

TOWARDS A CO-CREATION FRAMEWORK IN THE RETAIL BANKING SERVICES INDUSTRY: A CROSS-CULTURAL ANALYSIS

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ABSTRACT

An underlying theme in modern marketing is the notion that value is not solely created within the boundaries of the firm, it is created co-jointly with outside parties. This paper aims to study the outcomes of co-creation from a customer perspective. Specifically, it examines the effects of co-creation on customer satisfaction, loyalty and word-of-mouth (WOM) within the banking services industry. Furthermore, we consider potential differences between consumers from Spain and the UK, thus incorporating cross-cultural aspects in our research.

The research demonstrates that firms should not only respond to the differences that exist within different cultural contexts and incorporate these in co-creation initiatives; more importantly, firms should undertake co-creation activities themselves as these can result in customers who are more satisfied, loyal to the company and more likely to carry out positive WOM, which can ultimately lead to new customers.

Keywords:

Service-Dominant Logic, co-creation, customer satisfaction, loyalty, WOM, cross-cultural.

1. Introduction

The fierce competition in the retail market highlights the need for firms to maintain their existing customers (Chen, 2015). In this sense, literature recognizes the importance of value (Grönroos, 2008), which lies at the heart of the marketing discipline.

Value generation and value sharing are important to both academics and practitioners as reflected in the myriad of studies published, although a convergent conceptualization and theoretical development of the value concept is still lacking (Gummesson and Mele, 2010; Saarijärvi et al. 2013). Researchers universally agree about the importance of value as a determinant of consumer behavior (Zeithaml, 1988; Holbrook, 1994); due to the relationship with fundamental marketing-related constructs such as perceived price, service quality, customer satisfaction (Fournier et al., 1999; Gupta et al., 2006); and as a means of gaining competitive advantage (Payne et al., 2008).

Given the highly competitive global environment, and the fact that consumers are more connected, knowledgeable, and demanding, firms need to pay great attention to customer value generation. Thus, in their search for alternative approaches to create customer value, many academics and practitioners have turned their attention to the Service-Dominant Logic (SDL). The decisive contribution of Vargo and Lusch (2004a, 2004b, 2008) has propelled both academics and business practitioners to re-assess the traditional economic model of exchange.

One of the key assertions of SDL is that the customer always co-creates value with the company. Through co-creation customers can both help generate value and assign their own meaning, ultimately leading to an increase in the value obtained from the consumption experience (Albinsson et al. 2011; Saarijärvi et al., 2013).

Despite the vast number of articles regarding value co-creation, only a few have carried out empirical research in an attempt to quantify the possible effects on consumer behaviour (Navarro et al., 2016). In response to this gap, this study aims to assess the effects of value co-creation on customer satisfaction, transactional (loyalty as indicator repurchase) and non-transactional (WOM) behaviours. Given the impact these factors can have on business performance we believe this study can provide practical implications for firms and add to the extant literature on co-creation. We take the banking services industry as reference. Furthermore, as globalization is an ever-present reality meaning that a firm can attract consumers from all parts of the world, we highlight the relevance of introducing a cross-cultural element in our research. This is in line with the suggestions of McColl-Kennedy et al. (2012) who encourage researchers to examine culture as a determinant of different practice styles firms should adopt in co-creation.

The paper is structured as follows. Section 2 provides a review of the literature, with specific reference to the Service-Dominant Logic, co-creation, and cross-cultural elements based on the Hofstede's (1980, 2001) framework. The subsequent section outlines the hypotheses proposed, followed by details of the empirical study. We then evidence the findings. The final section provides the conclusions drawn, limitations of the study and potential future lines of investigation.

