Exploring Co-Creation:

Analysis of Its Concept, Benefits, Challenges, and Implementation Strategies

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Abstract

In the swiftly evolving and competitive business landscape, organizations are regularly seeking innovative methods to diversify their offerings. Essential to this evolution is the concept of co-creation, which focuses on the collaborative value creation process of companies and their customers. This approach exemplifies a paradigm shift in the consumer-business relationship, advocating for active consumer participation in the value creation process. Co-creation challenges the conventional boundaries between firms and consumers but also manages to place the customer at the heart of value creation, as emphasized by service-dominant logic. The combination of the rise of technology and the evermore empowered modern consumer have furthered the importance of co-creation, providing means to cater to increased consumer expectations by integrating them into product and service development. Co-creation has transformed its role in marketing to become a pivotal business strategy, influencing multiple levels of a company's operations. It has been linked to improved innovation, enhanced customer loyalty, and better business performance.

However, a considerable gap exists in the literature regarding the practical integrations of co-creation in different real-world business scenarios. This bachelor's thesis aims to fill said gap by offering an in-depth analysis of co-creation, its conceptual foundations, benefits, challenges, and different implementation strategies across various industries.
Keywords Co-creation, marketing, collaboration
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1 Introduction

In a more dynamic and competitive business environment, organizations seek new ways of differentiating themselves, their products, and their service offerings. Long-established approaches to creating value have shifted towards more inventive and customer-centric approaches. Essential to this change is the concept of co-creation, which highlights the collective creation of value by companies and their customers (Prahalad & Ramaswamy, 2004).

Co-creation represents an important shift in the relationship between consumers and businesses, instead of simply being a new buzzword in marketing. It is a plea for the active cooperation of consumers in the value creation process, thereby distorting the long-established separation between producers and consumers (Prahalad & Ramaswamy, 2004). Vargo and Lusch (2004) underpinned this change through their introduction of service-dominant logic (SDL) that places the customer, alternatively than the firm, at the core of value creation.

This recent proposition has found its ground in the modern business landscape thanks to the escalating role of technology and the empowered position of a present-day consumer. The digital uprising has expanded consumers' access to information, hence enabling them to make more knowledgeable choices and expect more personalized offerings (Zwass, 2010). In this context, co-creation provides a direct way to meet these increasing expectations by integrating consumers into the process of creating products, services, and experiences that serve their distinct needs (Payne, Storbacka, & Frow, 2008).

As a matter of fact, co-creation has evolved beyond the context of marketing to developing into an essential business strategy that influences numerous aspects of a company’s operations. It has been associated with enhanced innovation (Füller, Matzler, & Hoppe, 2008), increased customer loyalty (Yi & Gong, 2013), and overall better business performance (Ramaswamy & Ozcan, 2018).

There is a considerable gap in literature about how co-creation is implemented in real-world business settings, regardless of existing comprehensive research exploring the theoretical basis of co-creation and its benefits. Grönroos and Voima (2013) have stated that more research is needed into how businesses and consumers interact in the co-creation process, whilst Ind and Coates (2013) have called for research to delve into the different strategies applied by companies in the practice of co-creation. This thesis intends to answer these calls by granting an in-depth analysis of co-creation, focusing on its implementation and the various strategies used by businesses to utilize it effectively.
The research questions of this study are as follows:

1. What are the fundamental theoretical foundations of co-creation?
2. What are the benefits and challenges of co-creation?
3. How do companies implement co-creation?

This thesis is organized into five main chapters. Succeeding this introductory chapter, Chapter 2 examines the concept of co-creation, discussing its theoretical foundations and the key variables and relationships that stimulate it. Chapter 3 delves into the benefits and challenges of co-creation, focusing on both the positive and negative aspects. Chapter 4 provides an analysis of the practical application of co-creation, presenting case studies and exploring different approaches to co-creation. The study is concluded with a summary of the findings, ethical considerations, conclusions drawn from the research, as well as potential areas for future research.

The complete thesis consists of a total of 31 different sources of academic research. The vast majority of journal publications referred to are from 4-star and 3-star ranked journals. References were also made to a small number of 2-star ranked journals in addition to a book on co-creation, which use is justified through its offering of real-world use cases that were deemed valuable to the research paper.

