



Veso Varik

Value Co-creation: The Determining Factor in Achieving Competitive Advantage: Case Study "The Elderly Segments in Technology Market"

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Abstract

Author(s): Veso Varik
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Description

As time moves on and people's values are re-evaluated in the fast-changing environment, the once popular goods-dominant logic is being rendered less relevant with customers becoming more educated and having their voice heard louder than ever before. This means to achieve a strong competitive edge over the rivals, companies are expected to include their target customers in more processes than just during- and post-purchase, spreading out customer touchpoints throughout the whole process from ideation and development, to usage/consumption.

This paper takes a closer look at how value for both the provider and the consumer can be co-created, using a case study to prove the legitimacy of this statement by applying the theory to elderly customer segments in technology market. This customer group shows great potential to benefit from the co-creation methods due to their characteristics, possible uncontrollable complications and the need for extra assistance.

The findings indicated that with the increasing importance of time for elderly customers, the provider must concentrate on emotionally-meaningful goals to

increase trust and transparency in customer-company touchpoints. This leads to more effective flow of information, better understanding for the basis of added provider-consumer interactions, as well as a more appropriate final product or a service.

The key is to implement a Customer-Dominant Logic into a company's mindset to fully understand the goals, wants, and beliefs of their customer group and establish an unrivalled relationship that the competitors in the market cannot easily imitate.

Keywords: value, marketing logic, elderly customers,
relationship marketing, feature fatigue

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Glossary

CA	Competitive Advantage
CDL	Customer-Dominant Logic
CV	Customer Value
FF	Feature Fatigue
MC	Mass Customisation
RM	Relationship Marketing
RTM	Real-time Marketing
SDL	Service-Dominant Logic
SL	Service Logic
SST	Socioemotional Selectivity Theory

1 Introduction

During the twentieth century, the competitive environment between companies was very different from what it is now, there were only few world markets. Instead, many markets existed in relative isolation and customers had few choices when it came to different options of one product. Sources often identify that the period after World War Two is the beginning of the immense eruption of consumption across the industrialised world, where capitalism moulded the ordinary person into a consumer. (Higgs, 2021) This led to the consumerism as we know it today, the culture where acquisition and consumption are considered as the means of achieving happiness.

Amazon, among other retailers, has revolutionised how consumers shop for virtually anything, place an order, and receive it in a matter of hours to a few days. This puts immense amount of pressure on competition, since companies are put into positions competing globally, instead of locally. Therefore, if a company wants to survive and be considered by customers over the competition, they must establish smart marketing strategies and provide a better product or better value for a product. Customer relationships have become more important than ever, because when it comes to product pricing, there is a good chance there are cheaper options found online. In order to offer a customer something they would choose over other alternatives, the company must know exactly who their customer is, what are their expectations, customer requirements, and insight into what they might be needing in the future.

This paper will look at how a company can succeed in overcoming these obstacles by implementing value co-creation into their organisational culture, product ideation and development, as well as marketing strategies. To address the value co-creation of consumers and product designers, and its effect on the competitiveness of a company, we have used literature and studies from different kinds of streams.

The theoretical framework dissects the definition of value, how it is created, observes the role of different parties in the value co-creation, their objectives, and marketing logics that play a critical role in achieving competitive advantage. The scientific sources are chosen in a manner that proves the legitimacy of the research statement and will use the case study portion of this paper to prove a relevant case in point. Moreover, the case study incorporates information gathered from different scientific studies on the significance of ever-growing elderly customer segments, their characteristics, and the increasing importance of providing a service that appeals to their unique values and abilities.

The theoretical framework will be used as a basis for a case study on how value co-creation can help integrate the elderly consumers into fast-advancing technology markets, which will use information gathered from scientific literature and existing case studies.

As our societies age, and life expectancy grows, older people are becoming a stronger and more important customer group, which challenges companies that are stubborn to adapt to a more service-centred perspective. For companies to successfully meet the needs and requirements of these older customers, they must let go of their product-centred habits. A customer must be offered an experience, a product or a service that offers more than just functional value. The value must be a continuous process that is generated by both the provider and the user in mutual and separate interactions, occasionally in combination with manufacturer's processes and customer's private and public resources. These result in valuable relationships between the customer and the company, leading to competitive edge over the competition.

2 Theoretical framework

Before we get into the specifics, we need to establish the main reason why value co-creation is so important. Including the customer into different phases of the product development process enables uninterrupted communication between the buyer and the seller. This means the company gets better insight

of the target customer's values, feelings, and requirements in different contexts, while the customer can voice their ideas and influence the creation of suitable product and service offerings. The combination of these points raises competitive advantage of a company by providing the necessary information to create augmented products that match and exceed customer expectations.

