range of \$7.00-\$9.00. Once again, this reinforces the notion that in certain situations the process of co-creation increases the value of what consumers receive in the exchange. Consumers' willingness to pay more for services in which they have had input, enhances the concept of value in this service context.

Poulsson and Kale (2004) actually approach co-production from an even broader perspective as they define the customer's experience in a commercial setting in terms of co-production. They define commercial experience as, "an engaging act of co-creation between a provider and a consumer wherein the consumer perceives value in the encounter and in the subsequent memory of that encounter." They conclude that the value created depends on the level of intensity and feelings of enchantment associated with service experience, and that this perceived value should be high enough such that the consumer is willing to pay a premium for it. Zomerdijsk and Voss (2010) explore how this emotional connection between a service provider and customer is managed. In Tynan and McKechnie's (2009) review and assessment of experience marketing, they note that the co-creation of value involves a certain level of risk, and highlight the need to establish trust in the service experience. "From the customers' perspective, co-creating value involves risk-taking as information is shared, and is accompanied by an ongoing risk to the privacy of all parties concerned. To respond to this, successful marketers will need to exhibit evidence of

being trustworthy by offering meaningful guarantees, being honest, reliable, and open in their dealings, and demonstrating commitment throughout the entire consumption process, particularly at the post-experience stage (page 511).” An example of this can be seen at hibachi style restaurants. While there is a certain level of risk with consumers choosing their own ingredients for their entrees and watching their meals prepared with those select ingredients, if the restaurants establish trust, consumers are willing to pay more for this type of co-creation.

### **Consumer relationships in Co-production**

McGrath and Otnes (1995) conducted early research on the interactions between unacquainted consumers in a variety of settings, including bookstores, clothing stores, department stores, and grocery stores. Using observation, depth interviews, and shopping with consumers, they created a framework to explain interaction between consumers. The framework describes 11 types of interactions, broadly categorized into overt versus covert interactions, as well as into categories based on who initiated the interaction. Some of these interactions that are particularly relevant to the present study are help seeker, reactive helper, and proactive helper. The “help seeker” is a consumer who actively seeks information from other consumers. This was found to be the most common type of interaction. The “reactive helper” is a consumer who helps other consumers in response to help solicitation. Due to its ties to the “help seeker” interaction, this is the second most common type of interaction. The “proactive helper” is a consumer who helps another consumer without being asked. These three types of interactions are more relevant to the present study than some of the other 11 types of interactions as they are more likely to occur in co-production.

Similarly, Verhoef et al. (2009) found that the interactions between customers, not just between retailers and customers, affect the social environment of the customer experience. They conclude that companies should foster environments where customers can actually help each other, which, in turn, will increase customer experience satisfaction. In addition, companies can facilitate mutually fulfilling customer experiences by attracting similar types of customers (i.e., compatibility management). Thakor et al. (2008) found that when this similarity was missing, it impacted customer perceptions of the service as well as patronage intentions. Specifically, they found that young consumers’ attitude to the service deteriorated in the presence of older consumers for services requiring physical attributes. Customer-to-customer interactions in “third places” outside of work and home seem to mirror the customer to employee impact on behavioral intentions and overall firm quality (Nicholls, 2010). Finsterwalder and Kuppelwieser (2011) also found that customer engagement in a group task influences customer-to-customer interactions in co-creation environments.

### **Study 1 Methodology**

Focus groups were conducted to explore the experiential elements of co-production and determine the factors of importance to consumers in co-production environments that impact overall experience. The members of the focus groups were customers of a meal assembly company, and during the focus group sessions, they discussed their experiences with different aspects of the company’s services. Some of the topics discussed included what they enjoyed about meal assembly, the types of relationships they had with the employees, and with whom they typically attended meal assembly sessions. The meal assembly industry was chosen for this study because of the unique involvement of the customers in the co-creation of the end product.

In a meal assembly company, customers preselect the meals they would like to create during their visit. Upon arrival, the customer finds individual cooking stations stocked with fresh ingredients that have been prepared (sliced, diced, etc.) weighed and/or measured along with the corresponding recipe. The customer has all inputs needed to prepare the preselected item using the detailed instructions provided. They also have the latitude to customize the recipe if they desire by adding more cheese or less spice, etc. allowing them to personalize the item to their liking. The assembled meals are put in storage containers that can be refrigerated or frozen at the consumer's home. Sessions typically last for two hours and customers often prepare several meals during a single visit.