To further the research gathering process, OpenAI’s large language-model based chatbot ChatGPT 4.0, equipped with the ScholarAI plugin, was utilized. Academic publications related to the topic of co-creation were identified and extracted with the assistance of the chatbot and its plugins. Furthermore, the table of content and formatting along with summaries of chapters were enhanced using ChatGPT 4.0. For determining the relevancy of academic articles provided by the chatbot, a more concise understanding of articles, the ChatWithPDF plugin from ChatGPT 4.0 was utilized as well.

While the academic capabilities of artificial intelligence were augmented in the research, all provided information was fact-checked by a human person writing this thesis. Each set of material generated by artificial intelligence was reviewed to be factual, ensuring the combination of technology's efficiency with correct academic validation.
2. Co-creation

2.1 Theoretical Foundations

Co-creation as a concept rests on multiple theoretical foundations. Two of the primary theories that have contributed to the understanding and application of co-creation in marketing and business management are the Service-Dominant Logic (SDL) and the Resource-Based View (RBV).

The concept of Service-Dominant Logic was introduced by Vargo and Lusch (2004) as a significant evolution in marketing thought. SDL postulates that service, not goods, is the fundamental basis of exchange and value creation. This perspective positions the customer as an active participant in the service provision process, moving away from the traditional goods-dominant logic where customers are passive recipients of value.

Vargo and Lusch (2004) propose that value is always co-created, involving interactions between providers and beneficiaries. This recognition underpins the basis for co-creation, as it places the customer in a proactive role where they are seen as value co-creators rather than mere value consumers. The notion of co-creation in SDL implies a collaborative process where both the firm and the customer contribute resources, such as skills, knowledge, and other competencies, to produce value (Vargo, Maglio, & Akaka, 2008).

SDL has been instrumental in shaping our understanding of co-creation as it emphasizes the relational and interactive nature of value creation. This perspective of value co-creation also suggests that businesses can create more value by engaging their customers in their value creation processes (Lusch & Vargo, 2006).

While SDL provides a service-oriented perspective of co-creation, the Resource-Based View (RBV) presents a firm-centric approach. RBV, proposed by Barney (1991), suggests that the sustainable competitive advantage of a firm comes from the valuable, rare, inimitable, and non-substitutable (VRIN) resources it possesses.

In the context of co-creation, RBV implies that a firm's resources are not limited to its internal capabilities but also include external resources such as customer knowledge, skills, and experiences. The value co-creation process thus becomes a platform for integrating internal and external resources to create unique value propositions (Normann & Ramirez, 1993).
RBV, when coupled with the co-creation concept, extends the traditional boundaries of the firm by considering customers as an extension of the firm's resources (Kozlenkova, Samaha, & Palmatier, 2014). This integration of resources can lead to innovative products and services, customer satisfaction, and ultimately, a sustainable competitive advantage for the firm.

The integration of SDL and RBV provides a comprehensive theoretical framework for understanding co-creation. While SDL shifts the focus towards the role of the customer in value creation, RBV emphasizes the integration of internal and external resources for competitive advantage. Both theories highlight the importance of relationships and interactions between firms and customers, forming the foundation for the exploration of co-creation practices and strategies in subsequent chapters of this thesis.

Customer Participation Theory posits that customers do not merely consume value, but also participate in the production process, contributing to the creation of value (Bettencourt, Ostrom, Brown, & Roundtree, 2002). This perspective aligns with co-creation as it suggests that customers actively engage in value creation rather than simply receiving end products or services. In co-creation, customers become part of the value chain, working collaboratively with firms to develop, design, or improve products and services. The active involvement of customers, as envisioned in Customer Participation Theory, is a key driver for co-creation practices. As customers become more involved, firms can gain a deeper understanding of their needs and preferences, leading to more personalized and innovative offerings. This theory, therefore, helps to articulate the role of customers in co-creation and the potential benefits of their participation.

These theoretical perspectives are instrumental in exploring co-creation's role in marketing and management, providing a foundation for analyzing the benefits, challenges, and strategies associated with its implementation. The three theories are essential for understanding the interaction and integration of resources between firms and customers, which form the essence of the co-creation concept.

2.2 Key Variables and Relationships

The co-creation of value is a complex process that depends on several variables. The relationships between these variables significantly impact the effectiveness of the co-creation process. According to Payne, Storbacka, and Frow (2008), the key variables that drive the co-creation process are the
customer, the firm, and the interactions between them, all within the broader context of the relationship.