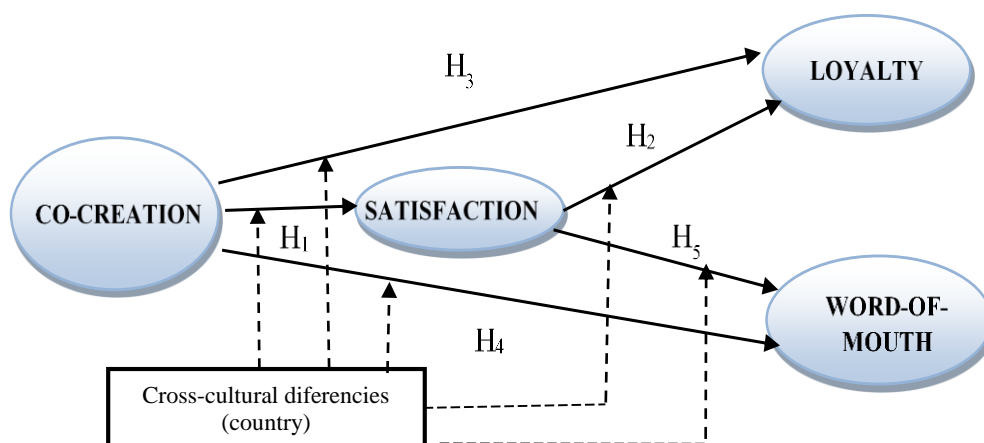
2. Service-dominant logic and co-creation: potential influence of cross-cultural characteristics

A plethora of literature concerning customer management addresses the issue of customer satisfaction (e.g., Fournier et al., 1999; Gupta et al., 2006; Kumar et al., 2013), and some extant research even examines the relationship between co-creation and satisfaction. However, whilst the relationship between satisfaction-loyalty and satisfaction-WOM is widely acknowledged, there is scarce empirical research that assess these relationships within the context of co-creation. Moreover, there is no evidence of studies analyzing the potential influence of customers' cross-cultural characteristics.

Based on the aforementioned gap in extant literature, this research first uses the SDL theoretical framework to assess whether co-creation affects customer satisfaction, loyalty and WOM. Secondly, the results are analyzed using Hofstede's (1980, 2001) cross-cultural framework to highlight possible cross-cultural differences. Thus, this paper examines whether co-creation affects customer satisfaction, and whether this in turn mediates both transactional and non-transactional customer behavior, as measured in terms of repurchase, recommendations and WOM, within the context of cross-cultural comparisons.

Customer satisfaction with the co-creative experience will yield positive results for the service provider. The positive outcomes of value co-creation, as documented in service literature, include repurchase behaviour and other non-transactional behaviour such as positive WOM. This, in turn, could have a positive outcome on a firm's profitability. However, consumers' cross-cultural differences may affect the relationships we propose, which is the key idea of our conceptual model, as shown in Figure 1.

FIGURE 1
Figure 1: Causal Model



In order to examine the influence of cross-cultural aspects we compare Spanish and British consumers. Taking the Hofstede framework (2001) as reference, the British society is more individualistic and has a higher degree of masculinity than Spanish society; Moreover, the UK is very low on power distance compared to Spain which is high. Finally, the UK is low on uncertainty avoidance compared to Spain, which is high. These differences may affect the co-creation framework.

Literature argues that the UK is masculine, in contrast Spain is feminine. Masculinity stresses a drive for achievement and material reward, e.g., money is very important and people from UK will be more motivated to interact with banks in order to improve retail banking services.

Hofstede (2001) also highlights that power distance has an inverse relationship with individualism. Indeed, the UK is very high on individualism while it is very low on power distance, while in Spain we find the opposite. It is worth noting that Spain is considered a collectivist society compared to its European counterparts, although it could be deemed individualist compared to other countries in the world (such as South Korea). In the context of co-creation this could mean that decision-making is decentralized and the customer expects to be "consulted" and have a more decisive role in the relationship, as the relationship is two-way.

Low power distance closes the gap between the customer and the provider so that the relationship is more egalitarian. Therefore, one can expect a greater propensity among UK consumers to co-create than their Spanish counterparts. However, as co-creation helps to increase mutual knowledge and to decrease uncertainty, we could expect that co-creation will have a strong effect on satisfaction for people from Spain.

Furthermore, the UK is low on uncertainty avoidance compared to Spain. This can be interpreted as the UK having more tolerance or acceptance to ambiguity and the unfamiliar. This could perhaps facilitate co-creation as a new two-way interaction model between companies and their customers. Besides, we can also expect that British consumers will be more prone to loyalty and WOM before knowing the results of co-creation processes, while Spanish society needs results (e.g., satisfaction) before developing post-purchase/ co-creation behaviors.