The rationale for conducting focus groups was to gain a deeper understanding of co-production from a communal perspective and allow for a group dynamic in which ideas can be bounced off different group members, and shared insights explored. Further, because the large majority of Dinner Ready\* customers are women, we wanted to ensure our study participants were representative of the company's customer base. In preparation for the focus groups, the researchers reviewed purchase behavior data supplied by Dinner Ready in order to segment customers into different groups based upon past purchase behavior. Customers were classified based upon their usage rates (heavy, one-time, occasional users).

The first round of invitations consisted of 150 individuals given an estimated 20% acceptance rate. These potential respondents were randomly selected. These selected customers were sent a customized email message inviting them to attend. Email solicitations were used to align communication about the research study with email communications that the subjects were accustomed to receiving from the company. Subjects then went to a website to register. A reminder telephone call (scripted for consistency) was placed prior to the focus group meeting.

In addition, customers were segmented by how they engaged with Dinner Ready (Note: Dinner Ready, the name of the test company, as well as the names of participants have been disguised for confidentiality). If they were introduced to Dinner Ready's services by being invited as a member of a party and continued to go only as a participant in a party, the customers were classified as "party only." Customers who did not actually prepare meals but purchased meals that had previously been prepared by Dinner Ready staff were classified as "pick-up" customers. Customers who came as individuals (not as a member of a party) were classified as "regular" customers. The fourth category consisted of customers who had experience with the company in more than one of the abovementioned ways (e.g., customer who came as a member of a party and came individually). These customers were referred to as "combo" customers.

On the day of each of the four scheduled focus groups, subjects arrived, were greeted and escorted to the focus group room. A professionally trained moderator facilitated the focus groups based upon a prewritten moderator's guide. At the conclusion of each 1-2 hour discussion, participants were thanked for attending and then given \$50.00 financial compensation. The stipends were provided by the researchers (not by Dinner Ready). Each of the four focus groups were video and audio taped for ease of transcription. The focus group tapes were then transcribed and analyzed.

## **Study 1 Findings**

As stated previously, the goal of study one was to understand coproduction and the factors that contribute to a consumer's involvement. Data were combined and analyzed using conventional

iterative interpretive methods (Spiggle, 1994). The researchers analyzed verbatim quotes using the part-whole process of hermeneutic analysis (Thompson, 1997). The researchers tacked back and forth between theory and data analysis using models of naturalistic inquiry as a guide (Belk et al., 1988). The researchers developed codes for different themes and, through data reduction merged the data into more general themes and categories. The two main themes are: 1) Relationship-building tactics by providers lead to feelings of connectivity between the customer and the service establishment and 2) Customer-to-customer interaction impacts the co-production experience. We elaborate on each of these themes below, then discuss how we used these themes to develop propositions and survey questions for Study 2 to examine how the factors are weighted in a different co-production environment.

### **Relationship with the Co-Production Provider**

One theme that emerged in the focus groups was how the use of marketing tactics by the service provider influences service provider-customer relationships. Some of the ways that Dinner Ready facilitated the formation of these relationships were by helping customers prepare food (via helpful tips), coupons, and ensuring a friendly atmosphere. Jamie illustrates this point in the following quote:

“I think that is true because if they didn’t treat you well and didn’t treat you like they wanted you there, the convenience and the quality of the food wouldn’t really matter for me... I didn’t feel that way at (name of competitor), and I do feel that way at Dinner Ready. They (employees at Dinner Ready) even go the extra mile, they always recognize my face when I go in and they make a point of greeting me by my name and when I leave. They are like ‘see you next time.’”

This demonstrates the theme of consumers building significant relationships with the service provider, feeling stronger relationships when the service provider goes above and beyond what the customer expects. Jamie explains this theme based on her experience:

“It is nice to know that if you are loyal to them they are going to continue to be loyal to you... some places you go in have all sorts of perks to get you in the door, but then once they get you in the door they think, ‘Ahh I’ve got you. I am not going to try anymore.’ I have never felt that way. I feel like they are glad you are a customer and the quality has been consistent from the day they opened.”

Alisa shares that the staff of Dinner Ready enhance her overall experience at the establishment. Alisa was very impressed with the personable nature of the staff. It truly enhances the exchange that takes place with the company. She made several comments regarding the owners’ presence as well. “The staff is really upbeat though too. They have great staff at Dinner Ready.” Sally is very personable. She just walks around and talks to you like you are her best friend. Like every time she remembers things about you.” Marianne also emphasized the presence and importance of the staff at Dinner Ready. She stated, “Jim and Sally just kind of appear. Sally does more often. She is not always there but it is always nice to see them come out and they will kind of mingle around.”