The term 'Competitive Advantage' (CA) is described by O'Shaughnessy (2014) as a firm's thrust and core competencies that give rise to some advantage over rivals in the market. A competitive advantage can reside in any component of the firm's offering and not just in its cost and quality. In fact, high quality and costs tend to be the price of "being in the game", which requires the firms to provide some other reason for customers to prefer a certain firm over the rivals. (O'Shaughnessy, 2014)

Furthermore, it is important for a company to be able to sustain this kind of competitive advantage. O'Shaughnessy (2014) continues by describing this sustainable advantage as being one with an enduring advantage over rivals. This means the rivals must be unable to imitate or not want to imitate or when they try, they cannot match the offering of the company with said competitive advantage. (O'Shaughnessy, 2014)

However, before attempting to gain a competitive advantage over the rivals on the market, they must first and foremost understand the fundamentals of value and its different variables.

2.1 Creating Customer Value

In its simplest form, *Customer value* (CV) can be defined as being what customers get (e.g., benefits, quality, worth, utility) from the purchase and use of a product versus what they pay (e.g., price, costs, sacrifices). (Smith & Colgate, 2007) Furthermore, Holbrook (2005) defines it as *interactive, relativistic, preference and experience*.

- The *interactivity* comes from the sense that it involves a relationship between a subject (i.e., a consumer) and an object (i.e., a product). (Holbrook, 2005)
- The value is *relativistic* because it reflects a comparison between one object with another, it differs from one subject and the next, and it depends on the situation the evaluation occurs. (Holbrook, 2005)
- CV expresses *preference* that can be referred to as positives/negatives, likes/dislikes, favourable/unfavourable, etc. (Holbrook, 2005)
- Moreover, the mentioned *interactivity*, *relativistic*, and *preference* do not attach to the object but rather the *experience* (i.e., customer satisfaction) that the subject gets from this object. (Holbrook, 2005)

These variables combined are what define the value a customer receives from a seller, determining their feelings about them, and how they compare it to the offerings of other providers. For a company to better understand its customer and what drives their choice behaviour, it must know the five types of consumption values described by Sheth et al. (1991) that are *functional value*, *social value*, *emotional value*, *epistemic value*, and *conditional value*.

- *Functional value* is presumed to be the primary driver of consumer choice. It represents the perceived utility from its attribute- or characteristic-based ability to perform its functional, utilitarian, or physical purposes. (Smith & Colgate, 2007) For example, the decision to purchase a certain camera based on its performance on the still images category.
- *Social value* can be procured from highly visible products (e.g., clothing, jewellery) and goods or services to be shared with others (e.g., gifts, board games). (Sheth et al., 1991) A good example would be Beats by Dre headphones chosen over a competing product that is better in sound quality and cheaper in price, based solely on its social image. There are

brands in wide variety of product and service categories that are proven to be inferior in their functional performance yet are very successful as a result of clever use of marketing and brand building tactics.

- *Emotional value* stems from its ability to sustain feelings or affective states, such as comfort, security, excitement, romance, passion, fear, or guilt. (Smith & Colgate, 2007) The feeling of comfort can very often be associated with warm childhood experiences, which is a very strong driver for consumer choice behaviour. Feelings of romance can be called forth with candlelight dinner, fear triggered while viewing a horror movie, excitement with adrenaline inducing situations, etc.
- *Epistemic value* can come from entirely new experiences, or even an alternative that provides a simple change of pace compared to the user's current brand. Usually, these types of decisions to try something new or different can come from consumer being bored or satiated with what they have been using, is curious about what alternatives have to offer, or maybe satisfying the desire to learn by experiencing something new. (Sheth et al., 1991)
- Lastly, *conditional value* is acquired from a product depending on situations that enhance a products functional or social value. These products can be seasonal (e.g., Christmas decorations, foam hands for baseball games, etc.), important events in a person's life (e.g., wedding gown), or even emergency situations (e.g., ambulance service, fire extinguisher). Many products, however, have a more subtle conditional associations, such as cotton candy at a carnival. (Sheth et al., 1991)

Sheth et al. (1991) describe how these five consumption values make contrasting contributions in specific choice contexts. Some examples would be consumer deciding to purchase gold as a way to hedge against inflation risk (functional value), which gives this person the realisation of a sense of security for this investment (emotional value). In this example situation other consumption values have very little influence. (Sheth et al., 1991) In another

example, a person might purchase a tesla electric car because it will be admired by the people that they respect, which is an example of social value. Again, other values in this example have less influence.

These values are usually independent, and they can be maximised in some cases, although it is not very practical and consumers are usually willing to accept more of some value at the cost of another, in other words trading less salient value for more salient ones. (Sheth et al., 1991)

For product designers, it is important to keep consumption values in mind during product development, for they can be used to offer the customers the right products and services depending on the situation and time. Marketers on the other hand, must determine the strategy of taking the work of product designers and delivering it to the customers in a manner that attracts and builds relationships between these two parties. With correct customer segmentation and understanding the market, product designers and marketers can determine the important social trends, emotional values, and the functionality that people are looking for, thus using this information to customize their product offering accordingly.

The understanding of different types of elements that combine to create customer value and recognizing the appropriate customer value creation strategies in particular contexts lead a company to better decision making and smarter co-creation plan development. Companies must set aside the assumption, that they decide the value assessment of the customer by the products and services they produce. What generates attraction and interest is not just the product the company sells, but rather the experience they provide that accompanies the product. We will take a closer look at different marketing logics that give a better perspective on where companies should place their emphasis regarding their motivations and offering in a later chapter of the theoretical framework.

