

## Consumer Engagement in Value Co-Creation: what Kind of Value it Creates for Company?

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**crossref** <http://dx.doi.org/10.5755/j01.ee.26.4.12502>

*Introduction of the concept value co-creation (Prahalad and Ramaswamy, 2000) called for a new wave of research, emphasizing the need for creation, development and consolidation of mutually beneficial relationships between the consumer and the company. This in turn raised the interest in consumer engagement, which was described as a psychological state that occurs by virtue of interactive customer experiences with a company or a brand (Brodie et al., 2011). Recent research in marketing highlights the importance of the role of consumer engagement into value co-creation, providing a considerable number of studies, exploring the drivers, types, dimensions of consumer engagement as well as its outcomes, as expressed by consumer perceived value, loyalty, etc. However, as yet there is a lack of understanding how consumer engagement contributes to value co-creation and what benefits it brings to the company as well as to consumer. Therefore, the purpose of this article is to explore the role of consumer engagement in value co-creation from the company's perspective, identifying the value company gets as an outcome of co-creation process. The focus on the value for company in this article is explained by the fact that it is traditionally analysed mainly through economic perspective, meanwhile consumer perceived value is agreed being multidimensional. The authors of this article suggest that value for company, as generated through co-creation process, should also be viewed as multidimensional and propose three-dimensional structure: economic, social and functional value. The study contributes to the domain of consumer engagement and value co-creation research by revealing the techniques of consumer engagement, with an emphasis on gamification as one of them, and diverse benefits the co-creation processes bring to company through the analysis of focus group discussion with representatives of companies in Lithuania that engage consumers in value co-creation.*

**Keywords:** *Consumer Engagement, Value Co-Creation, Value for Company, Consumer Perceived Value, Gamification.*

### Introduction

The subject of value co-creation dominates in academic literature since the introduction of the concept in the start of the new millennium. According to this concept, value is considered to be a jointly created phenomenon that emerges in interaction between the organizations and consumers through the integration of resources (Prahalad & Ramaswamy, 2000, 2004). Value co-creation does not require transactions, companies and consumers may exchange a range of resources that go beyond goods and money. That exchange of resources is facilitated with the development of sophisticated information and communication technologies, which serve as platforms for interaction with and among consumers (Brodie et al., 2013). The boundaries between companies and consumers are vanishing, as consumers take more active participation in content creation, support each other in product/service use, gives feedback and ideas for product/service improvement, and promote products, services or brands for other consumers (Jaakola & Alexander, 2014; Hoyer et al., 2010; Prahalad & Ramaswamy, 2004; etc.). That called for a considerable interest in the potential to engage consumers in co-creation seeking to enhance business performance and customer value.

Marketing literature is abundant with studies analysing consumers' motivation to engage in co-creation processes

(Van Doorn et al., 2010; Ple et al., 2010; etc.), exploring consumer engagement types (Jaakola & Alexander, 2014), dimensions (Hollebeek et al., 2011; So et al., 2014, etc.), and consumer perceived value as the result of engagement into co-creation (Ruiz-Molina & Gil-Saura, 2008; Van Doorn et al., 2010; Hoyer et al., 2010; Miladian & Sarvestani, 2012; Wang et al., 2013; etc.).

There are many studies that focus on company's conditions required for successful value co-creation (Prahalad & Ramaswamy, 2004; Kumar et al., 2010) and benefits for company as derived from co-creation (Van Doorn et al., 2010; Rampen, 2011; Lariviere et al., 2013; Mencarelli & Riviere, 2014; etc.). Still, analysis of literature shows that value for company traditionally is viewed from economic perspective. Although recent literature tends to acknowledge intangible as well as tangible, or direct and indirect value for company, derived from relationship with customers via co-creation, there is still lack of clarity in identifying different dimensions that constitute value for company. At the same time, more thorough exploration of the goals the companies seek and techniques of consumer engagement the companies use for it, is needed.

Therefore, within this study we try to find answers to the following questions: what goals the company can achieve by engaging consumers in co-creation? What are the main common techniques the companies use for consumer engagement? What kind of value consumer engagement in

co-creation brings for the company? Can we speak about the value dimensions other than economic?

