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Value Co-creation and Co-destruction: The Influence of Human Basic Values and Personality Traits on Consumer Choices

Olabode Ogunbodede, Prof Savvas Papagiannidis & Dr Eleftherios Alamanos
Newcastle University

Abstract

Consumers and firms interact across various touch points along the value chain. During these interactions, value can be co-created or co-destroyed. The resultant value created or destroyed depends on the behaviour of both parties during interaction. When firms make value propositions, the resultant value co-created or co-destroyed depends on the consumers behaviour which is reflected in the choices they make during interactions. This makes understanding the determinants of consumer choices important if we are to understand value co-destruction. This paper focuses on the understanding how values and traits influence consumer choices during interactions with firms.

Keywords – *value co-creation, value co-destruction, interactions, service dominant logic*

Introduction

The co-destruction of value like co-creation depends on interactions between actors in service systems. This is in line with Prahalad and Ramaswamy (2004) and Vargo and Lusch (2004) who state value is collectively realised during interactions between providers and customers. Interactions have been defined by Gronroos (2011) as ‘a mutual or reciprocal action where two or more parties have an effect upon one another, having some contact with each other and opportunities to influence each other’. When different actors in a service system interact, co-creation occurs when the actors have congruent expectations of how resources should be integrated whilst co-destruction occurs where there is an inappropriate or unexpected use of the available resources (Plé and Cáceres, 2010). Actor resource integration depends on their backgrounds, previous experiences and their present goals (Fyrberg Yngfalk, 2013). It can thus be said that the co-creation/ co-destruction of value depends on the backgrounds, previous experiences and present goals of the actors involved. This agrees with Echeverri and Skalen (2011)’s inference that value is a function of interaction between subjects or subjects and objects and is a function of affections, satisfaction, attitudes or behaviourally-based judgments. This highlights the importance of understanding the actors involved and how their behaviours, backgrounds and goals can influence the co-creation or the co-destruction of value.

Values and traits have been identified as important determinants of consumer behaviour (Myszkowski and Storme, 2012, Parks-Leduc et al., 2015) and both tell us different things about personality functioning (Caprara et al., 2006). Values are desirable intermediate goals, varying in importance which serve as guiding principles in people’s lives (Schwartz, 2007). Traits are descriptions of people in terms of relatively stable patterns of behaviour, thoughts, and emotions (McCrae and Costa, 1990). Values refer to “what people consider important,” the goals they wish to pursue while traits describe “what people are like” rather than the intentions behind their behaviour (Roccas et al., 2002). Both traits and values have been used to explain consumer behaviour in political choices (Caprara et al., 2006), relationship satisfaction (Leikas et al., 2018) and friendships on social media platforms (Lönnqvist and Itkonen, 2016). This work focuses on the influence of both human basic values and personality traits on consumer co-creation and co-destruction behaviour. Specifically, it looks at how human basic values and personality traits individually and jointly affect the choices made by consumers during interactions with firms. First, we review the literature to highlight the differences and similarities between values and traits. Next, we focus on how both are individually expected to influence choice behaviour across a range of scenarios typically expected to occur between firms and their consumers.

Literature Review

Values and Traits

Values and traits represent broad categories of individual differences crucial to understanding people that are, by definition, assumed to be cross situationally and cross temporally consistent (Dollinger et al., 1996). Their stability across context and time (Roccas et al., 2002) makes them important constructs in understanding human behaviour. In their stable nature, they both explain different aspects of an individual's personality. These differences are obvious in the way they are conceived with traits on one hand often used to describe patterns and consistencies in behaviour but unable to provide explanations for the origin of those patterns and consistencies (McDonald and Letzring, 2016). Values on the other hand are used to justify choices or actions (Roccas et al., 2002) making them important determinants of decisions made by individuals. People believe their values are desirable hence the motivation to act in accordance to the motivational goal it fulfils. They could however perceive certain traits they exhibit as positive or negative. Values are formed through socialization as individuals interact with the environment and are learned beliefs about preferred ways of acting or being while traits are 'endogenous latent tendencies', protected from the direct effects of the environment and are innate in nature (Olver and Mooradian, 2003, Dobewall et al., 2014). Despite the differences between both values and traits, its often difficult to differentiate both in practice. Often, similar terms are used to refer to both values and traits in practice. Certain terms such as obedience, competence, honesty etc, refer to both values and traits. An individual could value competence but not be competent in their daily activities (Roccas et al., 2002). Both values and traits have also been said to influence one another reciprocally. Values influence traits because individuals are motivated to act in line with their values while people who exhibit certain traits are likely to increase the degree to which they value the goals the trait supports (Caprara et al., 2006). Individuals who value achievement but do not exude competent traits may choose to act competently to achieve certain goals while a person who demonstrates the trait competence may increase the degree to which they value competence or achievement as a motivational goal.

