

The Role of Customer Community in Value Co-Creation for Third Places: An Example
of Senior Citizens

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Abstract

This paper reports findings of two sequential studies; qualitative (Study 1) and then quantitative (Study 2) that aimed to investigate factors that contribute to seniors' place value co-creation via social engagement in third places. Using QSR NVivo 7 software for Study 1 and SPSS and AMOS software for Study 2 the results revealed that, the 'operant' resources of third places which are friendship and sociability between seniors co-created three types of place values; place value to socialise, place value as home and value of routine visit. The implications of these findings for customer centric view on value co-creation and for operant resources are discussed.

Key words, customer community, value co-creation, third places and seniors

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Introduction

Value is defined as a trade off between total benefits received and total sacrifices made (Zeithaml, Parasuraman, & Berry, 1988). Recently, scholars advocating the service dominant logic (S-D logic) have introduced an emerging view of value co-creation whereby customers in the process of using a service, co-construct value for themselves over a period of time (Lusch & Vargo, 2006). Thus, value co-creation is perceived as on-going and relational; it involves action and engagement on the part of the consumer to produce desired outcomes. The literature on value co-creation has mostly taken a firm centric view; where value is jointly co-created through customer-firm interaction (Boyle, 2007; Payne, Storbacka, & Frow, 2008; Prahalad & Ramaswamy, 2000). More recently, studies have introduced a customer centric view by exploring the co-creation process through customer to customer networks of interaction or 'customer community' (Cova & Salle, 2008; Rowley, Kupiec-Teahan, & Leeming, 2007). This study expands on the customer centric view of value co-creation and applies it to a situation involving social engagement amongst senior citizen customers in third places.

Co-creating place value of third places by seniors

Third places are informal public gathering places apart from home (first place) and work (second place), that encourage social engagement and interaction amongst customers (Glover & Parry, 2008). Oldenburg (1999) claims any place be it profitable or non-profitable such as coffee shops, barbershops, clubs or even public libraries can qualify as a third place as long as there is a haven of sociability and conviviality and where conversation is the main activity.

Seniors' regularly visit third places which provide them with an opportunity to socially engage and network with other customers (Meshram, 2009). This is because in old age, seniors face sociological aging which tends to reduce their social network and participation in society (Bond, Briggs, & Coleman, 1993); a result of which they face sickness, dependency and social isolation (Victor, Scambler, Bond *et al.*, 2001). However, further exploration is required to understand if seniors' social engagement in third places contributes to co-creation of value for the third place or 'place value co-creation'. Ballantyne and Varey (2008) assert that in a co-creation process, a seller's offer is not only valued in terms of customer-firm interaction but also in terms of the 'place' such as the servicescape or service setting in which the offer is created. Expanding on Ballantyne and Varey's view of the role of servicescape in value determination, this study aims to explore:

Q1: How does customer to customer social engagement in third places contribute to place value co-creation?

Method

Considering the exploratory nature of the research question, a sequential mixed method research design of qualitative (Study 1) and quantitative (Study 2) was deemed suitable (Creswell, 2003). The combined approach enabled the researcher to first explore and second, to confirm the research questions developed in the study. Data for Study 1 were collected from four senior citizens' clubs. A combination of focus groups (six), unstructured interviews

(three) and participant observation (a total of 30 hours over six weeks) was adopted in Study 1. To explore the research question stated above, seniors were asked open-ended questions such as: What brings you to the club?; What roles does the club play in your social life ?; and What value does the club membership provide? Content analysis to identify categories and themes was performed using QSR NVivo 7 (Richards, 2005). Findings from Study 1 were used to develop testable constructs for Study 2. Study 1 advanced the conceptual understanding of place value co-creation, developed hypotheses and informed questionnaire design for Study 2. The survey based data for Study 2 was collected by using personal intercept method to approach respondents and mail-back procedure to receive responses. A total of 324 usable surveys were obtained from 500 surveys distributed, to total 18 seniors' bowling clubs and senior citizens' clubs, generating a response rate of 64.8%. Exploratory factor analysis based on principal components analysis in SPSS version 15, was initially used for data reduction and data summarization, then measurement models in AMOS 7 software were used to confirm the data (Arbuckle, 2007).

Results of Study 1

Study 1 data revealed six themes that influence seniors' place value co-creation (Strauss & Corbin, 1990). The themes were around the core category of third place. To add rigour to the qualitative analysis these themes were systematically analysed to determine categories for place value co-creation, within the data and to initiate theory construction (Spiggle, 1994). The six themes are discussed below:

Sense of community engagement

The first factor contributing to seniors' place value co-creation was the sense of community engagement in the club. Seniors perceived the club as a place that enabled them to meet other seniors, develop friendships and feel a part of a community. They paid more attention to the social properties of the club such as fun, chatting and expanding their network of friends over club activities such as cards, bowls, bingo games and bus trips:

“I get camaraderie from this club. You get to know the latest jokes, commentary on the news or footy, a wager here or there... I dont play cards that much but chat and share jokes with my friends”-Leona. Or “I come here to socialize with my friends, play cards, have a cup of tea and a cookie and know what’s happening with seniors in our community”-Scott.