2.2 From Product-centric to Experience-centric

Prahalad & Ramaswamy (2004) explain in their published article how “...companies must escape the firm-centric mindset of the past and seek to co-create value with their customers through an obsessive focus on personalized interactions between the consumer and the company”. This means escaping the product-centred thinking and focusing on the experiences the customers seek to co-create.

2.2.1 What is the co-creation of value?

Value co-creation is something that is not only defined by implementing the customer into the development stages of a product or a service but can also be companies finding a way to divide some of the work done by the firm onto their customers, so the customer can co-construct the service experience to better suit their requirements. (Prahalad & Ramaswamy, 2004) Table 1 describes the differences between the traditional product-centric construct compared to the modern experience-centric method.

Table 1. The Concept of Co-Creation. (Prahalad & Ramaswamy, 2004)

WHAT CO-CREATION IS NOT	WHAT CO-CREATION IS
<ul style="list-style-type: none"> • Customer focus • Customer is king or customer is always right 	<ul style="list-style-type: none"> • Co-creation is about joint creation of value by the company and the customer. It is not the firm solely trying to please the customer
<ul style="list-style-type: none"> • Delivering good customer service or pampering the 	<ul style="list-style-type: none"> • Allowing the customer to co-construct the service experience to suit their context

customer with lavish customer service	
<ul style="list-style-type: none"> • Mass customization of offerings that suit the industry's supply chain 	<ul style="list-style-type: none"> • Joint problem definition and problem solving
<ul style="list-style-type: none"> • Transfer of activities from the firm to the customer in self-service • Customer as product manager or co-designing products and services 	<ul style="list-style-type: none"> • Creating an experience environment in which consumers can have active dialogue and co-construct personalized experiences; product may be the same, but customers can construct different experiences
<ul style="list-style-type: none"> • Product variety 	<ul style="list-style-type: none"> • Experience variety
<ul style="list-style-type: none"> • Meticulous Market research 	<ul style="list-style-type: none"> • Experiencing the business as consumers do in real-time • Continuous dialogue
<ul style="list-style-type: none"> • Staging experiences 	<ul style="list-style-type: none"> • Co-constructing personalised experiences
<ul style="list-style-type: none"> • Demand-side innovation for new product and services 	<ul style="list-style-type: none"> • Innovating experience environments for new co-creation experiences

This firm-centric view is not only challenged by competitors, but rather the communities of connected, informed, empowered, and active consumers.

(Prahalad & Ramaswamy, 2004) This is especially true in the modern day where reviews can be found for almost any product sold, the reliability of a company can be researched, and there are even companies with business models of gathering data from different agencies and sources to determine the corporate social responsibility and ethicality of companies (e.g., Good On You, CSRHUB, etc.), which is a quality that grows more important in a very fast manner in the times of global warming.

The joint development nature not only brings the company and the customer together but creates a better version of themselves. It is more attractive for companies to be more ethical and fairer, because that is what adds a lot of value to the company image and attracts customers. Whereas customers become more knowledgeable of what the company offers by being involved in different processes.

2.2.2 Building Blocks of Value Co-creation Interactions

Prahalad & Ramaswamy (2004) explain the four main building blocks of interactions that act as pillars to support the consumers and the firm in successfully co-creating value. These are *dialogue*, *access*, *risk-benefits*, and *transparency*.

- *Dialogue* implies that both sides must be willing and able to act, interact and engage with one another. For the firm and consumer to become equal and joint problem-solvers, the attention must centre around issues of interest to both with clearly defined rules of engagement. (Prahalad & Ramaswamy, 2004)
- Without the equal *access* and *transparency* to information, the flow of information in dialogue can become asymmetrical and will work against this idea of joint development. Both *access* and *transparency* are paramount to effective and meaningful dialogue. (Prahalad & Ramaswamy, 2004) Thanks to communities and vast information being

public on the internet, consumers can determine the activities of exploiting information asymmetry by companies.

- The combination of the dialogue, access, and transparency provide the consumer a clear assessment of the risks-benefits of their actions and decisions. In the environment of medical industry where doctors and patients interact on a digital platform, the patient can assess the choice of changing their medication by evaluating possible risks and benefits their lifestyle, medical condition, or social obligations might introduce. This is a personalised understanding of risk-benefits compared to some generic risk category. (Prahalad & Ramaswamy, 2004)

These four pillars assure the effective communication and help maintain a common goal of the collaboration between consumers and company.

Looking back at the consumption values and different dimensions of perceived customer value we discussed in the previous chapter, we can establish that value co-creation provides companies insight from customers to better understand the triggers for valuable emotions and where the customer's values lie. Customer on the other hand can better shape the outcome they desire from the company's offering, resulting in better understanding of the product and its features (by engaging in dialogue and physical interactions), the corporate information (as a result of access and transparency), as well as play a role in shaping unique and personalized experiences they have when interacting with said company. These create a bond between the consumer and the company that is very difficult to match for a competitor.