Customers play a crucial role in co-creation as active participants rather than passive recipients of value (Vargo & Lusch, 2004). The key customer-related variables include customer knowledge, skills, motivation, and engagement. Knowledgeable and skilled customers can contribute significantly to the co-creation process, as their expertise can foster innovation and enhance service provision (Füller, Matzler, & Hoppe, 2008). Motivation and engagement are also vital as these drive the customer’s active participation in co-creation (Brodie, Hollebeek, Juric, & Ilic, 2011).

The firm's role in co-creation is grounded in its ability to facilitate and support customer participation in the value creation process. Key variables include organizational capabilities, culture, resources, and orientation towards customer engagement (Payne, Storbacka, & Frow, 2008). A firm's capacity to effectively facilitate co-creation depends on its ability to mobilize resources, foster a co-creative culture, and establish platforms that encourage and support customer participation (Grönroos & Voima, 2013).

The interactions between customers and the firm are central to the co-creation process. The quality and depth of these interactions influence the effectiveness of value co-creation. Interactions could occur through multiple touchpoints, such as physical meetings, digital platforms, and social media (Prahalad & Ramaswamy, 2004). Effective communication, trust, transparency, and mutual understanding are crucial elements of these interactions that facilitate successful co-creation (Payne, Storbacka, & Frow, 2008).

The broader context of the relationship between customers and firms also plays a vital part in co-creation. This contains the duration, extent, and style of the relationship, which can shape the amount of which customers are willing and capable to partake in co-creation activities. Long-term relationships cultivate trust and shared understanding, increasing the quality of interactions and the possibility of successful co-creation (Palmatier, Dant, Grewal, & Evans, 2006).

Digital platforms authorize firms to leverage the shared knowledge of an extensive network of customers, adding to the generation of new ideas and solutions (Kohler, Matzler, & Füller, 2009). Accordingly, the effective adoption of technology, especially in the context of digital platforms, becomes a key variable affecting successful co-creation.
The regulatory environment also has a crucial role in the dynamics of co-creation. Regulatory policies and guidelines can either further or obstruct the co-creation process, counting on variables such as data privacy regulations, intellectual property rights, and consumer protection laws ( Ordanini & Parasuraman, 2011). Thus, firms need to attentively navigate the regulatory landscape to utilize the potential of co-creation.

Understanding the linkage between these variables is fundamental. For instance, a motivated and experienced customer can add to the co-creation process, however the firm must possess the appropriate capabilities to gain advantage of this potential effectively. High-quality interactions can foster trust and collective understanding through improving the customer-firm relationship and advocating further customer participation in co-creation endeavors. Similarly, a firm with a clear orientation towards customer engagement manages to facilitate compelling interactions and produce long-term relationships, building an enabling environment for co-creation (Payne, Storbacka, & Frow, 2008).

Generally, the success of co-creation revolves around the dynamic interplay of customer-related, firm-related, and interaction-related variables, all in the context of the vaster customer-firm relationship. Acknowledging these variables and their connections is crucial to understanding the potential of co-creation in creating value for both customers and firms.
3. Benefits & Challenges

3.1 Benefits of Co-Creation

The co-creation of value contains numerous benefits for both firms and their customers. This chapter focuses on two primary areas of benefit: improved product development and enhanced customer relationships.

Co-creation provides a fertile ground for the generation of innovative ideas, leading to improved product development. By involving customers in the process of product development, firms can gain valuable insights into customer needs, preferences, and expectations, which can significantly affect the design and development of new products or services (Füller, Matzler, & Hoppe, 2008). Customers, who are often the end-users of products and services, possess unique perspectives and experiences that can contribute to the development of innovative solutions (Prahalad & Ramaswamy, 2004).

Several studies provide empirical evidence for the positive impact of co-creation on innovation and product development. For instance, Füller, Matzler, and Hoppe (2008) found that customer co-creation can significantly enhance the creativity and novelty of new product ideas. Similarly, Bogers, Afuah, and Bastian (2010) argue that co-creation can lead to more radical innovations as customers often bring fresh perspectives that challenge established industry norms.