2.1. Customer satisfaction

Customer satisfaction is a key foundation of the marketing discipline. As such, it has been the focal point of marketing literature for decades (Oliver, 1999). According to Yi (1990) customer satisfaction can be defined as an individual assessment of outcomes versus expectations and also as a process or outcome. A customer is deemed to be satisfied when a product/service conforms to their needs and expectations (Bodet, 2008). Thus, for the purpose of this study we will examine the levels of global satisfaction with the service provider. Given that SDL places emphasis on value-in-use, i.e. when customers actually use the service contracted, we believe it is important to reflect this distinction by assessing global satisfaction, particularly as customers are likely to maintain ongoing interactions with their retail banks. As Fournier and Mick (1999) state, customers determine their level of satisfaction according to perceptions and exchanges, not solely on transaction-specific exchanges. Furthermore, in accordance with SDL, given that customers are a vital part of the value creation process, co-creation will affect the levels of customer satisfaction (Hunt et al., 2012; Grönroos, 2008).

As Anderson et al. (2008) note, the assessment of customer satisfaction in many studies has produced mixed results due to the fact that personal characteristics have not been taken into consideration. Given that culture is an important determinant of customer behavior, we have incorporated the ideas of Hofstede's framework in our first hypothesis:

H₁: *The link between co-creation and satisfaction is stronger for Spanish customers than for British customers.*

2.2. Loyalty

Due to the extensive range of marketing offerings available and the fact that customers are more informed, so companies aim to achieve customer satisfaction, build loyalty and maintain long-term customer relationships as a means of increasing profitability (Pan et al., 2012). As such, loyalty can be defined as the propensity of customers to show commitment towards a firm (Dick and Basu, 1994) and reflects the two components: attitudinal and behavioral, as highlighted in extant literature (Ganesh, Arnold and Reynolds, 2000; Oliver, 1999). Attitudinal loyalty refers to the tendency of customers to recommend firms due to their favorable opinions and visit (and/or repurchase from) the retailer, whereas behavioral loyalty refers to observable customer behavior, such as customer retention, lifetime duration and usage (Bandyopadhyay and Martell, 2007).

There is a general consensus amongst academics that there is a positive relationship between customer satisfaction and loyalty (Kumar et al., 2013). Furthermore, as posited by authors such as Bodet (2008) and Pan et al. (2012), customer satisfaction is a forerunner to customer loyalty, which allows us to view customer satisfaction as an important antecedent of loyalty.

Eisingerich et al. (2014) posit that customers are more likely to repurchase from firms with which they become active participants, as customer satisfaction increases. Thus, as co-creation

involves a participative process, we understand that customers are able to develop relationships with their service provide, which ultimately results in more loyal customers. Thus, we anticipate positive and direct relationships between satisfaction and co-creation with loyalty.

As previously outlined, cross-cultural differences may affect the co-creation framework. Based on ideas related with uncertainty avoidance we can infer that the direct link between co-creation and loyalty will be stronger in the UK context, while in Spain satisfaction would affect loyalty in a critical sense. Therefore, we propose the following:

H₂: *The link between satisfaction and loyalty is stronger for Spanish customers than for British customers.*

H₃: *The link between co-creation and loyalty is stronger for British customers than for Spanish customers.*

2.3. Word-of-mouth

Word-of-mouth (WOM) is defined as person-to-person communication when the receiver understands that the information given on a service, product, or brand is non-commercial (Arndt, 1967). Several authors (for example Aaker, 1991 and Kumar et al. 2007) state that the true value of customers is based on both their individual purchase behavior and the influence they have on other consumers. In this sense, WOM can be understood as a way to achieve profitability. Important to note that WOM can be positive or negative. Owing to the huge influence of technology, particularly in the case of the internet and online social media, online WOM is a force to be reckoned with and companies try to harness this to their advantage (a case in point is Trip Advisor, where hotels are keen to demonstrate in their lobbies how they have been rated online). As such, one understands why companies are keen to encourage their customers to act as sellers (Kumar et al., 2007). In their study of an online innovation community, Gebauer et al. (2013) examined the positive and negative outcomes of co-creation, with particular emphasis on WOM. They found that when customers perceive satisfaction and a sense of fairness, positive WOM is likely to follow. Conversely, when customers perceive unfairness and dissatisfaction negative WOM is a likely outcome.