Choice

Providers and beneficiaries interact through various touchpoints along the value chain (Roser et al., 2013). At any point on this chain, value can either be co-created or co-destroyed. The resultant value co-created or co-destroyed depends on the congruent integration or mis-integration of resources by both actors (Plé and Cáceres, 2010). Thus, when a provider makes a value proposition by offering a service or product, the resultant value created depends on the beneficiary's utility of these products. Where there is congruence in expectations and utility of resources by both provider and beneficiary, value is co-created. When there is incongruence in expectations and thus inappropriate or

unexpected use of the available resources, value is co-destroyed (Plé and Cáceres, 2010). The congruent/ incongruent utility of these products and services by beneficiaries depends on their choices during interactions with providers, this in turn depends on their backgrounds, previous experiences and their present goals (Fyrberg Yngfalk, 2013). Choice alternatives are decision problems characterized by the perceived likelihood of an outcome, which has a certain degree of attractiveness (Verplanken and Holland, 2002). Various factors influence consumer choices during interactions (Feather et al., 1998), these variables increase the perceived attractiveness of different alternatives. Both values and traits have been studied as antecedents to consumer choice within various contexts (Caprara et al., 2006, Leikas et al., 2018, Lönnqvist and Itkonen, 2016) both however have not been studied as antecedents to consumer decisions which could lead to value co-creation or value co-destruction.

This work investigates the influence of both values and traits on consumer choices in five everyday scenarios where firms interact with consumers. In all five scenarios, firms make value propositions and the resultant value created or destroyed depends on the consumers choices. These scenarios were also developed in line with (Feather, 1995) where hypothetical scenarios which engaged particular sets of values were designed. Like Feather (1995), each of the five scenarios presented a choice between actions and outcomes that were selected to engage different value types. Unlike Feather (1995) however, pitched scenarios were developed with alternatives which were either value creating or value destroying from the firm's perspective. The five scenarios reflected interactions within (1) Work (2) Product Usage (3) Virtual Communities (4) Community and (5) Vacation. In each scenario, consumers had to choose between one of two alternatives which pitched opposing values. These value options were on opposing sides of the Schwartz (1992) circumplex model thus facilitating comparisons between individual basic values e.g. Stimulation vs Conformity, Self-direction vs Security and higher order values such as Openness to change vs Conservation and Self-enhancement vs Self-transcendence. With traits postulated to predict different kinds of behaviour in comparison to values (Roccas et al., 2002), the scenarios also enabled identification of traits and their potential in predicting choice.

Hypothesis

We first postulate a set of hypotheses relating to the human basic values. For each of the scenarios, we postulate the choices made in each scenario will correlate with the values it was designed to elicit irrespective of if value is being destroyed or being created. When consumers interact with firms, firms have expectations of how resources should be integrated to ensure value co-creation. Values however serve as motivational goals and irrespective of how the firm expects resources to be integrated to ensure value co-creation, consumers will act in accordance to their values. Thus, in

situations where consumers have a choice between an alternative which favours the firm or one which favours themselves, we posit the consumer's values will act as guiding principles. This is in line with (Roccas et al., 2002) who stated 'values are used to justify choices or actions as legitimate or worthy.

For higher order dimensions, we hypothesize consistent with the circumplex structure, each higher order dimension will elicit a choice in line with its constituent value types in each scenario. This hypothesis is in accordance to the preceding hypothesis. We also hypothesize stronger correlations between choices and higher order dimensions in comparison to choices and human basic values.

Next, we postulate a set of hypotheses relating to the personality traits. Personality traits and values have been theorized to predict different types of behaviour (Roccas et al., 2002), there are however positive correlations between certain values and traits. We hypothesize irrespective of the firm's expectations of how resources should be integrated during interactions, personality traits will correlate with the choices in line with the values the traits correlate with.