In addition to product development, co-creation can also lead to increased quality of relationships with customers. As customers engage in co-creation activities, they interact more closely with the firm, leading to stronger emotional connections and enhanced loyalty (Brodie, Hollebeek, Juric, & Ilic, 2011). By actively participating in the value creation process, customers can develop a feeling of ownership over the outcomes, which can facilitate deeper relationships and customer loyalty (Füller, Matzler, & Hoppe, 2008).

Moreover, co-creation allows for further personalized experiences, as products and services are able to be adapted to the specific needs of individual customers. This personalization can increase customer satisfaction and cultivate long-term customer relationships (Prahalad & Ramaswamy, 2004).

Several empirical studies back these assertions. For instance, research by Yi and Gong (2013) found that customer participation in service delivery can significantly enhance customer satisfaction and relationship strength. Similarly, Ramaswamy and Ozcan (2018) found that co-creation can lead to an increase in customer engagement and loyalty.
In summary, the co-creation of value can lead to substantial benefits for firms, including improved product development and enhanced customer relationships. By actively engaging customers in the value creation process, firms can utilize customer insights for innovation and build stronger, more meaningful relationships with their customers.

### 3.2 Negative Co-Creation: Sabotage and Avoidance Strategies

While the co-creation process can contain significant benefits, it also presents potential risks and challenges. The involvement of customers in the value creation process can lead to negative co-creation, resulting in negative impacts on the firm as well as other customers. Ple and Cáceres (2010) showcase two significant aspects of negative co-creation: customer sabotage and the need for avoidance strategies.

Customer sabotage represents one mode of negative co-creation where customers' actions intentionally or unintentionally damage the value creation process. Sabotage can take various forms, from spreading negative word-of-mouth and creating service disruptions to manipulating service processes for personal gains (Harris & Reynolds, 2003).

*Figure 1. Consequences of Dysfunctional Customer Behavior, Harris, L. C., & Reynolds, K. L. (2003).*
These acts of sabotage can substantially impact the firm’s reputation, disrupt service processes, and lead to dissatisfaction amid other customers. Sabotage poses particular challenges in co-creation environments as customers' active involvement in service delivery provides extensive opportunities for such disruptive behaviors (Ple & Cáceres, 2010).

Given the potential for negative co-creation, it becomes necessary for firms to develop strategies to prevent and manage customer sabotage. Ple and Cáceres (2010) argue that firms can utilize a combination of preventative and reactive strategies.

Preventative strategies target the reduction of opportunities and motivations for sabotage. This could contain careful customer selection and training, creating transparent service processes, and fostering a culture of mutual respect and understanding. For instance, cultivating positive customer-firm relationships can lessen the motivation for sabotage, while providing clear guidelines on appropriate customer behavior can restrict the opportunities for disruptive actions (Harris & Reynolds, 2004).

Reactive strategies, on the other hand, are utilized to manage sabotage incidents once they take place. These can include service recovery strategies, such as offering apologies and compensation, and disciplinary measures for customers involved in sabotage (Ple & Cáceres, 2010). Reactive strategies are crucial to restoring service quality and customer satisfaction after sabotage incidents.

In sum, while co-creation offers many opportunities for value creation, it also contains potential risks, mainly in the form of customer sabotage. Firms need to recognize these risks to develop effective strategies to prevent and manage negative co-creation. Understanding the dynamics of customer sabotage and developing appropriate avoidance strategies are key to harnessing the full potential of co-creation while minimizing its potential downsides.
4. Co-Creation in Practice

4.1 Successful Co-Creation

The co-creation of value can considerably improve the competitiveness of companies. Many firms have successfully implemented co-creation strategies, resulting in improved products, services, and customer relationships. This chapter portrays examples of successful co-creation, as showcased in the work of Ramaswamy and Gouillart (2010).

The Starbucks Coffee Company provides a typical example of successful co-creation. Through its 'My Starbucks Idea' platform, the firm encourages customers to share ideas for enhancing products, services, and the overall experience at Starbucks. This action has resulted in the development of multiple new products and services, among other things, the introduction of free Wi-Fi in stores and the increase of new drink flavors. Through actively incorporating customers in the value creation process, Starbucks has been able to alter its offerings to meet customer needs and preferences, resulting in improved customer satisfaction and loyalty (Ramaswamy & Gouillart, 2010).