Furthermore, theoretical framework provides us different types of methods that take a unique perspective in how we can view value co-creation, and the objectives and goals of the parties involved.

2.3 Relationship Marketing

Relationship marketing (RM) is one of the methods that Evans and Laskin (1994) describe as “the process whereby a firm builds long-term alliances with both prospective and current customers so that both seller and buyer work toward a common set of specified goals”. These goals they mention are understanding the customer requirements and expectations, treating customers as equal service partners, ensuring that employees satisfy customer needs, and providing customers with the best possible quality relative to their individual demand. Achieving these goals can lead to a higher percentage of satisfied customers, greater customer loyalty, a perception that the company provides better quality products than the competition and brings higher profits for the seller. It is important for the company to remember that this method is a continuous process, which requires constant communication between the customer and the company, as well as monitoring customer behaviour to ensure the goals are met. The company must integrate the relationship marketing into their strategic planning to better manage its resources and meet the changing needs of current customers, as well as needs of future customers. (Evans and Laskin, 1994)

According to a research paper by Gupta & Sahu (2012), RM provides the customers closer and longer-term relationships with the company, which in turn yields three types of benefits: social benefits that provide familiarity with the brand, create new friendships, and enable smooth information-sharing; economic benefits in the form of getting discounts and other ways of saving money; customisation benefits, in other words tailor made services and products. (Gupta & Sahu, 2012)

The concept of RM can seem simple on paper, although many companies tend to fail in correctly identifying the expectations of their customers.

Michael Hepworth (1992), a president of a successful Canadian strategy consulting business wrote in one of his articles identifying the common misconceptions about customer expectations:

- The company thinks they already know what the customer wants. (Hepworth, 1992) With the sheer volume of variety in options and the fact that globalisation and Internet have made almost everything be readily ordered online, customers are much more sophisticated and nearly always have expectations about what they want and how to get it. Hepworth (1992) states, that the after sales support and interactivity has grown to be a major factor in purchase decision, and companies that fail to recognise this are seen arrogant and hard to do business with.
- Companies can often believe there is little precision in measuring and understanding customer expectations. (Hepworth, 1992) This might have been the case before, although modern day tools and methods such as online surveys, selecting the right communication channels, and monitoring key customer satisfaction indicators can give a much better understanding of the expectations the customers can have and how to properly match and exceed them. (Snigdha, 2020)
- Companies believe that it's impossible to control all the issues that influence customer satisfaction. This might be true to some degree, although admitting to it leads to institutionalising poor service quality. The fact that something seems impossible does not mean one should avoid doing everything possible to improve it. (Hepworth, 1992) The controllable factors that influence customer satisfaction can be either human related or product related.
 - o Human related factors cover areas such as company's attitude, response, orientation, as well as how much importance they put into their customers, the company's complaint management system, and commitment adherence, in other words the measurement of reliability. (Sugandhi, 2003)

- Product related factors are anything that characterises the product and helps it stand out from the competition. These are for example its capability, technology, pricing, appearance, maintenance requirement, life span, customer friendly features, and its ease of use. (Sugandhi, 2003)

These factors must be assessed, determining deficiencies, and therefore improving or modifying them so they would be a positive force towards customer satisfaction.

- The fourth misconception Hepworth (1992) identified is the cost of collecting information about customer expectations being too high. There are many ways of collecting this information, ranging from gathering it from their own employees who are in constant customer contact, to hiring agencies that take care of this. These processes can get costly, although it is an investment that is essential for successful relationship marketing.

It is important to note, that the objective of the company should not end at customer satisfaction but should aim at *customer enrichment* (i.e., exceeding customer expectations and offering something competitors can't easily match). (Sigandhi, 2003)

According to a health economist Dr Rajesh Sinha (2014) in a published article further proving the importance of customer enrichment, it is cheaper for a company to maintain a relationship with existing customers compared to the resources that go into establishing new ones. Additionally, existing customers generally make repeat purchases from same companies and often recommend the product and the company to other customers. Therefore, it is important for the company to design effective communication strategies with the intent of bringing customers and the company closer to each other so that the company can monitor the feelings of the customer and respond accordingly. (Sinha, 2014) By enriching the experience and benefit the loyal customers receive from their trusted company, they in turn enrich the value that is returned as a customer in more ways than just monetary.

Evans & Laskin (1994) mention an important point in one of the goals of long-term alliances between sellers and buyers, which is treating customers as service partners. This is especially true in our modern-day technological era, where value co-creation is essential to spreading awareness among consumers and obtaining information regarding constantly changing trends in values.