Finally, based on the different types of behaviours traits and values predict, we look to which of the two will be better predictors of choice. (Roccas et al., 2002) theorized that the degree to which a behaviour is spontaneous or under voluntary/ intentional control determines the strength of values or traits as predictors of that behaviour. Thus, values are better predictors of behaviours which individuals exhibit more control over while traits are better predictors of behaviours which are more spontaneous. In line with this, we posit values will account for more variance in scenarios which consumers exhibit more control over in comparison to traits and traits will be better predictors of behaviours with more spontaneity.

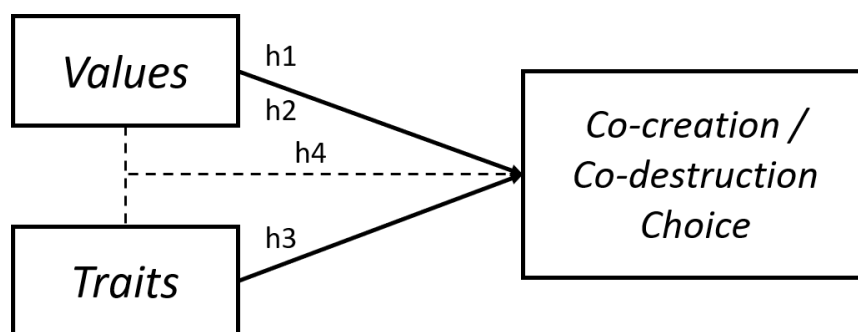


Figure 1: Proposed Model

Methodology

Participants and Procedure

The participants were 458 respondents from an American online panel. The participants answered a questionnaire containing the Short Schwartz's Value Survey (Lindeman and Verkasalo, 2005), the Big

Five Inventory (John et al., 1991), five scenarios and simple demographic questions (age, gender, education, etc.). All questionnaires were filled anonymously. Sample showed substantial variance on key demographic characteristics. Gender 214 males and 244 females (46.7% and 53.3% respectively). Age (<39 = 24.9%), (40-59 = 37.3%) and (>60 = 37.8%). Income (<\$24,999 = 24%), (\$25,000-\$49,999 = 32.1%), (\$50,000-\$74,999 = 15.7%), (\$75,000-\$99,999 = 11.8%) and (>\$100,000 = 16.4%).

Questionnaire

Value Types: Value types were measured using The Short Schwartz's Value Survey. The Short Schwartz's Value Scale (SSVS) (Lindeman and Verkasalo, 2005) was developed as an alternative to the 57 item Schwartz's Value Survey (SVS) (Schwartz, 1992) which is based on Schwartz's value theory. In the SVS, participants were asked to rate the importance they would give to the 57 value items as life guiding principles on a 9-point scale which ranges from -1, (opposed to my principles) to 7 (of supreme importance).

Personality traits: We measured the five personality factors with the English language big five inventory (BFI) (John et al., 1991). The BFI is a 44-item scale used to assess the traits associated with each of the big five dimensions. These 44 items are short and easy to understand (Soto et al., 2011). Despite its concise nature, the BFI does not sacrifice on content coverage or psychometric properties (Benet-Martinez and John, 1998). Participants were asked to rate each of the 44 items on a 5-point agreement scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Scenarios: The five scenarios were designed to reflect everyday interactions between firms and consumers. Each scenario had two choice alternatives, one which resulted in value co-creation and another which resulted in value destruction. These choice alternatives were also developed to engage value types on opposing sides of the Schwartz's circumplex model (Schwartz, 1992). Participants were told to read the scenarios and to put themselves in the role of the specified stimulus person in the scenario and choose one of the alternatives. The five scenarios (work, product usage, virtual communities, community and vacation) each tested two of the values on the circumplex model.

Analysis

The impact of traits and values on co-creation/ co-destruction choice will be assessed using hierarchical logistic regression. This is suitable given the binary nature of the dependent variable (co-creation/ co-destruction choice). Next, we will look at which of the two (traits or values) explains the most variance in choice. Finally, we will assess the impact of sets of traits and values on any additional variance in co-creation or co-destruction behaviour.

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