Sociability and conviviality

The sociability and conviviality in the club was mostly revealed from the participant observation notes. Seniors in all four clubs expressed love and affection for each other. This was evidenced from members' greeting each other with warm embraces and welcoming kisses. They complimented others on their dress or achievements like winning a game of cards, bowls or other outside activities. Sometimes, members walked to the other members' tables inquiring about their health and family. They acknowledged every member in the club. As Meredith describes:

“(On a bus trip) I enjoy lunches in Eastern Tiger restaurant. There is this big table full of all seniors from our club. I fill one plate with fish and chips and one with salad and just eat and eat. Then Des keeps saying some silly jokes and we laugh and live for the moment”-Meredith.

Weekly schedule for club visits

The third factor contributing to place value co-creation was based on the views expressed by some seniors who considered club visits as part of their weekly routine. Such members kept themselves active and busy through memberships in many clubs and had a weekly schedule to visit their clubs. As Julie and Thelma explain their weekly routine through club visits:

“I go to club A every Thursday to play cards and bingo. Then on Tuesdays and Wednesdays I go for Tai Chi with two other ladies from club A. Every Saturday we play cards in Doug’s house”- Julie. Or “I go to an exercise group every Monday and Thursday. Then every last Saturday of the month I am in Sydney to take a bus trip with the flora and fauna group. I also go to the Laughter club every Thursday-Thelma.

Commitment to routine

Apart from weekly visits to clubs, seniors also displayed a sense of commitment to their routine. They liked to play certain activities on certain days of the week and expected the club to fit in their schedule. Members were particular about their schedule and did not find engaging in the same kind of activities on a weekly basis, repetitious or boring. Further analysis also revealed that seniors in this category were committed to visiting their clubs on certain days and expressed a dislike to change club days for any other commitments or activities. This was revealed from in conversations:

“I told my granddaughter, look, this week its fine but my Fridays are for club XXX. So next time you need to arrange someone else to baby sit your kids”-Linda. Or I don’t go to club A on Mondays because I like to play bowls on Mondays and club A has balls on Wednesdays. Or “On Fridays I only play cards in Des’s house”.

Feeling of belongingness

There were some seniors who displayed a deep sense of affection to the club. This was expressed through responses like, *“I have a special bonding with this club”* or *“I would do anything for this club”* The observation notes also revealed that some members voluntarily took part in club meetings and club administration. These active seniors acknowledged every member in the club and ensured club safety by locking the club doors and windows at the end of the club day.

Sense of identify and social recognition

Finally there were some seniors who claimed that the club gave them a sense of identity and social recognition. Their club membership provided them with social recognition amongst the seniors’ community. Words such as *“without this club we would fade away”* or *“this club has give us seniors a new life”* were used to emphasise on the importance of the club to their social live and social engagement. Further analysis also revealed that seniors wanted to be acknowledged and recognized by others in the club. This was evidenced by the excerpts below:

“When I go to club XXX it’s this big club. You can exercise, play games, get a massage, but no one knows you there. When I come to this club (Club B) everyone knows me here. It feels so nice when people know you, acknowledge you” – Judith. Or

“As soon as I enter the club I go about kissing good morning to everybody. Then all these people who know me give me compliments. They say how beautiful I look today. It feels so nice. I never miss coming here”-Kate.

The analysis in Study 1 revealed that although the club provided seniors with facilities (operand resources) such as tables, chairs, music, morning and afternoon tea and club activities, it was mostly the friendship and sociability between seniors (operant resources) that encouraged them to visit the club and co-create value to the place. Operand resources are tangible resources whereas operant resources are intangible and dynamic and can be used on operand and operant resources to create effects (Lusch, Vargo, & Malter, 2006). In the context of this study, the club activities, music and refreshments would be of no value without the existence of social interaction between seniors in the club. Further analysis also revealed that seniors' social engagement or operant resources resulted in co-creating different types of values to the third place. For examples seniors who socially engaged with each other on a weekly basis and were committed to their weekly schedule for social engagement, co-created a place value of routine. Alternatively, seniors who socially engaged with each other to feel a sense of community and share laughs and jokes co-created a place value to socialise. Finally, seniors who socialised to feel belonging and gain a sense of identity and social recognition co-created a place value as home. Based on this analysis in Study 1 it was hypothesized that:

H1: The operant resources in third places co-create three types of third place value: place value as routine (Val_Rou), place value to socialize (Val_Soc) and place value as home (Val_Hom).

