

KEY SUCCESS FACTORS OF MANAGING CO-CREATION EXPERIENCE

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ABSTRACT

Value co-creation in an ecosystem has transformed the role of companies and various actors. The overarching aim of this manuscript is to contribute to the understanding of the integrating role of companies and identify the key factors underpinning successful co-creation practices. The study utilizes a mixed method; while the qualitative approach defines how value co-creation occurs in the banking industry, the quantitative approach endeavours to understand whether value co-creation impacts the innovation strategy of banks. The findings indicate that collaborative working affects the degree of innovativeness of a company and, consequently, its perceived market performance. Resource integration in a multi-actor setting is complex and this study paves the way for further research into the values underlying the success of co-creation and provides a guide for successfully integrating the roles of actors in an ecosystem.

Keywords: value co-creation, innovation, financial services, inter-firm networks, resource integration

ÖZ

BİRLİKTE-YARATMA DENEYİMİNİN YÖNETİMİNDE TEMEL BAŞARI UNSURLARI

Ekosistemde birlikte değer yaratma firmaların ve çeşitli paydaşların rollerini değiştirmiştir. Bu makalenin ana amacı, firmaların birleştirici rolünün anlaşılmasına katkıda bulunmak ve başarılı birlikte yaratma uygulamalarının altında yatan temel faktörleri tespit etmektir. Çalışma karma bir yöntem kullanmaktadır; nitel yaklaşımla bankacılık sektöründe birlikte değer yaratmanın nasıl gerçekleştiği tanımlanırken, nicel yaklaşımla birlikte yaratma sürecinin, bankaların inovasyon stratejileri ve algılanan pazar performansları üzerindeki etkilerinin anlaşılmasına çalışılmaktadır.

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Elde edilen bulgulara göre işbirlikçi çalışma, şirketlerin inovasyon derecelerini ve sonuç olarak algılanan pazar performanslarını etkilemektedir. Çok aktörlü bir ortamda kaynak entegrasyonu karmaşıktır ve bu çalışma, birlikte yaratmanın başarısının altında yatan değerlerin ortaya çıkarılması açısından ileride bu konu ile ilgili yapılacak araştırmalara kapı açmakta ve bir ekosistemde paydaşların farklı rollerinin başarılı bir biçimde entegre edilmesi konusunda rehberlik sağlamaktadır.

Anahtar kelimeler: *birlikte değer yaratma, inovasyon, finansal hizmetler, firmalar arası bağlar, kaynak entegrasyonu*

1. Introduction

The importance of networks in value creation was highlighted more than two decades ago (Prahalad & Ramaswamy, 2000) and customers were at the heart of these enhanced networks. The transformation from being a passive audience to becoming active players and co-creators was first observed by the scholars, and today, co-creation is still described as the pathway to value. This study undertakes a review of the literature on value co-creation and contributes to the theory with an emphasis on collaborative practices and the role of innovation strategy in knowledge creation. The context of this study is the banking industry where resource integration is elaborated. The banking sector is chosen due to the emergence of tech-driven initiatives and the rapid digital transformation after the 2008 financial crisis.

Since the early 2000s, the phenomenon of co-creation has spread through theoretical essays and it is viewed as a general concept that describes all theoretical and empirical circumstances in which value is generated through interaction (Dalli & Galvagno, 2014). Co-creation term was coined by Prahalad & Ramaswamy (2002, 2003, 2004a), who argued that it is not the transfer or outsourcing of activities to customers, nor is it the customization of products or services. The three research streams that characterize the co-creation literature are service science, innovation and technology management, and consumer research. Among these streams, service science is dominant since co-creation is perceived to be the central component of the theoretical development of the service systems perspective (Vargo & Lusch, 2004a; Ballantyne & Varey, 2008).

In a comprehensive study by Jaakkola, Helkkula & Aarikka-Stenross (2015) brought together central research perspectives on service experience co-creation, e.g. service-dominant logic (Vargo & Lusch, 2008; Edvardsson, Tronvoll & Gruber, 2011; Grönross & Voima, 2013), consumer culture theory

(Firat & Venkatesh, 1995; Arnould & Thompson, 2005; Cova & Dalli, 2009), service management (Verhoef, Lemon, Parasuraman, Roggeveen, Tsiros & Schlesinger, 2009; Klaus & Maklan, 2012), and service innovation and design (Edvardsson, Enquist & Johnston, 2005). The integrative framework clarified the aspects of co-creation and widened the scope of the concept of experience from immediate and isolated service encounters to a wider set of experiences that include past, future, lived and even imaginary dimensions. Although differences and nuances can be found in the boundaries and definitions of co-creation, two aspects remain unchallenged: the organizational boundaries need to be expanded in the co-creation approach and the involvement of the consumer is inevitable. In carving out a space for co-creation, different types of actors could be included, but the views from the end user, namely the consumer or the beneficiary, are the integral aspect of the collaborative activity.