“One time I was there and Jim was dishing some dishes up and I was doing mine. My friend and I and Jim were there and we just had a good time talking just about I don’t know what. He was friendly too. That was nice.”

Lynn noted that the staff also provides helpful hints to further enhance the exchange process.

“The last time I went and I made the calzones. ‘Ohhh you’ll love them but be careful. Don’t put too much meat in the middle or they are going to puff up at the end.’ And then also the lady from Dinner Ready said, ‘You

might want to put water on it and press it down with the fork.' It doesn't say that in the recipe but she had found out from other people that helps in the process of cooking it. So they were giving helpful tips too."

Hence, the relationship established with the co-production provider is a key component of the customers' experience within the co-production environment. We identified that the service provider engaging in relationship-building tactics makes the customer feel strongly connected to the service establishment.

### **Relationships with Other Customers**

When the relationship with the co-production provider is solid, relationships formed or enhanced between consumers can be positioned as a unique benefit that consumers get while engaging in co-production. In the meal assembly context, women co-produce together, or with a spouse or significant other, and in doing so, build stronger relationships with one another. As one customer reflects,

"My name is Teresa and my husband and I have 3 kids that are all grown so I am always looking for new ways to spice up our relationship . . . so when I found out about Dinner Ready I thought, 'Oh, this is awesome. We can go together and make meals and it will be fun.' It took him about a year actually. The first time we went I finally got him to go to the open house for their 1 year anniversary. So we got a really good deal on the food that we got and it was delicious and he loved it. So from then on we always go to Dinner Ready like once every other month or so and make meals together. It is a lot of fun."

Elaine adds, "I go with my husband too. It is our date night because we don't see each other a whole lot. I have always gone with him, never gone by myself." Customer Amy enjoyed the social aspect of the preparation process as well. She says,

"I'm Amy and I learned about Dinner Ready this past year from a bunch of neighborhood women, the mothers there. . . .when I actually did it, it was a lot of fun. We actually had a good time . . ."

Customer Kate reflects on her bonding experience with her daughter as she says, ". . . I have an older daughter, and she actually went along with me, so that was a good experience for some mother/daughter time (bonding)."

Alisa adds,

"It sure is a lot more fun. You can do it by yourself but when you are there with a group of people it is not the importance of it (sic), it is just the bonding, you're laughing."

Alisa enjoys the camaraderie as well as she notes,

"Yeah, if you want to go sit and have a coffee and take a break, you can sit around and talk, and sometimes you get together with friends you don't get to see all the time because you are busy with family. To have that hour or hour and a half of just laughing. . . A lot of times when you walk in there you hear a lot of laughter in there. It seems that there is just chatter all the time. I introduced it to my mothers' group. When I was in the mothers' group we were having like 20 people go to the parties because they all loved it."

Marianne notes, "It is like a little refuge to me." Customer Teresa adds, "I like it for the companionship and fun."

The following quote by Jamie also illustrates this importance of establishing relationships with other customers in a co-production environment:

"It's the fun of being able to go with some friends and being able to squeeze in a girls night out that you're still getting, you feel like you're getting grocery shopping and food prep done, but at the end you can sit down and have a glass of wine with your friends."

Anna also discusses the relationships formed between consumers:

“A lot of people had their children there and were doing the peppermint candy cane cookies and so it was a nice kind of family bonding time. My one girl who I go with on a regular basis, we went and we had a ball.”

The relationships nurtured with other customers are an important component of the customer’s overall experience. Many customers go with friends to prepare meals. The experience of meal assembly thus includes a key component of camaraderie and time spent with others. This aspect was illustrated by the aforementioned quotes that highlight how much customers value the social aspect of Dinner Ready and building relationships in the meal assembly context. It shows that customer-to-customer interaction brings additional value to the co-production experience and may lead to repeat patronage.

## **Propositions**

Study 1, exploratory in nature, laid the foundation for a more pointed second study based on understanding themes that surfaced. Based on our findings from Study 1, we developed three propositions. Study 2 allowed for examining these propositions related to mode of entry, relationship between service provider and customer, and the influence of customer-to-customer interactions.