*The purpose of this article* is to explore the role of consumer engagement in value co-creation from the company's perspective. Specifically, the study examines the goals of consumer engagement and co-creation, techniques that are used for consumer engagement and value as an outcome of co-creation process, revealing its multidimensional structure.

We combine the theoretical perspectives of consumer engagement and value co-creation research with findings of focus group discussion that involve representatives from companies dealing with consumer engagement issues.

The paper is organized as follows: after theoretical background on value co-creation, consumer engagement and jointly created value both for consumer and the company, the research approach is outlined and research findings are provided, followed by the main conclusions.

## Value Co-Creation

(Prahalad and Ramaswamy, 2000) introduced the term value co-creation, which fostered a trend in research where focus shifted from creation of economic value for company to interaction between company and customer in value creation. (Prahalad and Ramaswamy, 2004) define value co-creation as the form of marketing or business strategy, which emphasizes generation and implementation of mutual value for both the company and the customer. This approach views markets as some kind of forums, where companies and active consumers share, combine and renew each other's resources and abilities to create shared value through new forms of interaction, services and learning mechanisms. According to authors, value co-creation emerges from personalized, unique consumer experience and from income, knowledge and better market performance results for the company.

Value is co-created if and when the customer is able to personalize his/her experience in using company's products or services, and doing some particular tasks the company gives him/her. Meanwhile the company gets bigger value from its investments, new knowledge, and bigger income in form of greater brand value or consumer loyalty. Therefore value co-creation plays a significant role in current market exchanges as consumers tend to interact with companies more frequently, participating in the process of defining and creating value, in order to augment the overall value derived from consumption experience (Albinsson *et al.*, 2011). (Prahalad & Ramaswamy, 2004) suggest that "high-quality interactions that enable an individual customer to co-create unique experiences with the company are the key to unlocking new sources of competitive advantage" (p.7).

In summary, when we talk about co-creation of value, we say that value will have to be jointly created *by* both the company and the consumer. Moreover, the overall value should reflect benefits *for* both the company and the consumer.

## Consumer Engagement

Co-creation of value calls for active consumer participation in interactive, value generating co-creation processes, and therefore the concept of consumer engagement

gained a significant interest both among marketing practitioners and academic literature.

Van Doorn *et al.* (2010) define customer engagement as customers' behavioral manifestation toward a brand or a company, beyond purchase. According to authors, customer engagement results from motivational drivers and includes such activities as word of mouth, recommendations, helping other customers, blogging & writing reviews, etc.

Similar definition can be found in (Brodie *et al.*, 2011), who suggest that consumer engagement involves specific interactive experiences between consumers and the brand / company or other members of the community. The authors further define consumer engagement as a context-dependent, psychological state that can manifest in different levels of intensity.

According to (Jaakkola & Alexander, 2014), consumer engagement is a psychological state that occurs by virtue of interactive, co-creative customer experiences with a focal agent/object (e.g. brand) in focal brand/service relationships. Meanwhile other definitions in literature focus on multidimensionality of the concept. For example, (Hollebeek, 2011) defines CE as a customer's level of cognitive, emotional and behavioral investment in specific brand / company interactions.

Academic literature reveals that the concept of consumer engagement may vary depending on different interpretations. There can be seen several common ways of explanation of the concept:

- as a psychological process that leads to the formation of loyalty;
- as behavioral manifestation from customer toward a brand or a firm which goes beyond purchase behavior;
- as psychological state that is characterized by degree of vigor, dedication, absorption and interaction (Cheung *et al.*, 2011).

Anyway, it seems to be an agreement among authors that consumer engagement plays a central role in the process of value co-creation.

Analysis of the literature on consumer engagement allows to identify several different types (or forms) of engagement. Previous researches primarily focus on two main types: 1) consumers' communication about the brand/company, and 2) consumers' involvement in product/service development. By providing positive word of mouth communication via different forms of customer-to-customer interaction, consumers may attract other consumers or influence their opinion (Jaakola & Alexander, 2014; Brodie *et al.*, 2013). At the same time, customers' feedback, ideas and/or participation in product/service design, can help to improve company's offerings or create innovations (Hoyer *et al.*, 2010; Jaakola & Alexander, 2014).