The concept of co-creation has been explored from the consumer perspective by focusing on the motivations and characteristics of consumers (Verleye, 2015) concerning the consumer experience. However, the implications for the management of the co-creation experience remains an area that is underexplored. This study fills this gap by exploring co-creation from the company perspective by identifying the key factors underpinning the successful co-creation experience. The banking industry is chosen as the context of the research as it is undergoing a major transformation process involving different actors. Innovation in the industry has emerged from small start-up companies, mainly financial technology (Fintech) companies that pose a threat to the future of the sector, and the banks have, therefore, started to act like hubs that facilitate innovative thinking and entrepreneurship. According to the in-depth digital market outlook of Fintech by Statista (2020) the areas that Fintech companies focus on are digital payments with the largest transaction volume, followed by alternative financing, alternative lending and personal finance. As of 2019, over 30 percent of banks revenues were considered at risk due to Fintech competition (Statista Research Department, 2020) in the EMEA region.

Competition in services is based on innovation and this study is linked to one of the strategic priorities of promoting service innovation (Ostrom, Parasuraman, Bowen, Patricio & Voss, 2015). Service innovation occurs in ecosystems (Lusch, 2011) and involves internal and external stakeholders in the service innovation process of focal organization. Although the role of the customer in innovation has been discussed and recognized, the involvement of other partners and management of their collaboration is a research priority that will be addressed within this study. The significant impact of co-creation on innovation performance (Othcere, Hong-Yun, Addy & Kumaning, 2019) and the capabilities of innovation that drive economic growth (Rohrbeck, Kum, Jissink &

Gordon, 2018) are informing the current discussions around the topic. Digitalization is a catalyst of potential impact on co-creation, and digital technologies enable co-creation to overcome all kinds of geographical or organisational barriers (Lember, Brandsen & Tönurist, 2019).

The overall aim of this study is to better understand the role of companies in the co-creation process and identify the key factors underpinning successful co-creation experience. The main research priority is value creation and understanding the integrating roles of consumers, company employees, and technology in the process of value creation. The context for this study is centred on the retail banking industry in Turkey and understanding and coordinating value creation in this collaborative. As per Ostrom et al. (2015; p. 23), the complexity of value co-creation is founded in the coordination effort made by nature of the co-creation context, multiple actors and networks. Therefore, the main research questions that arise in this context are:

RQ1: Does collaborative working affect the innovation strategy of the firm? RQ2: How does a service provider integrate roles of different stakeholders? RQ3: What are the key success factors in the management of the co-creation experience?

The structure of the paper is as follows: in the next section, the theoretical background on value co-creation and innovation is reviewed; then, the conceptual framework and research design used in the study are introduced. In the results section, research findings from both the qualitative and quantitative stages are presented, and both stages are integrated and conclusions are drawn in the discussion part. Finally, the theoretical contributions for researchers and implications for professionals are presented with limitations and suggestions for further research.

2. Theoretical Background

2.1. Rethinking Value Creation

Value has been the subject of numerous debates for more than 2,000 years (Ng & Smith, 2012). Value is analysed from different perspectives and different scholars have articulated the phenomenon in diverse ways. Value-in-exchange and value-in-use represent the two main conceptualizations that shaped the earlier discussions. Value-in-exchange, as the name implies, is the value that is created and distributed in the market in exchange for money. The value-in-use is not associated with any type of monetary compensation but is commonly described by its use over time through resources. Early scholars, such as Smith, were ahead of their time in their understanding of the concept of value, as their views were in line with the recent conceptualizations that focus on value creation through experience (Lush & Vargo, 2014). Apart from the widespread acceptance of the

value-in-use concept, value is created in *context* (Chandler & Vargo, 2011), in *social context* (Edvardsson, Tronvoll & Gruber, 2011), or in *experience* (Helkkula, Kelleher & Pura, 2012; Ramaswamy, 2011). Value-in-experience has been regarded as the value that service customers experience, either directly or indirectly. Service-dominant logic has emerged as an explanatory foundation and a basic framework of value co-creation (VCC) that describes the way actors believe, interact, interpret, experience, use and evaluate propositions (Ranjan & Read, 2016).

Throughout the value co-creation journey, an enterprise will collaborate with different actors, particularly customers, and therefore, the new approaches to innovation can contribute to the creation of shared value between different actors. The term strategic advantage was also used rather than competitive advantage to denote the deviation from a pre-established set of competitors to a diverse set of partners in the process of value co-creation (Bettencourt, Lusch & Vargo, 2014).

2.2. Institutional View and Innovation

Service-dominant (S-D) logic scholars (Vargo & Lusch, 2016) bridged the institutional theory with their framework in order to understand the structure of service ecosystems. Service-dominant logic is considered as a lens, a different framework for studying the creation of value. Furthermore, as viewed from its lens, value creation is perceived to be a collaborative process. The scholars embraced the idea that innovation arises from the combination of resources in unique and novel ways and strategy emerges when a firm uses those resources to reshape value propositions. Innovation is knowledge generation and integration by individuals or teams who co-create and co-produce in these kinds of loosely coupled systems (Greer, Lusch & Vargo, 2016). Together with S-D logic, the boundaries between firms are blurred and no single firm is in control of the ecosystem.

Innovation is at the forefront of this value creation process through resource integration. Resource integration has predominantly been studied by the marketing and service fields and is described as the means through which actors use their knowledge and skills to co-create value. Resource integration, as the name implies, is an interactive process and the necessity to harmonize the interests and needs of different actors cannot be easily realized and conflicts may arise. Thus, collaboration is required (Kleinaltenkamp, Brodie, Frow, Hughes, Peters & Woratschek, 2012) in the form of joint efforts. Nevertheless, value cannot be created solely by customers, as organizations need to enhance this learning process.

