

The Future of (Co) Creating Value

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The world before

- Products: domain of engineers, manufacturers, product designers, IT/IS: cars, tractors, engines, equipment



- Services: domain of process, management, IT/IS: banking, hospitality, healthcare



The world today

- A complex service systems of assets, people, processes, technologies, analysing one bit is reducing the problem into a small area which may not hold when the small area is reconnected to the system
- Where we draw the boundaries inhibit innovation



Service → goods; goods → service

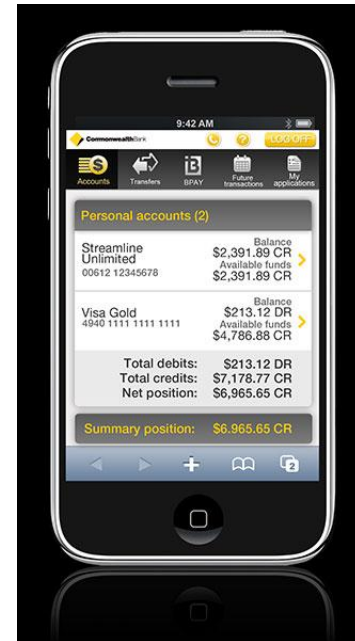


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Value-centric approach

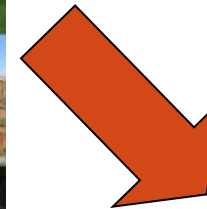
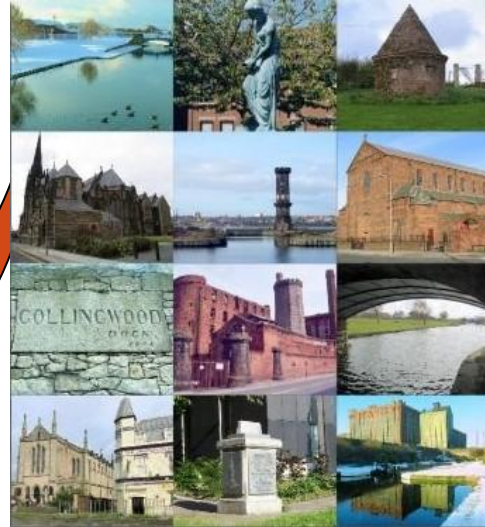
- *What is value – the notion of ‘goodness’*
- *In the end, we just want outcomes that we value*
 - Practical Value (functional) – “The banquet hall had adequate space”; “the A/V worked well”;
 - Logical Value – “it was on time”; “it was clean”; “it took exactly 3 minutes”
 - Emotional Value – “I had a good experience”; “it was fun”; “I felt really relaxed”; “No stress”
 - No goods/service divide
 - How are these outcomes achieved

1. Value is co-created: Customer **resource** to co-create needs to be a feature of design & innovation

Ng, Irene C.L. (2010) “The Future of Pricing and Revenue Models”, *Journal of Revenue and Pricing Management*, Vol. 9, No. 3, pp276-281

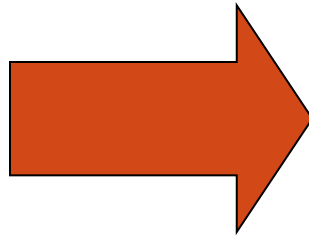
The traditional approach – but for what purpose?

Services



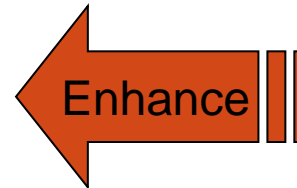
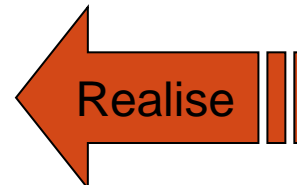
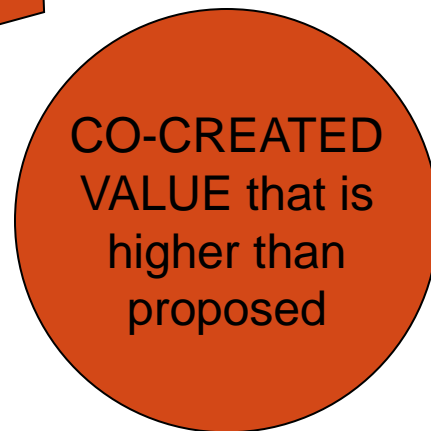
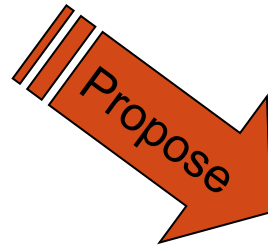
**Value =
Beneficial
outcomes**