As consumer engagement considered to be one of the research priorities in marketing (MSI, 2014), there are a lot of studies analysing different objects of engagement, antecedents and consequences of engagement, etc. There are also attempts to investigate tools and techniques that could help motivate consumers to engage. Gamification is considered to be one of those tools, as it can help to engage customers and meet business needs (Rauch, 2013).

## **Gamification**

Gamification is a new term that emerged in about 2010, however, according to (Meloni & Gruener, 2012), game mechanics and elements were used at some level in marketing activities of organizations long since the introduction of the concept. (Houtari & Hamari, 2012) define gamification as a process of enhancing a service with gaming experiences in order to support a user's overall value creation. (Werbach, 2014) suggests understanding gamification as the process of making activities more game-like, whereas other authors emphasize use of game mechanics and elements (Zichermann & Linder, 2010; Deterding *et al.*, 2011; Zichermann & Cunningham, 2011; etc.) in order to motivate customers and foster their engagement and participation. Anyway, the most frequently cited definitions of gamification indicate the use of game elements to drive game-like behavior in a non-game context.

Companies employ gamification in order to facilitate consumer motivation and engagement in order to invoke gameful experiences and further behavioral outcomes (Hamari *et al.*, 2014). Gamification in business context is applied to initiate the consumer engagement, which allows users to enhance the perceived value of a company's offering.

## **Consumer Perceived Value**

Consumer perceived value is the base of all marketing decisions. Analysis of literature upon value co-creation shows that consumer perceived value is being investigated by distinguishing different value dimensions, depending on the research context and research aims. In the process of value co-creation consumers get other benefits than companies do. (Van Doorn *et al.*, 2010) suggest that as a result of value co-creation, consumers receive such benefits as satisfaction, brand trust, brand commitment, decrease of consumption costs, value of new relationships, etc.

Multidimensional approach to consumer perceived value is noticeable in a large number of studies in this area. However, the researchers identify different number of dimensions. (Sheth *et al.*, 1991) analysed consumer perceived value as consisting of functional, social, emotional, epistemic and rational dimensions; (Sweeney & Soutar, 2001) suggested four value dimensions: emotional, social, functional (price/value for money) and functional (performance/quality); similar structure can be found in the work of (Wang *et al.*, 2004), who speak about functional, social, emotional value and perceived costs; (Deng *et al.* 2010; Wang *et al.*, 2013; Ruiz-Molina & Gil-Saura, 2008) suggest four dimensional structure of consumer perceived value that mainly reflects functional, social, emotional and economic aspects of value. Therefore we suggest that when analysing consumer perceived value as the result of co-creation, four-dimensional structure has the strongest conceptual and empirical validation.

Economic value relates to benefits received from engagement in co-creation due to reduced costs of product/service acquisition, special offers, rewards, etc. There is an opinion in academic literature that the main benefit co-creation brings to consumers is expressed in financial aspects (Yang & Jolly, 2009; Deng *et al.*, 2010). Anyway, it should be noted that sometimes consumers

engage in co-creation processes without having any financial motives.

Social value as received through engagement in co-creation reflects the ability to enhance social self-concept. It relates to increase in consumer status and self-esteem, derived from acknowledgement among members of the community.

Dimension of functional value embraces product knowledge, information acquired during co-creation that could be shared with other consumers, and the results related with the co-creation object itself, such as expected product/service characteristics, quality, efficiency, etc. (Smith & Colgate, 2007; Wang *et al.*, 2013).

Emotional value is derived from the feelings and positive emotions evoked by the use of product/service or by the participation in value co-creation itself (Miladian & Sarvestani, 2012).