Although traditional research has been focused on the firm-centric development of services the discussions in the recent research have revolved

around the network economy and the systemic view of markets. The need to extend beyond dyadic exchange encounters and perceived value as being catered in (eco)systems were highlighted (Wieland, Vargo & Akaka, 2016). The solution lies in service ecosystems that are relational, interconnected and reciprocal in comparison to dyadic exchange relationships. Value creation comes into existence through a service system and different scholars have conceptualized the basis for resource integration under various value-creating systems including: *value constellations* (Norman & Ramirez, 1993), *value networks* (Lusch, Vargo & Tanniru, 2010), *configuration of resources* (Spohrer, Maglio & Bailey, 2007), and *service ecosystems* (Vargo & Lusch, 2011). Disregarding generic distinctions opens new debates and creates implications for managers. It is not only salient actors such as firms and customers who drive value, but also a diverse set of actors with different issues at hand and visions who generate change (Wieland, Koskela-Huotari & Vargo, 2015). Therefore, this study undertakes a stakeholder perspective and analyses the involvement of new and non-traditional stakeholders such as Fintech companies in the banking system.

2.3. Value Co-Creation Models

The transforming role of customers and the method of extracting value has paved the way for the development of co-creation models and techniques. Experience and perception are important determinants of value creation and co-creation in the literature is largely perceived as a process that necessitates interactions. The co-creation models analysed (Mukhtar, Ismail & Yahya, 2012) are mostly conceptual in nature and the scholars underline three models that explore the phenomenon in greater detail. The first one, the DART (Dialogue, Access, Risk Assessment, Transparency) model (Prahalad & Ramaswamy, 2004a) is also considered as the landmark model of co-creation. The model suggests that the building blocks of co-creation could be grouped under four main headings, namely dialogue, access, risk assessment and transparency, which denote the engagement of customers as collaborators in the value creation process. The second model provides a framework that is useful for designing the relationships that form the backbone of co-creation (Payne, Storbacka & Frow, 2008). In the third model (Grönross, 2008) the meanings of service-dominant logic are explored and subsequently a value fulfilment model is created (Grönross, 2012). These models predominantly focus on the customer, but this study addresses the stakeholder perspective and includes all actors, both inside and outside the organization, as components of the network.

Competition is intense due to the convergence of sectors and after the onset of digitization, the only approach that encourages growth and therefore value creation must focus on innovation. The innovation locus has shifted from

products to solutions and experiences (Prahalad & Ramaswamy, 2003). All stakeholders, both inside and outside the organization, must collaborate and believe in the change process or new solutions that emerge in their everyday lives. The transformation of an enterprise through co-creation is a co-creative process.

3. Methodology

3.1. Conceptual framework

Based on prior literature, the present study has adopted validated and pre-existing scales relating to the constructs such as degree of innovativeness. The conceptual model applied to examine the co-creation phenomenon was developed by using two different reference models. This study proposes a value co-creation model by extending the models (Albinsson, Perera & Sauter, 2016; Taghizadeh, Jayaraman, Ismail & Rahman, 2016). By using a sample that includes participants who are actively involved in value co-creation activities, this study further refines the scales.

In this study, the DART scale (Albinsson, Perera & Sauter, 2016) has been used and adapted to the banking sector based on the preliminary qualitative study conducted in Turkey and all the ‘customer’ wordings within the items used are interchanged with ‘stakeholder’ term that is preferred throughout the scale. In the body text of the questionnaire, the meaning of stakeholders regarding the banking sector is explained in detail, where stakeholders in this context refers to *customers, employees, partners, start-up companies, Fintech companies*, among others. The second study (Taghizadeh, Jayaraman, Ismail & Rahman, 2016) presented another scale development and validation of the DART model to describe the process of value co-creation. In that model, the effect of the value co-creation dimensions on innovation strategy is assessed, followed by analysis of the link between market performance and innovation strategy. Market performance in the proposed model of this study is called ‘perceived market performance’ and the performance of the banks related to innovation strategy is based on the evaluation of employees (see Figure 1 below). Taken together, these suggestions can be captured in the following hypotheses.

H1. Dialogue with stakeholders facilitates the degree of innovativeness.