So let's look at this logically

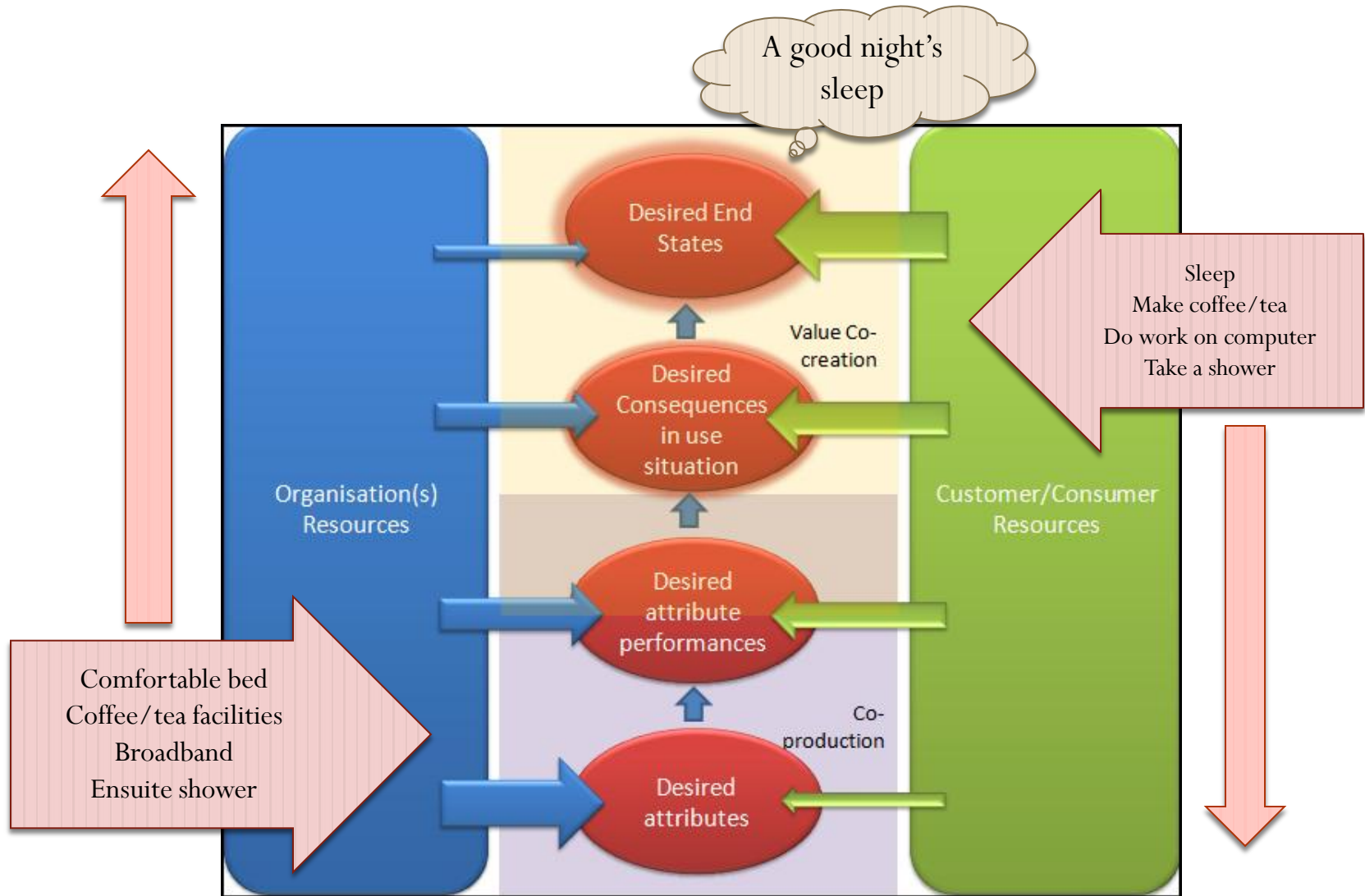


- We buy products to obtain benefits
- What are the benefits
- How do we get the benefits?
- What is the role of the firm? The customer?
- The 'product' mentality of organizations.