Vargo & Lusch (2004) state that “From a service-centred view of marketing with a heavy focus on continuous processes, the consumer is always involved in the production of value.” Moreover, the production does not end with manufacturing and outputting the process but is rather an intermediary process. The products and services are created with the intent of providing services for and in partnership with the customer. For this to happen, the customer must learn to use, maintain, in some cases repair, and adapt the appliance for their unique needs, usage situations, and behaviours. In other words, after the purchase action customer continues the marketing, consumption, and value-creation and delivery processes. Therefore, companies must remember that customers are not just targets for their production output, but rather resources in the entire value- and service chain processes. (Vargo & Lusch, 2004)

Oliver et al. (1998) echoed back in the mid-1990s, how value co-creation was headed towards a paradigm called *real-time marketing (RTM)*, which integrates *relationship marketing* and *mass customisation (MC)* (i.e., allowing the production of individual physical products at costs relatively consistent with the earlier production of mass products at scale.) (Oliver et al., 1998)

2.4 Real-Time Marketing

As mentioned before, RTM is becoming more and more popular with the implementation of machine learning to nearly any type of electronic gadgets, so it would learn the usage of the user and optimise itself accordingly. As described by Oliver et al. (1998), the difference between MC and RTM is, that MC allows customisation according to buyers needs during the manufacturing phase, whereas RTM is usually an “intelligence” built into the product or

services, that adapts and adjusts the product's performance post-purchase to meet the changing needs of individual customers by learning the customer's habits and needs. This method is a type of value co-creation that does not require constant input from the product designer, but rather lets the intelligence work together with the user to enhance the overall user experience. This principle effectively enhances customer loyalty by reducing the impulsion to switch, because it incorporates the information learned about the customer into the continuously revised product offering. Furthermore, if a competitor wants to match and exceed this offering, they must have an equivalent history with the customer, which cannot be built overnight. (Oliver et al., 1998) Therefore, this creates a switching cost for the customer, because the competitors are not as aware of his or her usage patterns, needs, and habits. This is how Apple has succeeded in creating a vast ecosystem that covers many products and services that its userbase uses in their everyday life. They offer their customers a phone, computer, wearables, tv & music services, messaging platforms, cloud storage, and the list keeps growing. The seamlessness between the devices and platforms is unmatched, and every device and service in the system learns from the countless touch points that the user interacts with, providing the company with usage data that can be used in product development and application updates. The catch in all of this, is if the customer decides to switch out a device for another brand, some benefits and features of other devices in the same ecosystem stop working due to interconnectedness factor (e.g., Apple Watch works only with an Apple iPhone, if the customer decides to change to an Android phone, the smartwatch as a complementary product to the iPhone, becomes meaningless on its own). (Patak, 2020)

As we have discussed the characteristics of RTM, it must be noted that it also entails the product to be both customisable and changeable. For marketers, this means the product should not only supply the customer with the optimum product at the time of purchase, but also a product that can evolve with changing customer needs remotely at the customer's point of presence and time of requirement. (Oliver et al., 1998) This requires more work done initially during development phase to implement such features to enable this type of

machine learning technology, however in the grand scheme it takes some pressure off the product designers and marketers by automating certain tasks that they otherwise would have to perform manually. Moreover, it follows the customer's product life cycle through possible changes in usage and needs. Thus, constant analysis of, and adaptability to changes returns data back to the company providing the product designers relevant information, which can be used in the upcoming updates and development of new product/service offerings.

This is part of the value co-creation that does not necessarily require first-hand contact (i.e., additional input aside from user's normal interactions with the product/service) between the parties to help the company understand the customer's habits and needs. It ultimately leads to better understanding between the parties, while simultaneously strengthening the competitive advantage for the company by constantly being up to speed on possible changes in customer behaviour.

Now that we have discussed the importance and the construct of customer value, as well as the meaning and methods of establishing strong value co-creation basis, we can look at three marketing logics for value co-creation and why is it essential for a company to acknowledge them to gain competitive advantage in modern business environment.

2.5 Marketing Logics for Value Co-creation

Grönroos et al. (2015) describes three perspectives of service (i.e., logics) concerning value co-creation that can be positioned in relation to each other. These are *Service-Dominant Logic* (SDL), *Service Logic* (SL), and *Customer-Dominant Logic* (CDL). SDL entails that value is always co-created, whereas SL assumes that value is created only in collaborative, interactive and dialogical processes, and in CDL's case, value is co-created when it is driven by mutual intentions. (Grönroos et al., 2015) Heinonen & Strandvik (2015) add that SDL's focus is on systems and the co-creation between generic actors on a societal

level; SL emphasises the interaction between the provider and consumer; and CDL's focus is on customer logic and the customer's combination of activities, actors, experiences, and the role of providers in this context. Furthermore, SDL is a strong proponent of value co-creation, whereas SL refers to value-in-use (i.e., value created by customers during their usage of resources (Grönroos & Gummerus, 2014)) and CDL in addition to value-in-use promotes value formation (i.e., where instead of value deliberately created, it emerges in connection to other actors). (Heinonen & Strandvik, 2015)

2.5.1 Service-Dominant Logic

Vargo & Lusch (2006) describe SDL as a “departure from the traditional, foundational, goods-dominant logic (GDL) of exchange, in which goods were the focus of exchange and services represent a special case of goods.” Previously mentioned “value is always co-created” entails that value creation is interactional. As opposed to GDL, SDL does not end at the point of goods sold, but rather creates value from the customer's continued use of the product. As long as there is the ability of using a product, value is being created. Furthermore, with time, customers are also the destroyers of value, and must return to the supplier to have access to further value. Literature usually tends to avoid the term “destroy” and customer is referred to as a value creator, for creating value out of a good by using it. (Vargo et al., 2008)