Customer satisfaction is viewed as an antecedent of WOM (Kumar et al., 2013). Furthermore, customers who have collaborated with their service provider in co-creation activities are likely to be more prone to participate in positive WOM activities. From the perspective of SDL, customers play active roles in value creation which should lead to customer satisfaction, this, in turn, should result in positive feedback and recommendations to their service provider. Additionally, customers should entice other consumers to make suggestions and referrals, i.e. positive WOM.

Extant literature suggests that there are direct links between co-creation and satisfaction with WOM. In terms of cross-cultural differences, we can also argue that the characteristics of British consumers will create stronger links between co-creation and WOM than in Spain. On the other hand, Spanish consumers would reinforce the link between satisfaction and WOM. Therefore, we propose that:

H₄: *The link between co-creation and WOM is stronger for British customers than for Spanish customers.*

H₅: *The link between satisfaction and WOM is stronger for Spanish customers than for British customers.*

3. Research Methodology

To test the proposed hypotheses a study has been carried out in the Spanish and British retail banking sector. In general, the financial sector can be considered as one of the main economic

drivers, as it enables the financing of economic growth of a country and plays a decisive role in the process of channelling savings into investment. The needs of customers may be diverse and the existence of a variety of products is very common. However, the 2008 crisis has led to a remodelling of the sector resulting in numerous mergers and acquisitions, as well as resulting in an eroding customer trust and confidence in banks and the role of bank representatives as ‘customer consultants’. The technical data is shown in Table 1.

Our research takes customer opinions as the reference. Table 1 shows the technical data of the study. To measure each of the constructs we used a questionnaire, whose content and structure was adapted from previously validated and contrasted scales. Before finalising the questionnaire a focus group was held with consumers and marketing researchers, followed by a pretest given to ten individuals. This process allowed us to adjust the length of the questionnaire and clarify possible interpretations of terms. Questionnaires were developed in both Spanish and English. As the teamwork contains both Spanish and English researchers we ensured that the items had the same meaning in both languages. The scales finally used and the sources of reference are shown in Appendix 1.

TABLE 1
Table 1: Technical data of the fieldwork

Universe	Bank customers (retail), adults
Geographical scope	Spain and United Kingdom
Sample	224 respondents
Type of survey	E-mail
Respondents profile	(Country) Spain: 110 (49.11%); UK: 114 (50.89%), (Gender) Male: 100 (44.64%); Female: 124 (55.36%). (Age) young consumer: 118 (52.6 %); older consumers: 106 (47.4%) (Loyalty) Only one bank: 90 (40.18%); More than one bank 134 (59.82%)
Data analysis	SmartPLS v.2.0

To analyse the proposed model a structural equation modelling technique was employed using Partial Least Squares (PLS) (SmartPLS v. 2.0). This methodology has recently been advocated and used in the marketing literature (Roldán and Sánchez-Franco, 2012; Reinartz et al., 2009).

4. Findings

The first step consists of testing the general relationships without considering the potential moderating effect related with cross-cultural references. So, to assess the statistical significance of the loadings and of the path coefficients a *Bootstrap* analysis was performed. We created 500 subsamples, employing t-Student distribution with 499 degrees of freedom (N-1, with N: number of subsamples), obtaining the values: $t_{(0.01; 499)} = 2.5857$; $t_{(0.001; 499)} = 3.3473$. From these values, we determined the acceptance or rejection of our hypotheses (see Table 2).

A measure of the predictive power of a model is the R^2 value for the endogenous constructs. The results indicate that our model has an adequate predictive power. These levels exceed the established level of acceptance of 0.1 (Falk and Miller, 1992).