The co-creation of value



Value co-creation is bidirectional

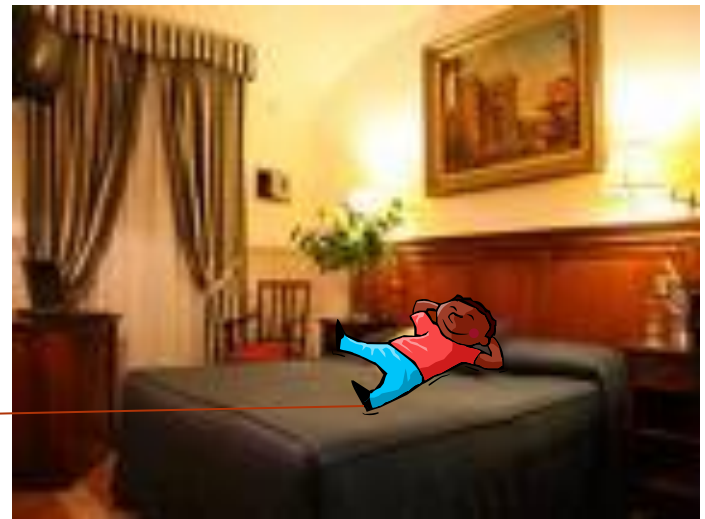


2. Value is co-created: Customer **context** to co-create needs to be a feature of design and innovation

When customer co-create value

- Customers co-create value ‘in-use’
- ‘in-use’ is in context – the way we use our phone, the way we travel, the way we relax, the way we work.
- But context is often changing – it exhibits VARIETY, which challenges original design

Jetlagged?
Interview tomorrow?
Missing wife?



Difference between the two?



VS



- One is in the drawer. The other is available in context

Service Excellence & Innovation

- Is not about what you've delivered, but how you've co-created with the customer (it's about complementarity, fit)
- Fit is about understanding contexts of value realisation by the customer (how they realise your value proposition, what resources they needed or lacking)
- Fit is about customer journeys, their variety of contexts
- Customer satisfaction is as much an evaluation of your value proposition as it is about their value realisation *in context*

Why is it getting harder: We are now hyper-connected

- In-touch, interconnected, empowered



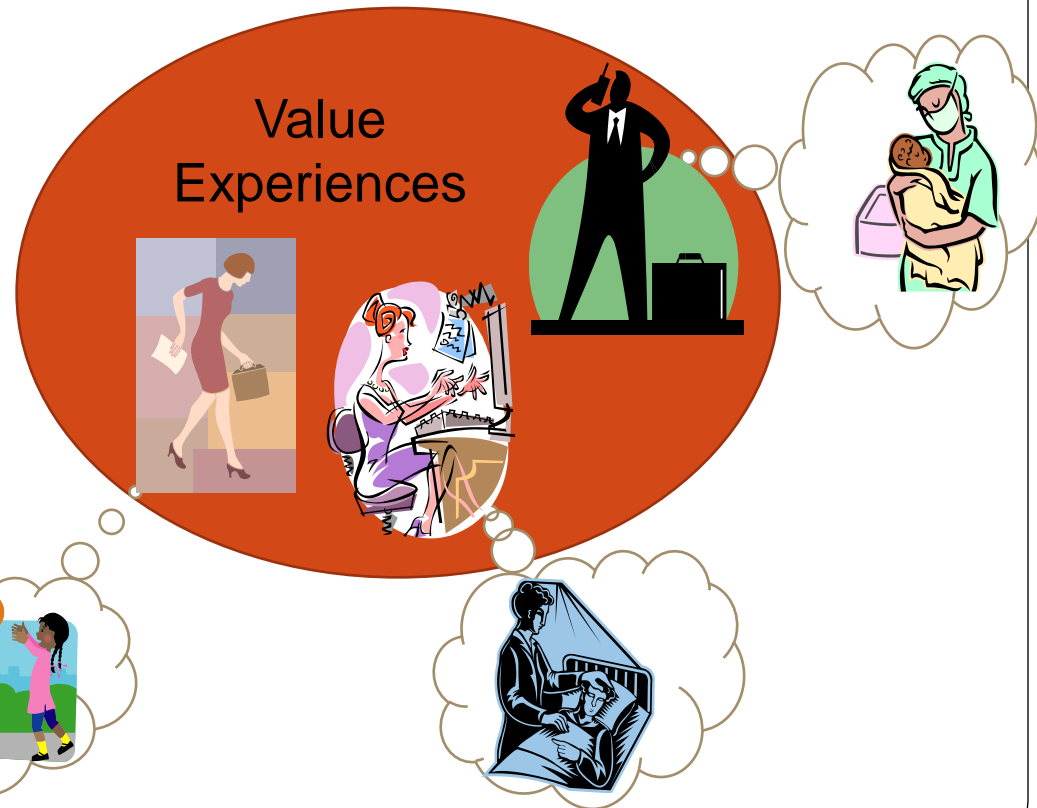
Contextual (Hyper) variety

Hyper-connectivity is bringing lived lives into the 'use experiences'

e.g. TV and iPod

Hyper-connectivity is changing the way we achieve outcomes

Challenges manufacturers, challenges service providers



Contextual variety

- Connectivity has expanded the customer contextual space
- Variety is the latent need, the manifestation of latent demand for future products

Move from profiling to contexting

- Contextual value-in-use will determine future business models
- Analytics, smart data will empower individuals to choice, variation in experience, greater productivity
- Firms often impede customer co-creation – stop – check to see if serving one segment is turning away another – analyse customer journey and fit
- Understand Customer journey and empowerment
- Determine better fit by use of technologies.