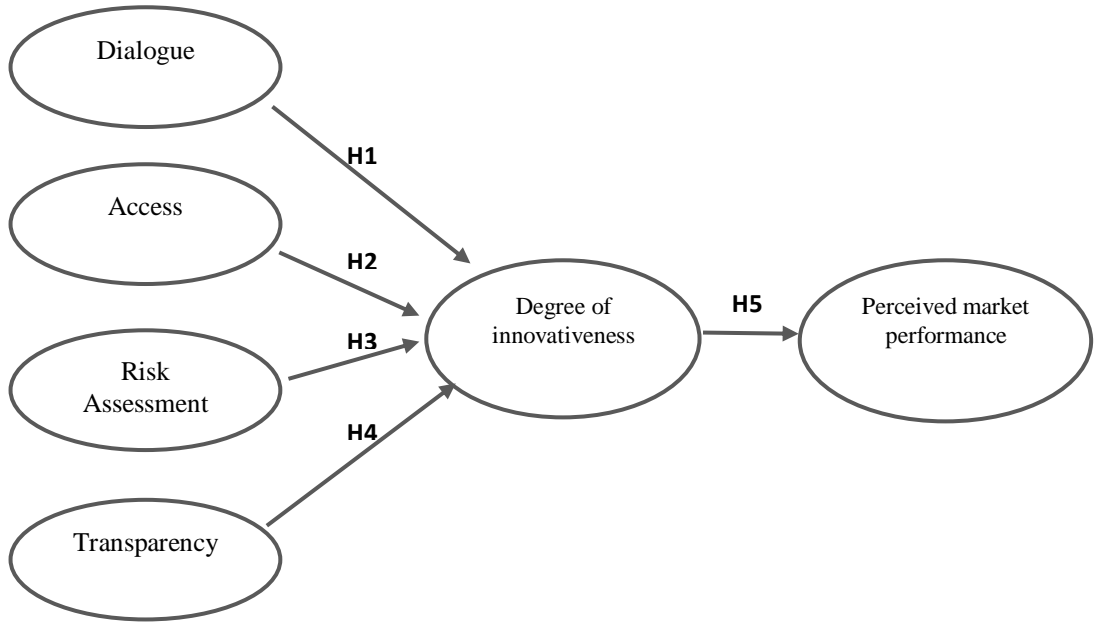
H2. Access to the firm’s information sources increases the degree of innovativeness.

H3. Risk assessment performed by the company supports the formulation of an innovation strategy.

H4. Transparency of the firm’s data from the perspective of stakeholders enables the formulation of an innovation strategy.

H5. A higher degree of innovativeness leads to higher perceived market performance.

Figure 1. Model of The Study



3.2. Research design

The research design of the present study was mixed-mode since two distinct phases of research were adopted: a qualitative phase followed by a quantitative survey. Value co-creation in the banking industry in Turkey is a relatively new phenomenon and in order to understand its nature as well as to provide further investigations, an initial qualitative study was conducted.

The data for the qualitative phase was collected from eight major retail banks in Turkey and informed consent was collected from each participant. The informants in retail banks were predominantly members of senior management who play a key role in creating the appropriate environment for establishing relationships with different actors in new service development. The content and flow of the discussion guide in the qualitative phase concentrated mainly on the meaning of the co-creation concept, the motives and forms of co-creation, the actors engaged, the methods of connection and contribution of those actors.

In the second phase, the quantitative methodology was used to collect data from the retail banking industry in order to understand whether value co-creation influences the innovation strategy of banks, and therefore, on the perceived market performance. In order to determine the key success factors in managing the co-creation experience, executives who are responsible for innovation, digital marketing and customer experience were chosen. Questionnaires were distributed to higher level executives who participated in the initial qualitative survey and were administered to participants chosen from the direct reports and teams of the executives.

4. Results

4.1. Data Analysis

The qualitative analysis used in this study consists of the systematic coding process of raising a code to a category and is based on Grounded Theory Methodology (GTM) provided by a computer-assisted package. The data collected were analysed by means of content analysis. MAXQDA Analytics Pro 2018 was used to code and analyse the in-depth interviews. The coding procedure was inductively derived, and the initial set of codes was in 'in vivo' format; subsequently, the upper-level categories were formed. The data collected in the quantitative phase were analysed using structural equation modelling (SEM). In the findings section, confirmatory factor analysis was initially conducted with IBM SPSS Statistics 20 to assess the reliability of all the higher-level constructs in the conceptual framework. Then, a two-step procedure was used to analyse the fit of the data to the proposed model. The assessment of the measurement and structural models formed the basis of the analysis (Hair, Black, Babin, Anderson & Tatham, 2006).

4.2. Research Findings – Qualitative Phase

The systematic approach of coding the transcripts taken from the in-depth interviews resulted in 19 different themes and the code system output from MAXQDA can be found in Table 1 below. The professionals in the banking sector commenced the discussions by highlighting the effect of digitalization on their industry. Although digitalization has had a profound effect on all industries, the banking sector is experiencing a transformation process due to its interconnected structure with other industries based on payment systems, loaning relationships, among others. Some of the thematic codes and content are discussed in detail.

Table 1. The Code System

Code System			
1	Digitalization Outlook	11	Evaluation of Fintech
2	Definitions of Co-creation	12	Innovation
3	Stakeholders	13	Co-creation Platforms
4	Source of Contribution	14	Specific Methods
5	Antecedents of Co-creation	15	Dialogue
6	Outcomes of Co-creation	16	Access
7	Philosophy of Co-creation	17	Risk Assessment
8	Co-creation practices	18	Transparency
9	Success Criteria	19	Awards
10	Co-working Style with Fintech		

Stakeholders. The professionals in the banking sector most frequently mentioned partner companies, Fintech companies and solution partners. Partner companies are usually referred to other service provider companies with whom banks collaborate and mainly come from the fields of telecommunication, transportation, and retail, among others. The executives referred to those firms as natural allies in the process of touching the lives of customers. Fintech companies were highlighted in eight out of ten interviews and a separate section has been devoted to the co-working styles with Fintech companies. The other sub-codes that were grouped under ‘teams outside the bank’ are: start-ups, mentors, start-up ecosystems, research companies, students, angel investors and developer communities, respectively. The start-up ecosystem was highlighted as a separate entity, while mentors and angel investors within the ecosystem were also