The Danish toy manufacturer, LEGO, has utilized co-creation to improve upon its product development process. Through the LEGO Ideas platform, LEGO invites customers to propose their designs for new LEGO sets. If a design receives satisfactory support from the LEGO community, it is reviewed by official LEGO designers and, if approved, is put into production and sold worldwide. The original designer is later rewarded with a share of the product's revenue. This process has led to the creation of hundreds of popular LEGO sets, showcasing the potential of co-creation to further drive innovation and enhancement of product development (Ramaswamy & Gouillart, 2010).
The technology corporation, IBM, presents a case of co-creation at a strategic level. In its trademarked Innovation Jams, IBM welcomes employees, customers, and partners to partake in online brainstorming sessions to develop fresh ideas for products, services, and business strategies. This initiative has resulted in the development of multiple successful business actions, including the founding of IBM's Smarter Planet strategy. By employing a vast range of stakeholders in the strategy development process, IBM has been able to take advantage of more diverse perspectives and insights, leading to more innovative and competent strategies (Ramaswamy & Gouillart, 2010).

The provided examples demonstrate the massive potential of co-creation in facilitating innovation, improving customer relationships, and enhancement of strategic decision-making. Through active engagement of customers and other stakeholders in the value creation process, firms are able to leverage their unique insights and perspectives to create additional value for all parties involved.
4.2 Use Cases of Co-Creation

Co-creation can be applied across different industries and scales, contributing to a vast range of value outcomes. These encompass various industries like healthcare, software development, tourism, and many more. This chapter dwells further into diverse use cases of co-creation, such as researched by Mahr, Lievens, and Blazevic (2014), among others.

In healthcare, co-creation has been applied to enhance patient outcomes and levels of satisfaction. For example, McColl-Kennedy et al. (2012) showcase how the Mayo Clinic has adopted co-creation by encouraging patients to partake in decision-making considering their health care, resulting in more personalized treatment plans and improved health outcomes.

The earliest and most compelling examples of co-creation have emerged from the software development industry. Open-source software projects, where users constantly contribute to product development and enhancement, illustrate the ethos of co-creation (von Hippel & von Krogh, 2003). Software firms like Linux and Apache prosper on the continuous input and collaboration of their loyal user communities.

Even in long-established industries like consumer goods, co-creation is revolutionizing the value creation process. Mahr, Lievens, and Blazevic (2014) outline how companies like Procter & Gamble along with Unilever have utilized online platforms to co-create new product ideas with consumers, leading to innovative products that fit more accordingly the needs of consumers.

To conclude, co-creation's utilization is broad and varied across different industries, scales, and contexts. Each of the previously mentioned use cases showcase the versatility of the concept of co-creation and its potential to create value across a wide range of scenarios.

4.3 Different Approaches to Co-Creation

Co-creation strategies can be altered according to varied factors including the company size, the industry it operates in, and the available resources. The theoretical framework contributed by Ind and Coates (2013) introduces a holistic approach to the implementation of co-creation strategies, while emphasizing the need for flexibility based on contextual factors. This chapter showcases different approaches to co-creation.
For small and medium-sized enterprises, co-creation strategies may focus on personal interactions with customers, given their smaller customer base and the greater relative influence of each customer interaction. Ind and Coates (2013) suggest that smaller enterprises can gain advantage from building open means of communication with customers, encouraging constant feedback, and implementing changes promptly in response to customer suggestions. Smaller enterprises typically possess greater adaptability and agility in contrast to larger firms, allowing them to act quickly on new co-creation opportunities.

In contrast, larger enterprises might approach co-creation differently because of the scale and complexity of their operations. Online platforms and digital technologies can be utilized to further co-creation at scale, as witnessed in use cases like Starbucks' 'My Starbucks Idea' or LEGO's 'LEGO Ideas'. Larger corporations might also have to invest in broader faculty training and process redesign to facilitate co-creation, ensuring that faculty members have the skills and resources required to engage with customers effectively (Ind & Coates, 2013).

The approach to co-creation frequently varies depending on the industry. In service industries, for instance, customers usually play an active part in the service delivery process, providing extensive opportunities for co-creation (Grönroos & Voima, 2013). On the contrary, in industries with a higher grade of technical complexity, co-creation may contain more focused initiatives like user innovation communities or customer advisory boards (Bogers, Afuah & Bastian, 2010).