Furthermore, Vargo et al. (2008) notes that in GDL, the purpose of economic exchange is to make and distribute things to be sold. Moreover, a firm's production process embeds value or utility into the good, and the value for that good is either represented by the market price or what the consumer is willing to pay. To achieve maximum efficiency and profit, standardization and economies of scale are the solution. The SDL view on the other hand sees goods as the vehicles that deliver services, and value results from beneficial application of operant resources (i.e., resources that act upon other resources). Thus, value is co-created through the combined efforts of different parties, such as firms, employees, customers, and other entities related to any given exchange, but is

ultimately determined by the receiver (e.g., the customer). In other words, there is no value yet created until an offering is used, and offerings must be integrated with other resources for value to be created. For example, the value of a car is created by combination of manufacturer's product processes (e.g., supply chain, sales, etc.), the customer's private (e.g., ability to drive) and public (e.g., the road) resources. (Vargo et al., 2008)

Table 2 provides a better understanding of the differences between Goods-Dominant logic and Service-Dominant logic on value creation.

Table 2. GDL vs. SDL on value creation. (Vargo et al., 2008)

	Goods-Dominant logic	Service-Dominant logic
Value driver	Value-in-exchange	Value-in-use
Creator of value	Firm (often with input from firms in a supply chain)	Firm, network partners (e.g., suppliers, employees, stockholders), and customers
Process of value creation	Value is embedded into 'goods' or 'services', and is added by enhancing or increasing attributes	Firms propose value through market offerings, customers continue the creation of value through use
Purpose of value	Increasing firm profitability	Increasing adaptability, survivability, and

		system wellbeing through service of others
Measurement of value	The price received in exchange	The adaptability and survivability of beneficiary system
Resources used	Primarily operand resources (tangible resources)	Primarily operant resources (those that act upon other resources, such as knowledge and skills), but sometimes transferred by embedding them in operand resources
Role of firm	Produces and distributes value	Proposes and co-creates value, provides a service
Role of goods	Units of output, operand resources that are embedded with value	To deliver the operant resources, enable access to benefits of firm competencies
Role of customers	To consume value created by the firm	To co-create value with firm-provided resources with other private and public resources

With these findings we can see how SDL takes a very different perspective by concentrating on providing its customer a service, rather than a good, and how instead of it being created for the sole purpose of consumption, is rather a vehicle for continuous value generation through the use of said goods. Vargo et al., (2008) add, that these new marketing logics force companies to shift their attention from production to utilisation, from product to process, and from transaction to relationship.

2.5.2 Service Logic

SL is a second marketing logic that takes a different and more systematic direction than SDL. It proposes that a defining characteristic of service is the collaboration between a service provider and a customer that takes place during direct interactions between them in a service process, instead of value being always co-created throughout different processes and environments as defined in SDL. (Grönroos et al., 2015)

These two logics share some similarities, such as both have the perspective on value creation for business and marketing. The meaning of service is based on application of knowledge and skills to resources to support someone's value creation, and both these logics claim that the resources used by a provider (goods, service activities, information, or any other type of tangible or intangible resources) are not important for the implementation of a service perspective. (Grönroos & Gummerus, 2014)

However, there are many things that differ between the two logics. Grönroos & Gummerus (2014) establish the main differences that give us a better picture of the SL perspective.

- The level of perspective in SL is managerial, that uses defined concepts. Whereas SDL is often seen as more systemic, abstract, and metaphorical. (Gummerus & Koskull, 2015)

- The goal of SL is value creation, where service functions as a facilitator (i.e., user's value creation gets facilitated, which enables the provider to capture value by providing a service). In SDL, service (i.e., the application of specialised skills and knowledge, through deeds, processes, and performances for the benefit of another entity or the entity itself (Vargo & Lusch, 2006)) is exchanged for service.
- The process of value generation for SL is a process that includes all actions done by the actors involved, leading value generated for the user. Whereas SDL does not explicitly discuss its value generation process but is rather seen as an all-encompassing value creation process with all actors (e.g., provider, customer, others) involved. (Gummerus & Koskull, 2015)
- SL defines three spheres of value, which are a provider sphere closed to the customer, a customer sphere closed to the provider, and a joint sphere where customers and providers directly interact and may co-create value. In provider sphere, the provider of service compiles resources to contribute to value for the customer's use. In customer sphere, the customer independently uses these resources acquired from service provider, in some cases in combination with other available resources. In this process, value is created, and real value emerges for the customer. (Grönroos et al., 2015) SDL however establishes only one value sphere that is all-encompassing, in which all actors involved co-create value.
- SL explicitly defines a clear conceptual distinction between direct and indirect interactions, where direct interactions with people and intelligent systems enable co-creation, and indirect interactions with most products and systems do not. (Gummerus & Koskull, 2015)
- The co-creation in SL is done in a joint directly interactive process in which the provider's and customer's processes merge into one collaborative, dialogical process – forming a co-creation platform. In SDL,

co-creation is actions taken by providers and customers regardless of how they relate to each other. (Gummerus & Koskull, 2015)