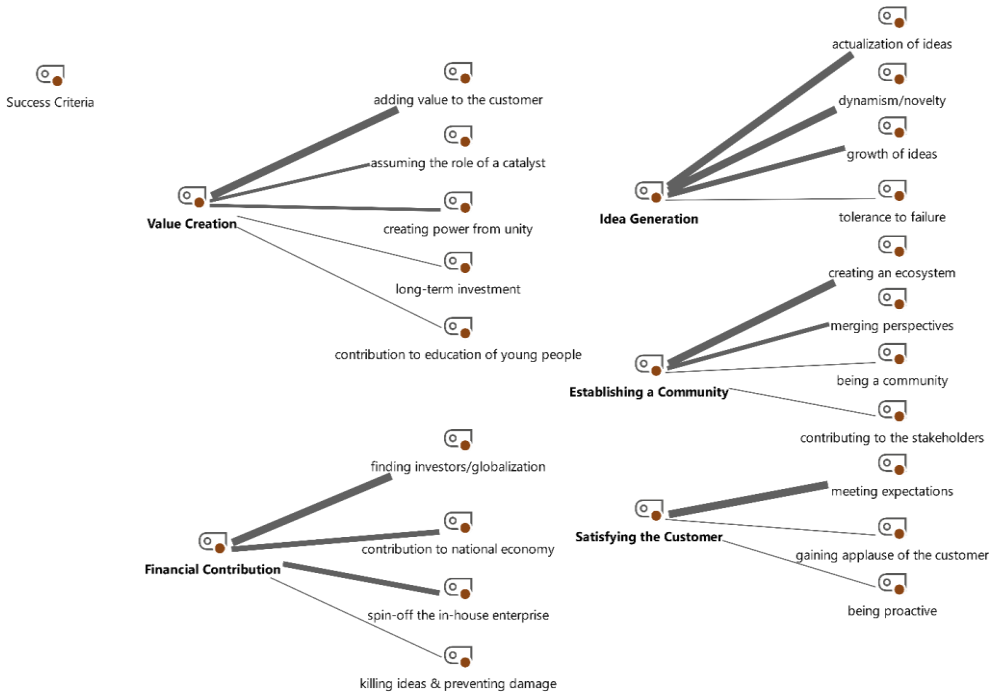
mentioned by some of the professionals.

Philosophy of co-creation. The philosophy of co-creation category is a code derived from the data that clarifies the definition of co-creation. Some of the themes, e.g. *reverse access*, emerged as new concepts in explaining the philosophy of co-creation and *unstructured functioning* is one of them that recorded the second highest frequency. Unstructured functioning is the business philosophy of small technology firms, start-ups, and Fintech companies, and this philosophy is completely different from that espoused by long-established banks in the industry. Some of the executives also stated that although employees are a good source of innovation, as they possess adequate knowhow to detect the needs and problems at first-hand, they do not excel at providing solutions. Therefore, although it is a worthwhile exercise to receive input from them in the form of ideas. In terms of execution, the banks need to *leave work to the experts*, such as design thinking companies, software development teams, among many others.

Co-creation Platforms. The practice of working with external actors is implemented in isolated hubs called co-creation spaces. Payment systems represent the main platforms that foster collaborative work with outsiders based on open API (Application Programming Interface) programs. An API market is a platform mostly initiated by the global headquarters of banks to transfer innovative ideas and thinking. Engagement platforms can also take the form of segmented cards where the companies involved establish an ecosystem.

Key Success Criteria. Managing the co-creation experience is a complex issue in multi-actor settings comprised of a network of stakeholders. Success is not defined as a hard metric, but rather as a contribution to the well-being of actors. Ramaswamy & Ozcan (2014) defined co-creation emerging from ecosystems as capabilities to expand welfare and/or well-being. Innovation, in the form of idea generation, is also perceived as a success criterion of the co-creation experience. Since the professionals mentioned the idea in conjunction with innovation, it is evident that their understanding of innovation is focused on the ideation stage. The other sub-codes that are grouped under the thematic category ‘success criteria’ in the Figure 2 below are: value creation, financial contribution, establishing a community and satisfying the customer, respectively.

Figure 2. MaxMaps: Success Criteria



4.3. Research Findings – Quantitative Phase

The theoretical model in this study was tested on a sample of 168 executives from the retail banks. As previously mentioned in the research design section, the target population of this study was professionals who have innovation or product/service development experience. Therefore, the respondents in this sample had represented roles, such as marketing, sales, customer relationship management, product development, and software development within their respective banks. Upon completion of the data collection process, reliability analysis was conducted for the constructs.

Structural Equation Modelling is used to identify cause and effect relationships and is composed of two phases: the measurement model and the structural model. Although these two phases can be conducted in a single step, as clarified in the steps of SEM modelling (Kline, 2011), it is better to follow the two-stage model in which the measurement model is followed by the structural

model. The analysis conducted to assess the measurement model is called Confirmatory Factor Analysis (CFA), which evaluates the structure of the hypothesized factors. Table 2 presents the results of the reliability analysis of the study. The measurement model describes the operationalization of latent variables (Diamantopoulos & Siguaw, 2006), which are constructs that cannot be measured directly (Hair, Black, Babin, Anderson & Tatham, 2006), but are measured through measured variables, namely indicators. The following reliability of fit statistics in Table 3 demonstrate the acceptable fit of the model in terms of the RMSEA (Root Mean Square Error of Approximation) and CMIN/df (Minimum discrepancy divided by degrees of freedom) indices and a appropriate in line with the CFI (Comparative Fit Index).