Attempts such as those previously mentioned to strengthen the social interactions in the service environment can be essential to the service establishment’s long-term growth and viability. Recognizing the importance of consumers’ emotional experience with the brand and with other consumers in the context of co-production, it is important to further explore how co-production companies can use these factors to enhance connectivity and affinity for the service experience. Baker et al. (1992) found that the service provider and consumer relational benefit has an influence on both behavioral intentions and overall firm quality. However, this is only when customers actively desire it. In a co-production environment, when an individual participates within a group, there is an assumed propensity to social interaction, given they are entering amongst others whom they know. It is for these customers who are part of a group, and in anticipation of more social interaction, where we would anticipate seeing evidence of the service provider/customer support serving as a “type of glue” that bonds the customer to the company (Rosenbaum, 2009). Based on the theme from Study 1 that emphasized the importance of the relationship between the service provider and customer, we postulate something different. When initial entry into the co-production environment is as a group, there is a ready-made community built within the group; however, we propose that consumers participating as individuals will be positively impacted by consumer-to-consumer interactions as well (even if they did not enter in a group) and this will influence perceptions of the service experience.

**P1: Relationships with the service provider regardless of mode of entry (individual or group) impacts perceptions of service experience.**

The first emergent theme from Study 1 emphasized the importance of the relationships established between the service provider and customers. We believe that these established relationships can intensify positive outcomes. These positive outcomes may lead to repeat patronage. Hence, we offer Proposition 2:

P2: Consumers are more likely to return to co-production environments where they perceive strong relationships with the service provider.

Interestingly, Albrecht et al. (2017) found that customers in groups show greater anger and have more negative word-of-mouth after experiencing a service failure as a group vs. as an individual. Based on the second emergent theme from Study 1, we understand that in a co-production environment, this involvement of other customers is paramount. Successful co-production environments where customers continue coming back will be based on the degree to which the company establishes consumption experiences where the link to other consumers is strong, along with the service experience. Thus, the following proposition is offered:

P3: Consumers are more likely to return to co-production environments as a group if the service provider encourages interaction among consumers.

## **Study 2 Methodology**

To better understand the proposed relationships and interactions, we conducted a quantitative study based on the emergent themes. We developed survey questions to further examine how the factors were weighted in a different co-production environment. We worked with The Art in You art lounge in order to distribute and collect survey data (Note: The Art in You is a fictitious name for the art lounge from which we surveyed customers). The Art in You is described as a studio where everyone is an artist. When coming as a solo individual, customers view the calendar online to see the designated pictures that will be painted on designated days. Customers can then book their reservation to paint with the assistance of an art instructor who will teach customers in the studio to paint their designated picture. The same picture is being painted by all individuals in the studio. Customers may also be invited as part of a group (e.g., date night, sorority outing, birthday party, etc.) where the designated portrait has been chosen by the host. When coming as a group, only the group and the instructor(s) are in the studio at that time.

Through the assistance of an art instructor, each participant follows instructions in painting the design, while at the same time incorporating their own creativity and flair into their final product. In this co-production environment, customers and art instructors work closely together to paint the designated picture while incorporating each individual's style and creativity. After each painting session, art instructors asked participants to complete a 22-question survey. A total of 150 surveys were completed. The survey questions were developed based on the two themes identified from the focus group research. Table 1 identifies the survey questions that were associated with each of the themes. The standard question format was based on a 5-7 point likert scale. Questions linked to repeat patronage and demographic questions including age, race/ethnicity, education level, and employment status were also asked at the end of the questionnaire.

**Table 1. Survey Questions related to Themes and Overall Experience**

Theme / Factor	Questions
Relationship with Provider	1. How important to you was the input and guidance of the instructor during your session?
	2. How much involvement did your instructor have on the outcome of your piece of art?
	3. During your session, how strong was your relationship with your instructor?
	4. How well did the instructor cultivate the relationship with customers during the experience?
Relationship with other customers	1. Did you come today as a part of a group, or as an individual?
	2. How important was the interaction with your group members during your time here?
	3. How important was the interaction with other customers in the studio during your time here?
	4. Did the instructor encourage customer interaction during the session?
Repeat purchase behavior	1. How likely is it that you would come alone on your next visit?
	2. How likely is it that you will form a group yourself and come back in a group to The Art in You?
Overall Experience	1. How enjoyable was your experience today?
	2. Overall, how would you rate the quality of your experience at The Art in You?
	3. How pleased are you with the outcome of your piece of art?
	4. How would you rate the value of your The Art in You experience for the cost?
Other	1. How much did you know about The Art in You before you came today?
	2. Having the ability to personalize my artwork made the experience more enjoyable.
	3. How many times have you visited The Art in You?
	4. How likely is it that you would recommend The Art in You to a family member, friend or co-worker?
	5. Age, race/ethnicity, education level, employment status