## **Value for Company**

Value for company in scientific literature was traditionally analysed from economic perspective. However, in the context of modern marketing theories that emphasizes the importance of long-term relationship with customers, it's important to study value for company not only by tangible quantitative indicators (Kumar *et al.*, 2010; Rampen, 2011; Mencarelli & Riviere, 2014). Consumer engagement in value co-creation process, consumer input into training of company's competences, word of mouth recommendations and many other things are also of great value for company.

(Walter *et al.*, 2001) describing value for supplier/company focus attention to importance of value received from relationship with customers, distinguishing direct and indirect benefits. The authors speak about direct benefits such as profit, increased sales volume, and safety, which are considered to be a result of sustainable relationships with consumers in the ever changing competitive market environment. Meanwhile the indirect benefits, according to authors, reflect the innovations or development of processes that become possible through cooperation with consumers and generate bigger value for engaged customer as well as for other customers, offering them the improved product or service. The indirect benefits also include market expansion due to recommendations of existing customers, information about the market received from consumers, greater accessibility due to customer's possibility to maintain relations with influencing institutions like chambers of commerce, industry and crafts, banks, trade associations, etc.

(Kumar *et al.*, 2010) suggested new term - customer engagement value – that describes the value for company as the result of co-creation processes. According to them, customer engagement value can be further divided into four components: customer lifetime value (reflecting customer buying behavior), customer referral value (new customer attracted), customer influencer value (customer ability to influence existing and potential consumers by spreading word of mouth communication) and customer knowledge value (received from customer feedback provided, ideas for innovation and improvements).

(Lariviere *et al.*, 2013) in their study of value fusion, suggest a list of different types of value for company that could be derived in co-creation processes. The authors speak

about additional revenue through deeper relationships, reducing costs, customer co-creation (reflecting customer's contribution to promotion and the brand itself via posted reviews of a product/service), market insight and customer knowledge, real-time tracking/control and customer influence.

According to (Jaakkola & Alexander, 2014), consumer engagement in value co-creation can result in customer loyalty and satisfaction with the brand, as well as trust and commitment toward the brand or the community. Interaction among customers in brand community is identified as a source of value for company and the members of the community. Authors suggest that outcomes of consumer engagement for company may be gained directly or indirectly, and the consequences may be positive (e.g., innovations, bigger community, etc.) or negative (e.g., unfavorable word of mouth).

(Van Doorn *et al.*, 2010) analysing value for company via co-creation speak about financial value, which is received because of increased consumption of products based on opinion, provided by engaged consumers; competitive value that again is gained due to consumer communication; regulatory value, which relates to possibility to change legal regulation; employee value referring to possibility to raise work quality due to advices received from consumers; product quality that comes because of engaged consumers who can offer their ideas for product improvement, design, new products, etc. Moreover, the authors speak about reputational value that can be acquired through dissemination of information related to the company and brand, and can be used creating a reputation.

In the context of consumer engagement in value co-creation, forms of engagement can also be treated as possible sources of value for company. Relation between engagement and co-creation forms was analysed by (De Fillippi & Roser, 2014), who suggested that value for company may vary depending on the level of consumer engagement. At the highest level of consumer engagement, according to authors, the new valuable products, services and processes are created; the moderate level of engagement leads to improvement of products or process elements; and the lowest level of engagement reflects mostly communication that could help other consumers solving problems, related to product buying or consumption.

In summary, contextual analysis of the concept value for company, its dimensional structure and forms of co-creation allows suggesting to define value for company derived from consumer engagement in co-creation as consisting of three dimensions: economic, social and functional. We chose to use terms similar to those of identified consumer perceived value dimensions as it was done by (Sweeney & Webb, 2002), as jointly created value should at least in some extent be recognizable at both sides.

Economic value is described by customer profitability, customer life-time value, number of new customers attracted through recommendations of existing customers (because company does not need to invest in new customer attraction), increased customer loyalty, etc.

Social value is defined as possibility to build positive reputation in the society via consumer's communication. Active consumer participation in co-creation allows ensuring

positive WOM that shapes respective public opinion. It creates conditions for company to participate in activities of particular virtual societies together with consumers and in turn to engage more customers into co-creation process.