Table 2. Results of the Reliability Analysis

	Cronbach's alpha
Dialogue	.971
Access	.930
Risk Assessment	.967
Transparency	.928
Degree of Innovativeness	.898
Perceived Market Performance	.880

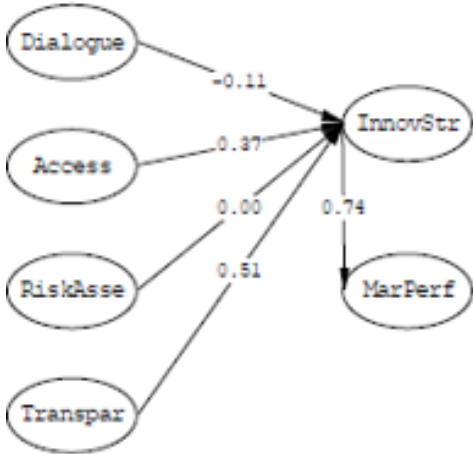
Table 3. Fit Indices of the Suggested Model and Fit Intervals

Fit Indices	Good Fit	Acceptable Fit	Model
RMSEA	$0 \leq \text{RMSEA} \leq 0.05$	$0.05 \leq \text{RMSEA} \leq 0.10$	0.084
CFI	$0.97 \leq \text{CFI} \leq 1.00$	$0.95 \leq \text{CFI} \leq 0.97$	0.98
$(\chi^2/s.d.)$	<2	<3	2.181

(Reference for the cut-off values of fit indices: Schermelleh-Engel and Moosbrugger, 2003)

The most straightforward way to assess the initial condition of convergent validity in CFA is to evaluate factor loadings. In our study, all standardized factor loadings are higher than 0.60 and statistically significant ($p < 0.001$). Appendix A

summarizes the results and the SEM Diagram below denotes the overall structural model. **Figure 3. SEM Diagram of the Model**



As shown in Figure 3 above and Table 4 below, three hypotheses out of five were supported. Among the relationships with the DART principles and degree of innovativeness, Access and Transparency have been supported. Access has a factor loading of 0.37 and a significant t-value result, whereas Transparency has a factor loading of 0.51 and $p < 0.001$. H5 is also accepted, which suggests that practicing an innovation strategy has a positive effect on perceived market performance. In summary, H1 and H3 are rejected, whereas H2, H4 and H5 are accepted.

Table 4. Hypothesis Test Results

Test Results			
Hypothesis	Standard loadings	t-value	Result
H1: Dialogue → Degree of Innovativeness	-0.11	-0.94 NS	Reject
H2: Access → Degree of Innovativeness	0.37	2.78***	Accept
H3: Risk Assessment → Degree of Innovativeness	0.00	-0.03 NS	Reject
H4: Transparency → Degree of Innovativeness	0.51	4.08***	Accept
H5: Degree of Innovativeness → Perceived Market Performance	0.74	8.43***	Accept

***p < .001 ^{NS} t-values are not significant.

5. Discussion

The aim of conducting this study was to explore the key success factors in the management of the co-creation experience in the financial services sector in Turkey. The main hypotheses of the study were related to the effect of dialogue, access, risk assessment and transparency on the degree of innovation and the link between a higher level of innovativeness and higher perceived market performance. The qualitative phase of the study answered another important question related to the key roles of the hub service providers in the integration of the different roles of stakeholders.

The views of the project participants demonstrated that the key success factors can be grouped into five main thematic categories, which are value creation, financial contribution, idea generation, establishing a community, and satisfying the customer. *Value creation* is rather an overarching outcome as well, which necessitates a long-term outlook. The digitalization outlook and the degree of innovativeness of companies denote their readiness for co-creation and signal the level of success in terms of their contribution to various stakeholders and the community at large. *Idea generation* is an integral part of the innovation and creation of an environment that fosters the generation of ideas, which is critical for organizations. However, building a dynamic culture can often be challenging, since it sometimes takes years to finalize in the execution of an idea. The end-result needs to be shared as a benchmark that can inspire others to share their innovative ideas and this represents the first step in *establishing a community*.

Community attachment is created through emotional bonds and the willingness of individuals to work together as different actors in the ecosystem. *Financial contribution* not only supports the beneficiaries but finding investors has a magnifier effect on the economy. Success is not monetary; it is mainly determined by the number of people a company can touch as well as the contribution to all stakeholders and the wider national economy. *Satisfying the customer* corresponds to the appreciation gained from the end-users by committing to the other four main themes and seeking the well-being of all the stakeholders in the ecosystem.

The building blocks of co-creation are recognised as dialogue, access, risk assessment, and transparency. Even if the core meaning of each block remains valid, the way in which they are interpreted has been altered due to contemporary practices employed in the business world based on the effects of digitalization, and the various types of adopted collaborative working styles. The findings of the quantitative study revealed that a dialogue with stakeholders does not facilitate innovativeness, but if stakeholders can access firm's information sources, the degree of innovativeness will be increased. Considering the precepts acquired from the viewpoints of banking industry professionals, the term dialogue is now used interchangeably with access as a result of digitalization; therefore, this result is in line with the results of the qualitative survey. Access is at the forefront of co-creation due to the unlimited nature and extent of channels as well as the ability to access from anywhere, which is fostered through new and digital channels. The connotations of access, such as access to consumers in their natural context and access to stakeholders while working collaboratively, indicate the clues of dialogic principles. In the banking industry, which is the context of our study, banks previously opened channels through which stakeholders could reach them. However, today, they try to reach stakeholders and even plan visits to small start-up companies, initiating dialogues.