## Study 2 Findings

A regression analysis was conducted to determine the impact of the relationships and interactions as stated in the propositions. Of the two themed areas, several relationships were found to align with the “relationship with the co-production provider” theme. As customers perceived stronger relationships with their instructor, they had higher ratings of experience quality. Customers were more pleased with their output and their overall experience when they described their relationship with their instructor in a positive manner. This finding stresses the importance of positive instructor interaction with customers regardless of mode of entry as customers receive a product and a service. Companies strive to satisfy their customers. Significant relationships were found to support this notion in the survey data.

When asked their likelihood to recommend the company, a significant relationship between experience quality rating and likelihood to recommend ( $\beta = .52, t = 4.65, p < .001$ ) surfaced. Being pleased with the experience led to a higher likelihood to recommend the experience to others. Individuals that enjoyed the experience would have positive word of mouth communications with others about their experience. Further support was found in the significant relationship between pleased with outcome and likelihood to recommend ( $\beta = .244, t = 3.39, p = .001$ ). Consistent with prior research in non-coproduction environments, the more someone liked their product (in this case, piece of artwork), the more likely they would recommend the establishment.

Additionally, the instructor reinforces the “relationship with other customers” theme. A significant relationship exists between instructor cultivated relationships with customers and experience quality ( $\beta = .369, t = 7.695, p < .01$ ). When customers perceive the instructor as encouraging customer interaction, customers perceive more quality in the experience. Significant

relationships manifested between instructor cultivating relationships with customers and forming a group yourself and coming back ( $\beta = .46$ ,  $t = 2.555$ ,  $p = .011$ ) and instructor cultivating relationships and giving positive recommendations ( $\beta = .437$ ,  $t = 4.997$ ,  $p < .01$ ).

There is also a significant relationship between strength of relationship with instructor and likelihood of coming alone ( $\beta = .282$ ,  $t = 2.52$ ,  $p = .012$ ). Customers would be less likely to return alone if their relationship with the instructor was strong. Strength of relationship with instructor and giving positive recommendations yielded a significant relationship ( $\beta = .162$ ,  $t = 3.040$ ,  $p = .003$ ). Cultivating relationships is critically important to the relational atmosphere in the establishment regardless of initial mode of entry (alone or in a group).

## **Discussion**

In this study, we have identified and presented findings that explain the essential components of a co-production environment. Through focus group discussions, the two themes of 1) relationship established with the service provider and 2) relationship strengthened with other customers emerged. Our survey findings indicated relationship with the service provider and relationship with other customers positively influence overall quality of experience. These findings provide support for Proposition 1 and Proposition 3. The study's findings reflected that stronger relationships with the service provider increased the perception of quality of the service experience (Proposition 1) and when consumers perceive strong relationships with service providers, they are more likely to come back in a group regardless of mode of entry (Proposition 3). By further developing these specific relationships, co-creation service providers will enhance the communal aspect of customer engagement. While we did not find direct support for Proposition 2, we note that the higher consumers rate their co-production experience, which the service provider influences, the more likely they are to recommend the experience to others. This significant relationship may influence the likelihood for these consumers to return. Based on the significant relationships outlined in the themed areas above, the relationship between the customer and the instructor should be cultivated and the result will be more satisfied customers who will return and recommend the establishment to others. This is especially important in a co-creation environment because customers can often times be a great source of positivity through word-of-mouth recommendations.

With initial entry into the co-production environment as a group, there is a ready-made community built with the group entry. Our research highlights the importance of the sense of community, even when initial entry into the environment is not as a group. Nicholls (2010) encouraged marketing managers to proactively manage these communities so that they can be proactively sustained. In the context of a co-creation environment, this may mean extending group invitations to return, and inviting other members to join the group, or in other words expand the core community and possibly be given incentives to do so.