- Value co-creation in SL comes from actions taken by providers and customers on the previously defined co-creation platform, where the parties may directly and actively influence each other's processes (e.g., supplier service process and customer consumption and value creation processes). The value co-creation in SDL, however, happens in actions contributing to value for customers during an all-encompassing value creation process by all actors involved regardless of how they relate to one another or the process. (Gummerus & Koskull, 2015)
- In SL the role of customer is to both create and determine value, and provider's role is to compile resources embedded with potential value-in-use through which the customer's value creation is facilitated. In SDL, customer only determines value, whereas provider co-creates value. (Gummerus & Koskull, 2015)
- The one that drives and oversees value creation in SL, is the customer, whereas in SDL it is the provider. (Gummerus & Koskull, 2015)

Grönroos & Gummerus (2014) list of differences continues, however the pattern of distinctions can be noticed from the points mentioned, where SL is a more controlled and systematic perspective, with the emphasis on the source of value creation and the objectives of different actors and their value spheres.

2.5.3 Customer-Dominant Logic

The third logic CDL, described by Heinonen & Strandvik (2015), is not primarily concerned with services or service only, but rather a perspective on business and marketing based on the primacy of the customer. It means that the focus must be shifted from how providers involve customers in their processes to how customers in their ecosystems engage different types of providers. In other words, emphasising how customers integrate the services in their processes,

rather than how the company provides the service to the customer. The internal logic of this perspective is based on positioning the customer insight in the foreground in place of the type of offering (i.e., product or service) or the system of providers (i.e., service ecosystems). The key assumption is that for any business to be successful, there must be a customer. Therefore, instead of the service, service system, or other systems of exchange relationships, CDL emphasises the customer as the main stakeholder. (Heinonen & Strandvik, 2015)

Heinonen & Standvik (2015) note, that emphasising only the interactions between the provider and the customer leads to a focus on instances where the provider is in direct contact with the customer. However, not all interactions are visible to the provider, which means it is important to recognise the interactions that are hidden to the provider but happen in the customer's sphere. (Heinonen & Standvik, 2015) These hidden interactions can to some degree be countered with *Real-Time Marketing* discussed earlier, where built-in intelligence and behaviour monitoring machine learning brings back valuable data to the provider, drawing a clearer picture of customer behaviour outside of direct contact interactions.

Heinonen & Standvik (2015) continue that CDL does not concentrate on the importance of specific touchpoints between the provider and customer, but rather argues that providers must understand and gain insight into customers' patterns of activities and individual logic. Understanding the how the customer decides to use, and how they do use and experience the input they get from the provider is a very challenging task for companies. Therefore, the products/services or service (as a perspective) are essentially a recipe for how a company can involve itself in a customer's value-in-use, driven by the customer's configuration of activities, perceptions, and emotions. (Heinonen & Standvik, 2015)

For a company to adopt the CDL approach, they must be aware of their secondary role in customers' lives and strive to be invited into their lives,

ecosystems, activities, experiences, and practices, rather than try and push their way in. Additionally, the activities of the company are driven by the understanding of customer logic. These two implications help guide the company's strategies toward superior quality and customer satisfaction by applying a mindset of listening to customers in their own context. CDL means that customer issues drive managerial thinking at all levels, from the boardroom to everyday interactions with customers, production, supply functions, and organisational issues. (Heinonen & Standvik, 2015)

The theoretical literature, methods, and frameworks discussed will be used as tools to explain the case study in the second half of this paper, and how the combination of these two can work towards a company achieving the competitive edge over the competition.

3 Case Study

3.1 Methodology

To understand how value co-creation can benefit companies to better understand elderly customer segments, this exploratory study adopts a literature-based research design that uses results and theories taken from existing case studies concentrating on mishandling elderly customer segments in modern business environments.

The information used to study the misconceptions of elderly customer segments and their position in the technology market is retrieved from research papers, case studies, and scientific journals for a better understanding on why the topic at hand was chosen. Moreover, the main research topic of value co-creation was selected for its significance in addressing the issue at hand and resolving some of the pain points that arise with these older complex customer segments.

First, our study deals with the phenomena of untapped older customer segments, seeking an understanding to "how" and "why" questions. Second, the

information extracted from the sources is used to acknowledge the important issues the marketers and product designers must consider, and how implementing a value co-creation framework into the company's culture and offering can help them understand, attract, and retain these customers.

The findings on elderly customer segments give us a better overview of how they differ from the other customers and what makes them more complex for the companies to correctly address. The case study provides relevant information that is joined with the findings of the theoretical framework to provide a discussion and an end result with recommendations.

3.2 Findings

Before getting into the specifics, it is important to know as to why the elderly customers have been selected as the basis for this case study, and how they differ from the rest of the customer segments.