Results of Study 2

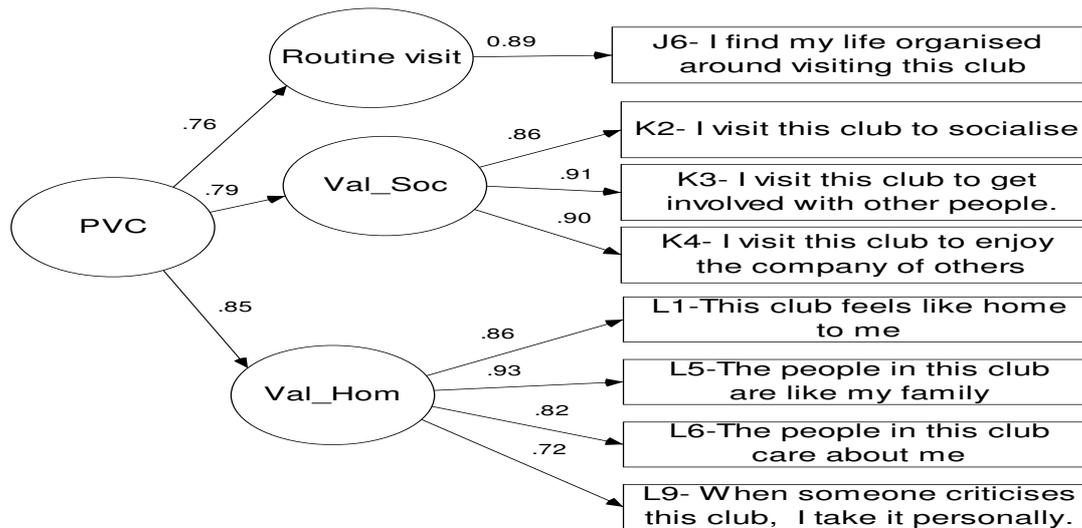
In Study 2 the measures for Val_Rou, Val_Soc and Val_Hom were developed using a three step procedure. First, definitions for each dimension of place value co-creation (PVC) were developed, followed by second, their operational definition. Third, interview statements from respondents in Study 1 were identified to develop item measures for the survey. The hypothesized three factor model of PVC was first subjected to a single PCA in SPSS software*. The results provided partial support for the three factor measurement model. The factor 'place value as routine' loaded as a single item indicator and hence was re-named as 'Routine visit'. As a next step the three factor model; Routine visit, Val_Soc and Val_Hom was run in AMOS. Items were deleted based on their redundancy to substantive meaningfulness of the construct (Byrne, 2001). Modification indices were also used to identify where the model fit could be improved (Schumacker & Lomax, 1996). The final model of PVC was confirmed after eight iterations (see Figure 1) indicating a good model fit to the data (CMIN/DF =2.585, RMSEA= 0.070, GFI at 0.960, AGFI=0.919, NFI=0.964, TLI=0.963, CFI=0.978, PGFI=0.471, AIC (54.127: 56.000). The three factors showed good composite reliability and discriminate validity which is indicated by the average variance extracted (AVE) to exceed sum of the correlations between the three factors of PVC (Fornell & Larcker, 1981) (see Table 1).

Table 1: PVC-Test of reliability and discriminant validity

Reliability Test	Routine visit 1	Val_Soc 2	Val_Hom 3
Composite reliability	0.77	0.94	0.86
Discriminant validity	Between 1 ↔ 2	Between 2 ↔ 3	Between 3 ↔ 1
Sum of correlations between factors	0.34	0.41	0.53
AVE	0.72	0.89	0.68

*Note: Scales for place value co-creation will be provided on request to the author.

Figure 1: The three factor measurement model of PVC



Discussion of the results and implications for S-D logic

The Study 2 results revealed ‘place value as home’ explain 85% percent of the variance and hence formed a significant contributor to PVC, followed by ‘place value to socialize’ which explains 79% of the variance and finally ‘routine visit’ which explains 76% of the variance. These findings indicate that seniors perceive third place as a place that makes them feel like home, then a place to socialize and finally a routine place of visit. In addition, the findings in this study extend the qualitative study by Rosenbaum (2006). His study showed that third places that provide ‘social support’ to senior citizen customers developed three types of place based meanings such as; place-as-practical, place-as-gathering and place-as-home. This paper makes an additional contribution to Rosenbaum’s study by claiming that third places which enable seniors to socially engage with each other, develop three types of place based values; place value to socialise, place value as home and value of routine visit.

The PVC framework developed in this study supports the customer centric view established by authors (Cova & Salle, 2008; Rowley, Kupiec-Teahan, & Leeming, 2007). It also supports the foundational premises (FPs) of S-D logic established by Vargo and Luch (2008b) that the customer is always the co-creator of value. The relational network between seniors and their social engagement in third places were the key drivers for PVC. Further, Prahalad & Ramaswamy (2004) claim customer community to be not location based but ‘shared common interest’ based. Findings in Study 1 revealed that seniors formed a customer community not only to socially engage with each other but also to share their common interests of regularly visiting the club to staying busy, to socialise and to feel belonging to a group.

Finally, this study contributes to the literature on operand resources which according to the FPs of S-D logic, is the source of competitive advantage. Vargo and Lusch (2004), recommends a shift in focus from operand to operand resources. This is because operand resources are relationship and network based and hence place ‘customers’ in the center of the value creation process. The present study contributes to this understanding of operand resources and claims sociability and relationship amongst customers, as operand resources for third places, enables isolated consumer groups such as senior citizens to co-create place value and suggest that third places might gain competitive advantage as a result of that value.

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