Functional value is created through the process of co-creation and stays with company after the process via consumer engagement, their word of mouth, feedback, and data about customers, opinion about services, ideas for product/service improvement, modification or creation of new products/services.

While the majority of research in marketing addressing consumer engagement in value co-creation focuses on consumer, within this study we try to look at the subject from company's perspective. The literature provides a foundation on which we base our empirical study.

## Research Design

*The aim of research* was to reveal the techniques companies use for consumer engagement into value co-creation and to explore the value it creates for company. This research by its nature is intended for better understanding of the new phenomenon, thus the *exploratory research design* calls for use of *qualitative research* methods. We adopted the *focus group discussion method* that is well suited to exploratory investigations where phenomenon is not well understood. Other reason for the method chosen was the intended population of this research, which was defined as companies, operating in Lithuania and employing gamification or other techniques for consumer engagement. As consumer engagement through gamification is quite a new phenomenon and there are just few companies in Lithuania that employ it, we tried to find and invite at least 5 representatives of them in a FGD using nonprobability judgment sampling method. Invitations were sent to a list of possible representatives of companies based on such selection criteria as activities of some sort of consumer engagement and expert knowledge in gamification for consumer engagement. The sample resulted with 6 participants. As the deep understanding of the phenomenon is the main advantage of such kind of investigation, the requirement for sample size is not relevant.

Qualitative research is flexible, open and can provide rich (depth) information that comes through free flow of discussion. It takes a more unstructured approach than in quantitative research, but must have guidelines in order to explore the subject. Therefore the FGD guide was developed comprising several main themes: 1) understanding consumer engagement and gamification as a tool of it; 2) reasons for and forms (techniques) of consumer engagement; and 3) the value consumer engagement brings to company.

Qualitative research approach calls for qualitative data analysis methods as well. Qualitative content analysis is one of methods used to analyse text data. Content analysis involves coding and classifying data, also referred to as categorizing and indexing and the aim of context analysis is to make sense of the data collected and to highlight the important messages, features or findings (Elo & Kyngäs, 2008). Some categories, reflecting the main themes, were created a priori, such as reasons for CE, forms of CE, value for company; still other themes emerged inductively. Our goal was not to achieve scientific generalization. We tried

to achieve analytical generalization, where theoretical concepts were used as templates with which to compare the empirical results. At the same time, the new enriching information, related with any smallest aspect of phenomenon under investigation, was welcomed.

### Research Findings

Representatives from six LT companies participated in focus group discussion and each of them is considered to be an expert in research context. Four of them represented companies that perform in virtual environment and use some sort of techniques to engage consumers. Other two represented experts in the field of gamification techniques that are new and modern tool for consumer engagement. The respondents were coded R1 to R6 for reference.

The findings of the discussion are presented in the following order: first, the general understanding of consumer engagement and gamification is revealed; second, the main goals for consumer engagement are identified; then the main forms of and tools for engagement are explored; and finally, the value companies achieve as a result of co-creation process is identified.

At the beginning of the discussion participants were asked to provide their understanding of consumer engagement and the gamification, as a tool of it. It became clear that those two concepts were understood very similar as they were defined in literature.

„Engagement is some sort of interactive relationship between the consumer and the company, when you want him to participate in some activities, which of course, are beneficial for you [the company], but might be fun and beneficial for him as well“– R3.

„Engagement is creation of bonds between the consumer and the brand. You ask people to invest time, efforts not for buying (although it's the main hidden reason), but for cooperation <...>“– R1.

„It [consumer engagement] is what you use gamification for“– R4.

From the quotes above it's obvious that participants try to explain consumer engagement from the company's perspective, emphasizing the creation of mutual relationship through activities other than seller – buyer transaction. Those other activities can involve gamification as well.

„Gamification is the application of games or some game elements for seeking the goal. You have the goal and you have to look for the means to reach it. Gamification is one of the tools“– R5.

„Gamification is a simulation of the reality in a safe environment. And it's a part of learning process <...>“– R2.

„Gamification is a conversion of intrinsic emotional and psychological features into some kind of tangible, perceivable expression <...> there is a psychological moment – particular goals are reached by evoking person's natural characteristics into some public, visible, audible and comprehensive evaluation system“– R3.