In the context of this study, banks play the roles of mediators, mentors and catalysts to contribute to the well-being of all actors in the network, either financially or psychologically. Although they act as *mediators*, this is not an easy task since the needs and demands of various partners do not always match, while their primary responsibility is to assess competencies and address the correct teams. Success in the mediation role necessitates an objective stance and it not only involves the process of connecting parties. Therefore, banks are not overly involved in the decision-making process, but act to establish trust among the various actors. Banks also play the role of the *mentor* and support their partners in growing their businesses. They even invest time and effort in their employees' ideas and prioritize their projects to enable them to spin-off and form new entities. In an emerging market like Turkey, it is important to consider the mentoring role of hubs like banks in revitalizing the economy. Banks also assume the role of a

catalyst and support Fintech companies or start-ups by either investing from outside or purchasing the company.

In summary, collaborative working affects the degree of innovativeness of a company as well as its innovation strategy. The building blocks of co-creation and the transition in their meaning after digitalization have affected the interpretations of the nature and extent of collaborative work. The higher degree of innovativeness has increased the level of perceived market performance internally, whereby internal partners acknowledge the fact that innovative companies attract new consumers, open new markets, satisfy and retain customers, and ultimately capture market share.

6. Implications

6.1. Implications for Researchers

This research adopted the theoretical lens of scholars who have specifically focused on value co-creation and who depicted the co-creation paradigm as an engagement platform. In our study, the engagement platforms took many forms, from payment platforms to customer boards, and the participants called them ‘co-creation spaces’ or ‘innovation hubs’ that can link enterprises or people from different sectors. Another contribution of this research to the literature is the integrating roles that the nodal companies successfully perform. A nodal company is required (Prahalad & Ramaswamy, 2003) to form an experience network of many partners and our study illustrates how that is achieved in the banking sector, which has links to many other service industries in an emerging market like Turkey.

In addition to the success factors concerning the value co-creation process, this research also has implications for the values of inter-firm networks. The overarching themes that emerged from the discussions with professionals can be summarized as ‘co-creation values’ and ‘co-creation philosophy’. Co-creation values bind the community spirit and catalyse the way people work together, which can be stated as sincerity, honesty, community attachment, and keeping promises. These values act like hidden gems that have an invisible effect on the success of co-creation activities. Sincerity forms part of the definition of co-creation and is perceived as an organic bond that forms the fabric of co-creation. Honesty and community attachment are discussed under the heading of transparency, which are the essential elements of working in multi-actor settings. Community attachment resembles a glue that binds the community spirit, not only in collaborative workgroups, but also in the wider society. Keeping promises entails adherence to the co-working style with partners such as start-up companies.

The themes that emerged as new concepts in explaining the philosophy of

co-creation are unstructured functioning, leaving work to experts, reverse access, and ongoing risk assessment. Unstructured functioning is the soul of co-creation in collaborative workgroups. The loosely coupled format of workgroups has been mentioned in the literature, but the unstructured way of conducting business not only refers to the structure of workgroups, but also denotes the procedural issues and tasks at hand. Leaving work to experts refers to more than access to competencies and transferring talent in and out of the company; it is also considered as a philosophical change in the outlook to innovation. Reverse access involves reaching out to customers in their natural settings even before their need for financial support arises. This is the combination of dialogue and access and can also be defined as seamlessness in communication. Risk assessment alone does not lead to an increase in the degree of innovativeness, since it is an essential part of daily routines in collaborative work; therefore, it can be replaced with the term ongoing risk assessment as a part of co-creation philosophy. Taken together, this article contributes to the literature on value co-creation and innovation in inter-firm networks.

6.2. Managerial Implications

Value co-creation in ecosystems has changed the roles of companies and stakeholders. Financial services form part of a service ecosystem that consists of connected actors that are dependent on one another for growth. In the near future, the actors in the ecosystem will not only collaborate for growth potential, but also for survival. The services sector will be interlinked and, after the Covid-19 pandemic has ended, the companies that can seize the opportunities earlier and transform the collaborative efforts into innovative solutions will reap the most benefits.

The results reveal that the large retail banks in Turkey build innovative projects with different partners, e.g., telecommunications companies, start-ups, Fintech companies, universities, and other service providers that are not in direct competition but serve a similar customer segment. Some of the banks have constructed lab-like environments called “co-creation spaces” to create an environment that fosters the development of partnerships, whereas others prefer to become part of the ecosystem by working in an open office together with start-ups. Most banks use innovation contests in the form of the so-called “hackathons” among consumers, employees, and outside firms. Almost all executives acknowledged that even though there are numerous innovative ideas, the key factor is how these ideas are converted into meaningful solutions. Creating value is a long-term commitment and managing the co-creation experience necessitates end-to-end strategic thinking regarding the internal and external entrepreneurship efforts that touch the lives of people as well as the community at large.

