

## Expert Insights

# Achieving Co-creation of Value



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He is engaged in making advances in the fields of service science and service engineering. His research interests include automatic assembly, the coordination of mobile robots, and artifact engineering. His awards include a best article award from The Japan Society for Precision Engineering and several IMS awards.

The understanding of customer (service user) behavior is frustrated these days by the fact that customers hold such diverse values. This makes it important to have users participate in the provision of services so that value can be generated through cooperation between providers and users. This process is called the “co-creation of value.” This issue of *Hitachi Review* uses the term “collaborative creation,” however the term “co-creation” is used by most researchers in the field of service science, so that term will be used in this article.

If you look up “co-creation of value,” you will find a number of similar but different definitions. In “Service-Dominant Logic” by Vargo and Lusch, it is thought of as creating value by having users activate proposals from providers. Prahalad and Ramaswamy, meanwhile, bring up the concept of “co-creation value.” I model services as an interaction between providers and users, with both parties having dual roles as “prosumers,” to use the term coined by Alvin Toffler. In this case, the co-creation of value comes about from the different values of each party.

This raises the question of what form this value takes. While there is a strong case for a win-win relationship between stakeholders falling into the category of value co-creation, my view is to treat co-creation as a form of emergence defined in a complex system, with a tendency to look for situations in which characteristics that exceed the simple sum of the characteristics of each part emerge from the relationships between them.

Accordingly, while the concept of value co-creation does not necessarily have an accepted definition, it is possible to see how the concept has become important.

Having accepted the importance of value co-creation, how do we go about achieving it? I believe that there are two requirements for establishing the process of value co-creation: (1) Very frequent interaction between providers and users, and (2) Having users assess the services provided and add new elements. The process of value co-creation can also be expedited by, (3) Collecting the experiences of both providers and users and then utilizing them when subsequent opportunities arise. Here, providers and users are considered both individually and in multiple combinations.

In this way, service providers can improve customer satisfaction by understanding the behavior of users and coming up with effective new ideas. Users, meanwhile, can gain greater value from services, resulting in the creation of a win-win relationship. In some cases, it is possible to discover value from new perspectives.

In practice, however, users are unable themselves to say how satisfied they are with what is provided or to provide clear explanations of their reasons, with users frequently unaware of how to explain the background factors (context). Accordingly, user participation is encouraged, increasing user awareness through frequent interactions. Common practices for understanding user behavior include the use of ethnographic methods on small numbers of users and the use of big data analytics on large numbers of users. Both are ways of making discoveries, and while the knowledge gained is important, a key topic of study at universities is the discovery of common ways of thinking.

This issue of *Hitachi Review* covers the technologies of value co-creation in actual businesses, including examples. The uncovering of practical knowledge by companies and its formalization into theories by universities is another form of co-creation we have to look forward to.