Given the importance of the relationships established with the co-production provider, as well as relationships with other consumers during the co-creation experience, we understand the implications for repeat purchase behavior. In a meal assembly context, there is great value placed on spending time with family and friends, while at the same time gaining the functional benefit of meal preparation. In the context of an art studio, feeling positive about one's final product is strengthened by the community-orientation of the experience, namely one's interaction with the

art instructor and with other customers. This social component is a benefit that may enhance the likelihood that customers engage in co-production environments. In addition, as the co-production service provider builds strong connections with customers, customers feel more valued, and they rate the quality of the experience higher. Customers value being an active participant and take more ownership of the outcome because of their involvement. Likewise, customers enjoyed the camaraderie with other customers, as evidenced by the comments of focus group participants at Dinner Ready. This social engagement can include laughter, chatter, drinking wine, and sharing of ideas. The ability to engage with family and friends while dual tasking is crucial and unique to some co-production environments, such as the meal prep and art studios. These components of customer experience, particularly the relationships established with the service provider, and the relationships built between customers, were vital to what customers deemed as important in building connections to the co-production establishment. Our findings validate that in a co-production environment experience matters, and specifically, the relationships established in and within the context, are of utmost importance.

## **Conclusion**

Using our findings, service providers can evaluate their own practices, and learn what they need to change if they would like to transform their current environment into one of communal co-creation. This is recommended, as customers who engage in co-production value the experience when there are enhanced interactions between the service provider and customer.

To date, most studies of co-production have focused on the tangible aspects of customer's experiences. Our study focused on the experiential (intangible) elements of co-production. Ultimately, we have extended knowledge in this area by uncovering the nontangible elements of a co-production experience found to deepen the customer-service provider relationship, which ultimately impacts repeat patronage.

In Study 1 we observed that customers place significant value on their experience, as they engage with co-production environments. Participants recognized that in the context of co-production, there is a unique emphasis on the sense of belonging resulting from relationships formed with the co-production provider, and relationships formed between consumers. These contributing factors of the customers' experience gave a higher level of meaning to the product/service purchased. There is also evidence of the numerous socio-emotional and instrumental benefits gained by co-production consumers. Lastly, the degree to which consumers noted their desire to return to the establishment is further evidence of the process orientation of relationship building.

This overall communal experience focusing on relationships was further examined in Study 2 within the context of a co-production art experience. As the co-production service provider (i.e., the art instructor in our study) builds strong connections with customers, customers feel more valued, and they rate the quality of the experience higher. In addition, customers enjoyed the relationships built with other customers around the experience. These components of customer experience, particularly the relationships established with the service provider, and the relationships built between customers, were vital to what customers deemed as important in rating the quality of their experience. Our data allowed us to identify the important factor of communal exchange in Study 1 and solidify the extent of this importance using survey research. Our findings

show the importance of two fundamental aspects of co-production, with the focus on relationships built with the service provider and relationships engaged with other customers. The research further shows how these factors come together to personify the most important elements necessary to enhance the co-production environment and foster repeat patronage. By examining two different co-production environments, we see that there are common practices that can be identified to enhance co-creation across varied industries. These findings can be examined in other co-production contexts as well.

## **Future Directions**

While our research sheds light on how the co-production experience can be enhanced in different contexts, there is a need for future research to quantify the generalizability of these findings. Our findings were based on data collected from two industries, meal assembly and art co-creation. Researching other co-production environments in other industries could be a next step toward establishing reliability across settings.

In addition to comparing co-production environments in other industries, examining cross-cultural differences is another direction for future research. In other cultural contexts, experience matters to different degrees. In Mannheim, Germany there are cook studios with different themes such as Italian cooking and Asian cooking. In the Netherlands where the meal assembly concept involves the preparation of an eleven-course meal and is very time consuming, the experience is at the core of the message. Some recipes have more than 35 steps. It takes more than two hours to prepare the dinner and only one group/party (ex. fifteen people together) occupies the establishment while cooking. The expectation in the Netherlands cultural context is that it will be a lengthy process, different from that of the United States. Hence, the nature of the more involved experience may lend itself to further developing and strengthening the relationships established. Future implications include examining these differences in depth of involvement, and the importance of the relationship on repeat purchase intentions.

With respect to economics, future research directions include exploring how the dynamics uncovered in this research may change when customers and sometimes retailers are faced with less financial resources and there is a need to balance this constraint with an affordable price. Given the price elastic nature of the industries, practitioners may need to better understand how economic changes might impact potential customer loyalty and re-patronage.

Lastly, this research focused on the segment of the population that uses co-production for hedonic purposes; however, there is a segment of the population that focuses primarily on the utilitarian values of the experience. For various reasons, these individuals do not care about the brand community nor do they value the relationships established within the community. Future research is needed to explore the extent to which the experience in co-production is superseded by other values of this distinct population.

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