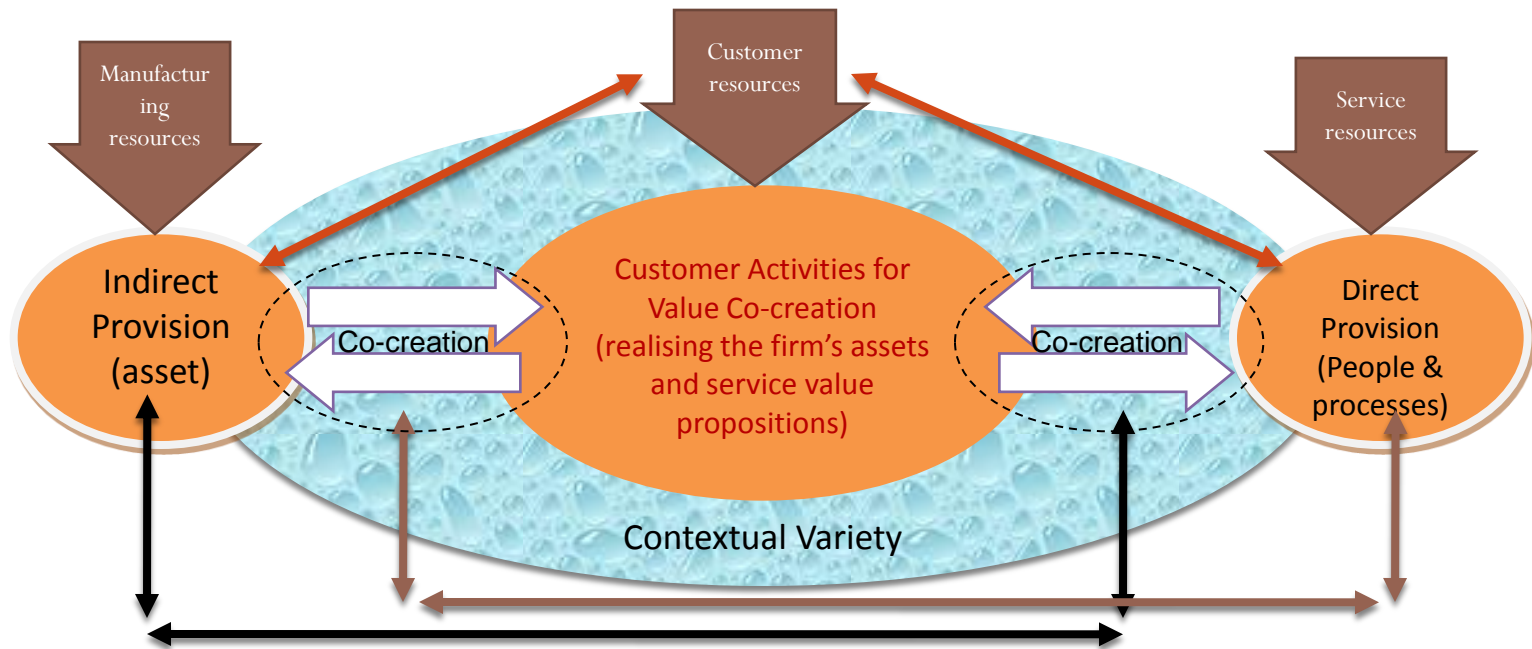


3. Value is co-created: Design and Innovation is about customer, service and manufacturing interactions

Manufacturing AND Service for Outcomes

- Value co-creation is central to outcomes
- **Assets:** scalable to support customer resource co-creation for outcomes
- **People, processes:** support contextual variety, emotional value
- No conversation on manufacturing can be held without service conversations which include people, technology processes of the firm *and* the customer to realise the value that is high contextual variety
- No conversation on service can be held without manufacturing conversations which include requirement analysis, product design

All manufacturing & service is about co-creation for outcomes.....



Interaction

Customer activities that co-create value in contextual variety changes the nature of direct and indirect service provision by the firm and vice versa

.....and the way outcomes are achieved create interaction between asset design and service provided *and* customer resource

Summary

- 1. Value is co-created: Customer resource to co-create needs to be a feature of design & innovation
- 2. Value is co-created: Customer context to co-create needs to be a feature of design and innovation
- 3. Value is co-created: Design and Innovation is about customer resource, service resource and manufacturing resource interactions

Thank you