TABLE 2
Table 2: Structural model results

	β	t-value	R^2
Co-creation → Satisfaction	0.638***	9.654	$R^2(\text{Satisfaction}) = 0.407$

Satisfaction → Loyalty	0.590***	6.798	
Co-creation → Loyalty	0.275**	2.981	R ² (Loyalty) = 0.637
Co-creation → WOM	0.365***	3.550	
Satisfaction → WOM	0.455***	4.773	R ² (Word-of-Mouth) = 0.552

***p<0.001 (t=3.34). When the *t value* obtained using the bootstrap method is greater than Student's *t value* $t_{(0,001;499)} = 3.34$, the hypothesis is confirmed with a significance of 99.9%

** p<0.01 (t=2.58). When the *t value* obtained using the bootstrap method is greater than Student's *t value* $t_{(0,01;499)} = 2.58$, the hypothesis is confirmed with a significance of 99%

Data reveal the fulfillment of the general structural relations and provide us with a better understanding of the special bond that can be created between companies and customers promoting co-creative environments. Not only can satisfaction be achieved, but firms could also obtain profitability from repurchases and non-transactional behaviors such as WOM.

To analyze whether the national culture can affect the links between co-creation and a set of outcomes we run now a multi-sample. Following the guidelines of Chin and Frye (2003) the β coefficients for each of the sub-samples are compared. This first analysis provides an overall vision which should be subsequently corroborated with the moderator effect. The results of this analysis are shown in Table 3.

TABLE 3
Table 3: Results of the structural multi-sample

Impact of the endogenous variables	Spain (n=110)	UK (n=114)
	<i>Path coefficients (β)</i> <i>T valor (bootstrap)</i>	<i>Path coefficients (β)</i> <i>T valor (bootstrap)</i>
H₁: Co-creation → Satisfaction	0.638*** (11.071)	0.611*** (8.354)
H₂: Satisfaction → Loyalty	0.678*** (8.647)	0.498*** (5.416)
H₃: Co-creation → Loyalty	0.160 ^{ns} (1.597)	0.405*** (5.075)
H₄: Co-creation → WOM	0.275** (2.598)	0.499*** (6.776)
H₅: Satisfaction → WOM	0.501*** (5.058)	0.432*** (5.696)

***p<0.001 (t=3.34). When the *t value* obtained using the bootstrap method is greater than Student's *t value* $t_{(0,001;4999)} = 3.34$, the hypothesis is confirmed with a significance of 99.9%

** p<0.01 (t=2.58). When the *t value* obtained using the bootstrap method is greater than Student's *t value* $t_{(0,01;4999)} = 2.58$, the hypothesis is confirmed with a significance of 99%

The data show that the proposed relationships are significant in both sub-samples, except the one between co-creation and loyalty for the Spanish subsample; that is to say, co-creation directly affects satisfaction, loyalty and WOM in the UK but only directly affects satisfaction

and WOM in Spain. Moreover, satisfaction also antecedes loyalty and WOM in both countries. The effect of co-creation in determining the level of customer satisfaction and WOM is decisive, irrespective of whether customers are from the UK or Spain. However, a significant link between co-creation and loyalty can only be upheld for customers from the UK. Therefore, H₃ could be intuitively accepted.

However, from analyzing the path coefficients we can observe that some values are higher for the Spanish subsample ($\beta_{1a} > \beta_{1b}$, $\beta_{2a} > \beta_{2b}$ and $\beta_{5a} > \beta_{5b}$) meaning that the effect of co-creation on satisfaction and on loyalty and WOM is stronger than for British consumers. Therefore, data seem to support H₁, H₂ and H₅.

When analyzing the coefficient for the direct path between co-creation and WOM we perceive stronger links in the British subsample than the Spanish one ($\beta_{4a} < \beta_{4b}$). Therefore, data seem to support H₄.

Finally, to assess whether these differences are significant it is necessary to carry out an analysis based on the *T*-test proposed by authors such as Chin and Frye (2003) or Keil et al. (2000). The results of this test are included in Table 4. We can conclude that national culture moderates all the relationships proposed in the causal model and as such our hypothesis are confirmed.

TABLE 4
Table 4: Results of the analysis of the moderator effect

T-TEST	Spain (β) (n=110)	UK (β) (n=114)	SE		SP	T-valor
			Spain	UK		
H1: Co-creation → Satisfaction	0.638	0.611	0.0987	0.0798	0.090	2.247
H2: Satisfaction → Loyalty	0.678	0.498	0.0568	0.0731	0.065	20.620
H3: Co-creation → Loyalty	0.160	0.405	0.1066	0.0736	0.092	-19.949
H4: Co-creation → WOM	0.275	0.499	0.0774	0.0916	0.085	-19.794
H5: Satisfaction → WOM	0.501	0.432	0.0983	0.0758	0.088	5.868

*p<0.05 (t=1,96). SE: Error estándar. SP: Separate Variance Estimate.