Descriptions of gamification relate to those, provided in literature, suggesting that gamification is a use of game elements in non-gaming situations. Anyway, they reveal other important aspects, stating that gamification is primarily based on person's natural need to play and therefore the use of game elements for consumer engagement has a big potential in the future. At the same time, participants clearly indicate the educational purpose of gamification that allows both parties (player/customer and company) benefiting from it. In general, gamification is understood as a tool for consumer engagement, some sort of a simulation of real life, allowing learning something, motivating and stimulating participation by triggering the natural need for gaming, reinforced by the reward.

The findings revealed that the main goals companies try to reach via engaged consumers are those reflecting economic motives, such as increase of income (profit), increase of brand awareness, information about clients that allows create and/or expand customer databases, attraction of new customers or customer retention and customer loyalty enhancement (see Table 1).

Table 1

Reasons for Consumer Engagement

Sub-category	Quotes
To increase income (profit)	„We teach how to spend money and fix attention. Our aim is to get profit. The more process [games] we provide for the community, the more they spend their virtual credits, buy gifts, the more we get in real money“. „<...> one of the models is where game is integrated into sales function, which is developed for consumer engagement. <...> Instead of sending the discount codes during the Christmas period, they made the Advent Calendar, and during the 20 days the retailer has to come every day and play the game after which he gets the day offer with the discount. They could get the same offers without playing games, but first 2-3 games had some kind of narrative, the story has been told from the first to the last day. It was the way to engage customers to the story in order to create the interest, to make the customer want to come other day and see how the story continues. <...> So, they created sales position in the product and had the automatic return of investment“.
To promote brand, attract new customers	„When the engaged consumers relate the positive emotions he/she get through gamification with the brand <...> in result consumers are attracted“. „Very good example is the game of brand Elmenhorster „Sulčią imperija“<...> it has reached very good results of brand awareness“. „Mostly for brand promotion and customer database enlargement“.
To stimulate loyalty	„It's kind of a part of marketing strategy. Following the traditional principle of customer loyalty – we create the system where particular actions are rewarded with particular resources, which in turn could be exchanged into real goods, etc. <...>“. „Well, engagement through gamification creates consumer retention. The aim is to stimulate loyalty, it's important that he would return“.

Analysis of the ways for consumer engagement shows that three main forms of consumer engagement could be distinguished: 1) via communication (asking for feedback), 2) via participation in product development (asking to

propose the idea for product package design or for development of characteristics of the product itself), and 3) via gamification (as separate or sales integrated function). Those forms of engagement closely relates to the types of

consumer engagement that are frequently mentioned in scientific literature, namely 1) customer involvement in product development and innovation, and 2) customer's communication about the focal firm or brand (Jaakkola & Alexander, 2014). First, consumers are induced to provide their ideas, information and help improving company's offerings. Second, customers may influence other consumers by spreading their word-of-mouth about the

company or the brand. Our findings allow distinguishing one more important type – consumer engagement through gamification. Although the communication and active participation in product development can be considered as the parts of gamification process as well, the findings suggest that the companies might create the relationships with the customers by simply offering to play some interesting interactive brand related games (see *Table 2*).

Table 2

**Forms of Consumer Engagement**

Sub-category	Quotes
Through gamification	„It's virtual community. You want to show attention to someone - you buy virtual gifts. <...> each day you come you get a heart and when you <i>collect six hearts, you get the prize, credits, etc.</i> , but you have to come every day. And this worked very well, even being so simple <...>“. „They have to <i>collect badges</i> . There are three levels and if you want to collect them, you have to complete some specific tasks“. „<...> one of the models is where game is integrated into sales function, which is developed for consumer engagement. <...> the retailer has to come every day and <i>play the game after which he gets the day offer with the discount</i> “.
Through communication	„People used (consumed) the product and <i>had to write their comments and send photos</i> <...> Consumer comments were used for brand communication <...> it helps to attract other customers as it inspires trust <...>“.
Through participation in product development	„They were very engaged into this, because the prize was quite solid. <i>Opportunity to be a designer</i> , have your own product <...> that motivates“.