The approach to co-creation can be shaped by the resources available to a firm. Firms with considerable financial resources might invest in specifically designed co-creation platforms or thorough customer research. In contrast, firms with less resources might count on inexpensive strategies like social media engagement or customer feedback surveys (Ind & Coates, 2013).

In sum, the application of co-creation strategies depends upon thoughtful consideration of a firm's context, along with its size, industry, and the available resources. Successful co-creation needs a flexible approach, adopting strategies to suit the different circumstances and opportunities present in various situations. Thereby, firms are able to effectively involve customers in the value creation process, building stronger relationships, and initiating innovation.
4.4 Co-Creation and Technology

Technology, notably digital platforms, has an important role in facilitating co-creation by implementing seamless communication and collaboration among the firm and its stakeholders (Nambisan, Wright, & Feldman, 2019). Digital platforms can facilitate the co-creation process by administering a concrete space for discourse, idea exchange, and problem-solving.

For instance, this phenomenon can be witnessed in Adobe's "Community-powered support forums." Aforementioned online platform allows Adobe users across the globe to connect with each other, distribute knowledge, discuss issues, and propose solutions (Nambisan, et al., 2019). Adobe’s forum provides an opportunity for customers to engage with one another, while simultaneously giving Adobe relevant insights into user experiences and unmet needs of customers.

Correspondingly, the global sportswear company, Nike, has utilized digital platforms to invite customers to take part in co-creation. The "Nike By You" program grants customers the ability to design their own sneakers online, offering a unique, personalized product that is tailored to individual customer preferences (Füller, 2010). Nike’s co-creation strategy enhances customer satisfaction and loyalty, in addition to providing Nike with valuable customer insights that are able to influence future product development and marketing strategies.
In contrast to traditional co-creation methods, several emerging trends are reformulating the landscape of co-creation, generally driven by new advancements in the field of technology. Amidst them, virtual reality, augmented reality, and artificial intelligence stick out as prominent technologies that could reshape the co-creation process as we know it (Kohler, et al., 2019).

As demonstrated via examples, technology and digital platforms can substantially enhance the process of co-creation. By facilitating conversation and collaboration, these platforms allow companies
to gain advantage through the cumulative knowledge and skills of their stakeholders, resulting in more innovative solutions that accommodate customer needs and preferences.
5. Discussion

The co-creation of value is a complicated process that revolves around multiple variables, consisting of the customer, the firm, and the interactions between them, all included in the broader context of the relationship (Payne, Storbacka, & Frow, 2008). This bachelor’s thesis has examined the theoretical bases of co-creation, its benefits, challenges, and practical applications in different industries.

Integration of Service-Dominant Logic (SDL) and Resource-Based View (RBV) contribute a comprehensive theoretical framework for navigating co-creation. SDL changes the focus towards the importance of the customer in value creation, whilst RBV underlines the integration of both internal and external resources for gaining competitive advantage (Vargo & Lusch, 2004). Regardless, both theories point out the importance of relationships and interactions between firms and their customers, building the foundation for the exploration of different co-creation practices and strategies.

The benefits of co-creation are plentiful, consisting of enhanced product development and improved customer relationships. For example, LEGO's Ideas platform and IBM's Innovation Jams produce concrete examples on how co-creation is able to drive innovation and further inform strategic decision-making (Ramaswamy & Gouillart, 2010). Through active engagement of customers and other stakeholders in the value creation process, firms can benefit from their fresh insights and new perspectives to create additional value for all parties involved in the value creation process.

However, co-creation does not come without some challenges. Dysfunctional customer behavior, like sabotage, can intentionally or unintentionally harm the entire co-creation process (Harris & Reynolds, 2003). Firms must adapt accordingly and foster a co-creative culture by establishing platforms that encourage and support customer participation while supervising and maintaining potential risks (Grönroos & Voima, 2013).

Despite the presented benefits of co-creation, it is necessary to acknowledge the limitations of this conducted study. This thesis mainly focused on the theoretical side of co-creation and its applications in a few different industries. Yet, the practical applications of co-creation strategies can differentiate vastly across various industries, organizational structures, and cultural contexts. Thus, the findings and conclusions presented throughout the thesis may not be applicable in all industries and business models.