We can confirm that, in the case of sector analyzed in this study, the fact that a customer is British or Spanish can influence the effects of co-creations in a set of outcomes. Co-creation appears to have a stronger direct influence on loyalty and WOM in the case of British consumers, while the effect via satisfaction seems to be stronger for the Spanish consumers. This would suggest that in the context of Spain, being satisfied with co-creation activities is more relevant to achieve future transactional (repurchase) and non-transaction (WOM) behaviors, whereas in the UK such outcomes could be more easily achieved via direct effects than in Spain.

5. Discussion and Conclusion

Service-Dominant Logic (Vargo and Lusch 2004a, 2004b, 2008, 2016) has attempted to unify divergent major topics and trends that have emerged in the field of marketing since the 1980s (such as relationship marketing, quality management, market orientation, supply and value chain management, resource management and networks). Whilst the authors do not claim to offer a holy grail of marketing there is a general consensus that their views offer a paradigm shift and highlight important insights to how businesses should view themselves and adjust their practices.

Essentially, SDL places the onus on intangible outputs (Vargo and Lusch, 2004), justified by the fact that services dominate developed economies and stress that firms should understand that they are no longer merely vehicles for producing goods and services. As such, firms must adopt a service-centered view and should necessarily be customer centric. In turn, there is a need to embrace the idea that value is co-created between firms and outside parties (such as customers). Thus follows, for value to be co-created the relationships within a firm's network are of paramount importance. Following this line of thought, authors such as Prahalad and Ramaswamy (2004a, 2004b) and Ramaswamy and Gouillart (2010) stress that companies must engage their customers and make them an integral part of co-creation activities and experiences.

One of the fundamental premises of SDL that has caused much debate is value co-creation (Ind and Coates, 2013; Albinsson et al., 2011; Fisher, 2011). As Bharti et al. (2015, p.571) note, "the concept of value co-creation has gained popularity as it embraces customer and operant resources into the entire value-creation process". Vargo and Lusch (2008) posit that value is always co-created through value-in-use and is finally determined by the beneficiary. Thus, firms do not have the sole responsibility of apportioning value to a market offering, it is only when the product/service is actually used can the value be assigned (thus, not by the firm but the final user). A customer may (or may not) take an active role in the production process, hence discarding co-production as a necessary condition for value co-creation (Vargo and Lusch, 2016). Grönroos (2008, 2011, 2012), on the other hand, argues that there must be direct interactions between a firm and its customers in order for value to be co-created. Others, such as Bharti et al. (2015) view co-production as a subset of value co-creation but talk more in terms of customer involvement and relationships, rather than the physical co-production. With this in mind, and given the intense competition in the consumer market, firms are viewing the idea of co-creation as a way to increase the value of their marketing offerings. From a customer perspective, customers are demanding to have a more participative role (Albinsson et al. 2011; Ramaswamy and Gouillart, 2010) so they can ultimately bring their own meaning and value to market offerings. For this to happen, firms need to liberalize their processes with a view to potentially be able to offer more usable products and services (Ind and Coates, 2013). As EY's 2016 Global Consumer Banking Survey notes, banks need to reinforce the trust (or lack of, as European customers have low levels of trust in their financial service providers) and strive to be long-term financial advisors to increase the number of products/services they provide through personalized interactions.

With the aforementioned in mind, the aim of this paper was to add to extant literature on value co-creation from a customer perspective. In concrete, the research empirically examines the relationships between co-creation, satisfaction, loyalty and WOM. To date, no study has specifically looked at these variables within the context of the retail banking industry, nor included a cross-cultural comparison. For this purpose, our proposed framework reflects the work of Vargo and Lusch (2004a, 2004b, 2008, 2016) and Hofstede's (1980, 2001) cultural model.