One of the most important aims of the research was to explore what kind of value the company gets as a result of consumer engagement. The findings supported the idea about multidimensional structure of value for company, allowing discerning the manifestation of economic, social and functional value dimensions (see *Table 3*). Analysis of findings allow identifying economic value for company, which is acquired through customer profitability, customer life-time value, number of newly attracted customers, increase in brand community, customer retention, loyalty and brand awareness. Social value comes out through the spread of positive word of mouth communication that plays the role in shaping opinion about the company or brand in the society, brand image formation and building trust. Meanwhile functional value is received by getting the ideas

consumers provide for product/service development, getting the information about the consumers (creation and expansion of consumer database) and feedback that helps to adapt company's performance (services, communication strategies, etc.) according to the needs of the consumers.

Although scientific literature displays different views about the value for company as generated through co-creation process, emphasizing only economic aspects or suggesting a little bit broader classification that lists direct and indirect value, tangible or intangible value, the findings of our research imply that value for company, as the result of consumer engagement in value co-creation, can be defined as consisting of three value dimensions – economic, social and functional value.

Table 3

**Value for Company**

Sub-category	Quotes
Economic value	„<...> The biggest share of <i>income</i> comes through advertising. Other thing – it's important for us our <i>community to be as large as possible</i> . Engagement though gamification ensures <i>customer retention, loyalty</i> , it's important for us. The more will use [the platform] free, the more will be those who will pay <...>“. „Lithuania is a small market and everybody counts the <i>financial gain</i> from engagement <...>. I would say that the biggest value in many cases is <i>increase in brand awareness</i> ...“. „ <i>Customer loyalty and brand awareness</i> <...> engagement generates large amount of <i>word of mouth communication</i> “. „<...> usually it's a way to develop <i>customer loyalty</i> <...>“.
Social value	„Engaged consumers largely communicate with other consumers <...>, it creates <i>trust in society</i> for the company and its products <...>; the <i>image of reliable and trustworthy company</i> was created <...>“. „They [consumers] know they can ask questions and get answers; <i>they believe us now and tell others to come</i> “. „Those [consumers] who are engaged are treated like experts by others. <i>Consumers trust the opinion of other consumers</i> much more than if you'll write how good you are by yourself. It's more valuable to have engaged customers, because they [consumers] trust each other more“.
Functional value	„<...> They [consumers] had to suggest the new recipe of spices; the best recipe was launched as a new product. In this case you can find something tangible already <...>“. „Some of the <i>ideas</i> they [consumers] provide have a point <...>“. „It's twofold: <i>ideas for development</i> and continuous communication about us without paying for it <...>“. „It's feedback that is important, and you get it free without conducting survey, etc. You <i>get ideas</i> what is good and what is not, you know the needs of your customers and <i>can adjust your product/service accordingly</i> <...>“. „Anyways, the customer is the value. <i>Information</i> about him“.

By summarizing the results it can be stated that consumer engagement from the perspective of companies is understood as creation of mutual relationship through activities other than seller–buyer transaction. Gamification is considered to be a valuable tool for consumer engagement.

Gamification is defined as the use of game elements in business environment and it can manifest in different levels – with creation of „serious“ games that requires a lot of investments, or with the use of some game elements.

There is a clear tendency among Lithuanian business companies to use some game based elements for consumer engagement; still it is more noticeable in electronic business. Gamification in its pure form is not wide spread, because the return on investment is questionable mostly due to small market size.

Companies that try to engage consumers through game based or other activities usually seek for increase of income/profit, to promote brand, develop consumer database, attract new customers and stimulate consumer loyalty.

Findings allow identifying three main forms of consumer engagement: 1) engagement through communication, 2) through participation in product/service development, and 3) by playing games (as separate or sales integrated function).

Speaking about the value, that is received as a result of consumer engagement, the findings confirms three-dimensional structure of value for company, consisting of economic, social and functional value dimensions. Economic value for company can be described by client profitability, number of new attracted customers, size of brand community, customer loyalty and brand awareness. Social value discloses as creation of company / brand image and reputation. Functional value is received by getting information from and about customers, what enables to create or expand customer databases and develop existing products/services accordingly or create innovations.