To conclude, the success of co-creation is highly dependent on the dynamic co-operation of customer-related, firm-related, and interaction-related variables, all included in the context of the larger
customer-firm relationship. It is critical to understand these variables and their interconnections to realize the potential of co-creation in value creation for both customers and firms involved. While this collaboration offers multiple benefits, it also manages to raise a multitude of ethical considerations that require further discussion and research.

One ethical consideration in co-creation is the large concern of data privacy and protection. In co-creation processes, firms usually collect and utilize customer data to influence their strategies and decision-making processes (Prahalad & Ramaswamy, 2004). Even though this data may be beneficial in the enhancement of the co-creation process, it is important that firms handle this set of data responsibly, respecting customers' privacy rights and following local relevant data protection regulations.

Another ethical discussion arises from the lack of equitable distribution of additional value created through the process of co-creation. Customers are able to contribute their time, effort, and expertise to the co-creation process of a company, but also have to receive a fair share of the value created (Bogers, Afuah, & Bastian, 2010). Companies must consider the exploitativeness of their co-creation processes and that customers that contribute to value-creation processes are adequately rewarded for their work.

The problem of co-creation process transparency also plays a role in the ethical consideration of co-creation. Firms need to be truthful and transparent about their co-creation processes, consisting of how customer-made contributions are utilized and how the generated revenue of the ready product is distributed (Grönroos & Voima, 2013). Co-creation process transparency is important in fostering trust and building a healthy environment for co-creation.

Furthermore, companies must take into account the potential for dysfunctional customer behavior in the entire co-creation process, such as sabotage (Harris & Reynolds, 2003). It is crucial for firms to establish guidelines and safeguards to prevent sabotage to protect the co-creation process’ integrity.

A central work in the ethical consideration of co-creation looks into the dynamic between consumers and the marketing machinery. (Zwick et al., 2008) The title of the study itself, "Putting Consumers to Work", suggests a situation where the consumers are not just passive recipients but active participants in the entire marketing process. Be that as it may, this more active participation raises a few questions: Do consumers actually feel empowered in this co-creative process, or are they indirectly absorbed into a system that primarily serves the interests of the businesses involved? The term "govern-mentality" in the study implies a subtle form of governance where consumers, under the disguise of
empowerment and collaboration, may be misled to work in a fashion that happens to align with the company's objectives. An ethical question arises: Is co-creation a honest collaborative process, or is it a corrupted strategy to exploit consumer labor and insights without awarding proper compensation or recognition?

In sum, while co-creation manages to offer massive potential for value creation, it also manages to raise important ethical dilemmas up for discussion. Companies should navigate these dilemmas carefully, creating a balanced palette of respect for customer privacy, equitable value distribution, transparency, and the prevention of dysfunctional behavior. As co-creation evolves, these ethical dilemmas will remain a crucial part of its successful, responsible and sustainable implementation.

To point out limitations of this thesis, it relied vastly on existing literature and case studies provided by a book, which might not fully capture the nuances and complications of co-creation in real-world scenarios. For example, the role technology has in facilitating co-creation, specifically in the digital age, craves further exploration and research. Furthermore, the thesis did not delve deep enough into the plausible negative consequences of co-creation, such as increase in dependency on customers, exploitation of customer data, and the difficult challenges in managing a plethora of diverse stakeholder expectations.

Considering these limitations, multiple recommendations are justified for the future research in the field of co-creation. First, empirical studies exploring the implementation and quantitative outcomes of co-creation strategies in all industries and contexts would be a valuable addition to the field. Such study could provide more accurate insights into the many challenges and benefits of co-creation, making up a more comprehensive understanding of the whole concept. Second, the exploration of the role of technology in co-creation more extensively is needed in academic research. The rise of numerous digital and social media platforms, understanding how these can be utilized for effective co-creation is necessary. Third, academic research could also set a focal point on the potential downsides and risks of implementing co-creation. While it has proven significant benefits, it is as important to understand and navigate the potential risks associated with this approach to value creation.

While this thesis managed to provide a basic understanding of the concept of co-creation, there is a vast need for further research in this field. As companies continue to implement more collaborative value creation processes in an increasingly customer-centric business environment, the research around co-creation will definitely remain a necessary area of academic and practical inquiry.
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