The results show that co-creation can benefit the firm both in terms of transactional non-transactional behavior. Specifically, co-creation has a positive impact on customer satisfaction, as noted in extant research (Navarro et al., 2016). Customer satisfaction increases when they participate in learning experiences with the service provider, which can result in personalized market offerings (as suggested by EY'S 2016 Global Consumer Banking Survey). These

interactive experiences are heralded by authors such as Ramaswamy and Gouillart (2010) and Prahalad and Ramaswamy (2004a, 2004b), who posit that firms must necessitate experiences with their customers.

Payne et al. (2008) suggest that dialogues between firms and their customers can lead to early problem identification and joint problem solving, ultimately leading to superior customer value. Along these lines, customer satisfaction may help predict future customer behaviors (Kumar et al., 2013).

Furthermore, our results demonstrate that co-creation directly affects customer loyalty and WOM. Whilst co-creation and loyalty have been previously tested (Cossío-Silva et al., 2016), the aforementioned relationships had not been empirically tested conjointly with co-creation and satisfaction for retail banking. As such, our paper confirms that co-creation directly affects customer satisfaction, loyalty and WOM.

Moreover, satisfaction mediates the effect of co-creation on loyalty and WOM, and co-creation has an indirect effect on loyalty and WOM through satisfaction. These findings are in line with Eisingerich et al. (2014), who posited that when customers interact with their service providers their satisfaction levels increase which can lead to repurchases. As a bond is created between customers and their service providers customers may be more likely to provide feedback and suggestions.

Our study reinforces the fundamental premises of SDL: customers are key operant resources for companies and should be given an active role to engage with their service providers; the beneficiary of a market offering is the one who assigns the ultimate value of a product/service through value-in-use: firms must adopt a service-orientated view.

In practical terms, companies should first adopt a customer centric view and abandon policies that strive for a transactional approach, in other words, seek to maintain long-term partner roles with their customers. Additionally, firms must liberalize their processes so customers may engage with them.

Developments in technology have ultimately led to customers playing a more active role and sharing experiences with other consumers online (Gebauer et al. 2013), although firms should comprehend the terms on which customers are willing to engage with them and stress the importance of transparency and information privacy. Thus, customers are willing to share more information with their service providers on the basis that they can trust them not to misuse the information and understands the benefits. If, on the one hand, firms open up their processes, customers may will be more prone to share personal information, which could ultimately benefit both parties.

Given that it is the beneficiary who decides the value of a market offering by using it, firms need to gauge what knowledge and skills are necessary to make the best use of the product/service. This is particularly relevant in co-creation activities, as customers without the proper prior knowledge skills are likely to blame their service provider (Heidenreich et al., 2015) and feel dissatisfaction. However, these same authors (Heidenreich et al., 2015) also note that when customers are involved in service recovery levels of customer satisfaction could be recuperated. Ultimately, firms can derive competitive advantage by creating superior value propositions through co-creation (Payne et al., 2008), which could lead to increased levels of customer satisfaction, repurchases and positive WOM.

However, as the effects of internationalization and globalization increase firms need to consider possible cross-cultural differences among their customers. Our results indicate that co-creation processes may be understood in different ways depending on the country of reference, as well as its transactional and non-transactional outcomes. Therefore, marketers have to include this variable when co-creation processes are implemented.

However, our study is not without its limitations. Firstly, results are based on one specific sector so caution is urged when extrapolating the findings across industries. Secondly, questionnaires were used to obtain consumer opinions and perceptions at a specific time. Following

recommendations made by Podsakoff et al. (2003), potential biases have been checked. The common method bias was tested by conducting Harman's single factor test (Harman, 1967). Using a factor analysis, no single factor that explains variance across all the items is identified. The main factor explains 42.18% of the variance. Because no single factor is found to explain more than 50% of the variance, the study's data can be accepted as valid (Podsakoff et al., 2003). Following the recommendations of Armstrong and Overton (1977), we also compared early and late respondents and we did not find any significant difference.

With regard to potential lines for future research, a study which considered consumer profile variables—e.g. age, gender, income, education bracket, employment status, etc.—as moderating the structural model would be especially relevant. Authors such as Verhoef and Lemon (2013) note that demographic factors could have a lot to contribute to the study of customer management. Lastly, replicating this study with a larger sample population and different industries would be valuable in terms of extrapolation of results.

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