## **Conclusions and Directions for Future Research**

This article explored the role of consumer engagement in value co-creation from the company's perspective. We contribute to the domain of existing research in this area by revealing the forms and techniques companies use for consumer engagement, identifying gamification as the new, modern and actually efficient and acceptable by consumers, tool that facilitates and motivates engagement. Previous research on consumer engagement focus mainly on two forms of engagement: a) consumers' communication and b) involvement in development (Jaakkola & Alexander, 2014; Brodie *et al.*, 2013; Hoyer *et al.*, 2010; etc.). Our research suggested the third distinct form of consumer engagement – playing games. Someone may argue that gamification is a specific tool for consumer engagement, and not the different form of engagement as different gamification techniques and game elements that companies use call for a different actions from customers, including communication and product development. On one hand it is true. However, the purest form of gamification – just giving the opportunity for consumers to play interactive video game, not asking for

feedback or ideas – represents the new form of engagement. Natural need to play, educational (usually) purpose of games makes this form of engagement very attractive for customers. Anyway, empirical findings show that gamification proves itself as a valuable and efficient tool for consumer engagement, as it allows reaching the goals. It is undoubtedly attractive and effective way to engage consumers into company's activities that brings the mutual benefits. Therefore it seems that gamification has a big potential in different business areas in the future.

With this study we also aimed to explore the value for company as an outcome of co-creation process. While the literature traditionally emphasizes economic benefits the companies get in co-creation processes, we claim that value for company, as well as consumer perceived value, should be viewed as multidimensional. The findings from empirical research show that the value received by business companies that use gamification for consumer engagement is multifaceted, consisting not only of economic aspects although the main goal of every business company is profit. Discussion with practitioners confirms the existence of multidimensional structure of value for company, indicating economic, social and functional value dimensions. Economic value of co-creation is derived from increase in brand awareness, expansion of brand community, number of attracted customers and customer loyalty. Social value is received by creating company's /brand reputation in society via consumer communication; meanwhile functional value is characterized by customer feedback, which enables development of company's offers.

Although recent literature already acknowledges different benefits companies get in value co-creation process, there is still a lack of clarity about which value dimensions are essential, how many of them could be identified, how they should be named, etc. (Kumar *et al.*, 2010) speak about customer lifetime value, customer referral value, customer influencer value and customer knowledge value; (Van Doorn *et al.*, 2010) suggest financial value, competitive value, regulatory value, employee value, product quality and reputational value; others just provide a number of different benefits, listing them as direct or indirect sources of value (Lariviere *et al.*, 2013; Jaakkola & Alexander, 2014). Within this study we chose to analyse value for company as three dimensional construct, consisting of economic, social and functional value dimensions. The argumentation for that lays in the roots of the meaning of “value co-creation” that implies that jointly created value should reflect benefits for both the company and the consumer. Therefore, similar value dimensions should be recognizable at both sides. As consumer perceived value in many studies is analysed through economic, social, functional and emotional value dimensions, we suggest that value for company can be seen as consisting of the same structure, except of emotional aspect. Empirical findings confirmed the existence of suggested dimensional structure. However, from the methodological perspective, the qualitative nature of the research requires further testing of value for company dimensions in more rigorous quantitative way.

Further research needs to address the forms of consumer engagement in combination with the value dimensions. It

might be important and interesting to reveal how different techniques for consumer engagement contribute to overall value both for company and for consumer.

It should be noted that results of this study reflect the specific situation in Lithuania, i.e., they are limited geographically. Taking into consideration the economic and cultural differences, similar research should be done in other countries. Anyway, despite the limitations, we believe that

our research provides timely insight into the understanding of consumer engagement techniques, forms and value the co-creation processes bring to company.

### Acknowledgements

This research is funded by the European Social Fund under the Global Grant measure.

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The article has been reviewed.

Received in June, 2015; accepted in October, 2015.