In the present study, it has been shown that banks strive to be nodal companies that draw various players, such as employees, customers, start-up companies, consultants, design-thinking companies and other members of the ecosystem into an experience network. The banking system will not be solely composed of transactions soon and the target for banks is to become a crucial part of the service network that touches the daily lives of consumers.

6.3. Limitations and future directions

The study has certain limitations. Firstly, as the findings are based on a single industry setting, managing the co-creation experience can be context specific; thus, the characteristics of different service industries can influence the evaluation of the success factors of co-creation. In addition, the sample was composed of the employees of the service provider. The assumption is that these respondents could reflect the perspective of other stakeholders in their quotes, with the opportunity given to them to share their experiences regarding the interactions among the actors. However, the findings are limited to the perspective of the service providers and further research that focuses on the viewpoints of other stakeholders in the service ecosystem will broaden the perspective. The current study is one of the initial attempts to address value co-creation in the collaborative context. This study has revealed the success factors in managing the co-creation experience in a multi-actor setting. Further research is needed to investigate value co-creation in other empirical domains.

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Appendix. Results of the Measurement Model

Factors / Items	Standard loadings	t-value	R ²
Factor #1: Dialogue			
The provider communicates with <i>stakeholders</i> to receive input on improving the service/product experience.	.90	14.87** *	.80
The provider is interested in communicating with <i>stakeholders</i> about the best ways to design and deliver a quality service/product experience.	.92	15.55** *	.84
The provider uses multiple channels of communication to encourage greater exchange of ideas with <i>stakeholders</i> about the service/product experience.	.87	14.13** *	.75
The provider and <i>stakeholders</i> have active dialogue on how to add value in the service/product experience.	.93	15.88** *	.86
<i>Stakeholders</i> are encouraged to communicate with the provider about any and all aspects of the service/product experience.	.88	14.39** *	.77
Multiple lines of communications are used by the provider to gather input and ideas from <i>stakeholders</i> .	.91	15.16** *	.82
The provider actively promotes dialogue with <i>stakeholders</i> to learn more about their reaction to the service/product experience.	.88	14.33** *	.77
<i>Stakeholders</i> have many opportunities to share their ideas with the provider about adding value to the service/provider experience.	.82	12.94** *	.67
The provider makes it easy for <i>stakeholders</i> to communicate ideas about the design and delivery of the service/product experience.	.90	15.04** *	.81
Factors / Items	Standard loadings	t-value	R ²
Factor #2: Access			
The provider let <i>stakeholders</i> decide how they receive the service/product offering.	.88	14.30** *	.77
<i>Stakeholders</i> have many options to choose how they experience the service/product offering.	.90	14.86** *	.81
It is easy for <i>stakeholders</i> to receive the service/ product offering when, where and how they want it.	.93	15.85** *	.87

Factors / Items	Standard loadings	t-value	R ²
Factor #3: Risk Assessment			
The provider provides <i>stakeholders</i> with comprehensive information pertaining how risks and benefits were	.94	16.05***	.88

assessed for the service experience or product.			
<i>Stakeholders</i> receive comprehensive information pertaining to the risks and benefits of the service/product experience.	.94	15.48***	.84
The provider fully informs <i>stakeholders</i> about all risks stemming from product or service use.	.92	15.43***	.84
The provider provides <i>stakeholders</i> with necessary tools and support to make fully informed decisions as to whether they should participate in the service/ product experience.	.89	14.57***	.78
The provider is very clear and factual about both the negative and positive factors associated with the service/product offering.	.90	14.89***	.80
The provider allows <i>stakeholders</i> make informed decisions regarding the risks and benefits of the service/product experience.	.91	15.19***	.82
The provider encourages <i>stakeholders</i> to familiarize themselves with the risks associated with the service/product experience.	.83	13.17***	.69
Factors / Items	Standard loadings	t-value	R²
Factor #4: Transparency			
The provider fully discloses information to <i>stakeholders</i> which might be helpful to improve the outcomes of the service/product experience.	.92	15.52***	.85
<i>Stakeholders</i> are given open access to information that might be useful in enhancing the overall design and delivery of the service/product experience.	.86	13.79***	.74
<i>Stakeholders</i> and provider are treated as equal partners in sharing information that is needed to achieve a successful service/product experience.	.91	15.24***	.84
The provider fully discloses <i>stakeholders</i> detailed information regarding the costs and pricing associated with the design and delivery of the service/ product experience.	.76	11.29***	.57
Factors / Items	Standard loadings	t-value	R²
Factor #5: Degree of Innovativeness			
Making major changes (volume) to existing services	.82		.67
Making rapid changes (speed) to existing services	.61	8.62***	.37
Developing novel (new) service to the market	.82	12.49***	.68
Using forecasting tools and techniques to imagine future threats	.90	14.96***	.81
Using forecasting tools and techniques to imagine future opportunities	.93	15.27***	.87

Factors / Items	Standard loadings	t-value	R²
Factor #6: Perceived Market Performance			
Attracted new consumers	.75		.56
Opened up new markets	.79	10.12***	.62
Capturing market share	.78	10.06***	.61
Consumer retention	.80	10.24***	.63
Consumer satisfaction	.75	9.57***	.56

***p < .001 ^{NS} t-values are not significant.