3.2.1 The rising force of elderly customers

Up until the 1980s, there was hardly any evidence to suggest that businesses were interested in the older consumer marketing. Even though it has gotten better with time from then on, the focus is still on younger consumers, usually those under the age of 50. (Moschis, 2003) It is very easy to notice how the millennials, i.e., age segment of 18-34 individuals, are the centre of attention in marketing. This is due to assumptions that they have the money and interest towards spending on different types of products, rather than the more respectable investments of older customers. (Kailath, 2017) This young demographic has been living in a world that has always had the Internet, and smartphones have accompanied the majority of their adult lives. This makes them much more tech savvy and reaching them via the most popular modern marketing platforms (e.g., social media, internet ads) a much easier task. They are very eager to invest money into trying new things if it caters to their tastes and fulfils their needs.

With all the above in mind, and while it has been a topic in discussion for several decades now, the actual private consumer spending and highest average asset ownership falls to the age segment that is 50-plus. According to a study by the German Institute for Economic Research (Buslei et al., 2007), for instance, private consumer spending of households in Germany was highest for 50- to 60-year-olds (2,564 EUR), and the households of 60- to 65-year-olds also spent above-average (2,317 EUR) compared to the average in the Federal Republic of Germany, which was 2,177 EUR. Additionally, in Japan (Kohlbacher & Herstatt, 2008) the top age group in average asset ownership were those aged between 60-69, closely followed by 70 and above. Many of Japan's seniors are financially so well off that they are referred to as 'rōjin kizoku', otherwise known as "old aristocracy". (Meiners & Seeberger, 2010)

These older age segment consumers are more careful with what they spend their money on, therefore requiring marketers to do more preliminary market research. It is important to determine how these senior consumers must be approached and marketers must convince them of the product/service sold guarantees them quality and value for their money. Once this is achieved, these senior citizens are much more prominent to pay a premium for products and services they are offered, making them one of the more valuable age segments to be concentrated on. This is further backed by the fact that the European population is constantly aging, mainly due to historically low fertility rates, increasing life expectancy and, in some cases, migratory patterns. (Eurostat, 2020) For example, the number of people over the age of 60 in the world has increased from 375M in 1980 to 962M in 2017. (The Department of Economic and Social Affairs, 2017)

Now that it is clearer as to why the elderly customers are constantly becoming more important for companies to put more focus on, the following sections will explain the reason these customers are often mishandled and overlooked due to their heterogeneous nature and mature values.

3.2.2 Characteristics

The years accumulated in seniors' lives makes them a very different customer group compared to their younger counterparts. Before doing anything, marketers must make sure they do correct segmentation of this customer group. It is very risky to group them together just by their chronological age (e.g., 55-65, 65 and older) and assume their interests, qualities and values are the same or even similar. Elderly customers have proven to be more heterogenous than their younger counterparts due to people becoming increasingly different from others with age as a result of their decisions, experiences, and environments. (Moschis, 2003)

Moschis (2003) identifies certain product and vendor attributes that older consumers generally value regardless of the type of offering or segment. The following attributes have been proven to be effective when serving to the older consumer market:

- *Convenience*. Older people tend to be very convenience-oriented, and convenience can mean many different things, such as the location of a service in relation to the person's home or work for example. Convenience can also be ease of doing business with a company, and ease of using the products and services. (Moschis, 2003)
- *Functionality*. When it comes to functionality, older consumers value intrinsic benefits (i.e., the objective characteristics of a product) over subjective benefits (i.e., what it stands for in the eyes of others). Age turns people more introverted, which means they become more indifferent to the social benefits of a product. (Moschis, 2003)
- *Quality*. Older consumers are very quality-conscious, and price of a product or service becomes an important consideration only when the quality of various product or service offerings are the same. When this is not the case, they are willing to pay a higher price to get better quality in what they purchase. (Moschis, 2003)

- *Dependability*. The older a person gets, the more they value products and services that are risk- and hassle-free. This is usually done by buying from a familiar and reputable brand they can trust. (Moschis, 2003)
- *Personalised service*. Older people value personal attention when they go out to do business face-to-face. This provides a more personal, safe, and trustworthy feeling when they know that someone within said company care for them. (Moschis, 2003)
- *Product development*. Older people tend to prefer products that minimise problems, rather than maximising benefits. Ease-of-use should be a guiding factor when it comes to developing a product or a service. (Moschis, 2003)

On top of these values, it is very important for marketers to understand the age-associated changes in consumer decision making, or in other words the inputs (cognition, affect, and goals) and the outcomes (decisions, brand choices, and habits) of decision processes. (Cole et al., 2008)

Carstensen et al. (2003) elaborate a theoretical model called *socioemotional selectivity theory* (SST) that explains how perceived limitations on time lead to motivational shifts that direct attention to emotionally-meaningful goals. The theory claims that increased attention to emotionally-meaningful goals results in greater complexity of emotional experience and better control of emotions experienced in everyday life. In other words, when concerns for the future are less relevant, attention to current feeling-states heightens. Thus, this age-related motivational shift leads to adjustments in the dynamic interactions between individuals and their environments in a way that optimisation of emotional experience is prioritised in later life. (Carstensen et al., 2003)

With emphasis on feelings and emotions, the interest in learning new information tends to decline. In other words, the individual gives priority to close, well-known, emotional contacts over new informative ones. (Lambert-Pandraud

et al., 2005) SST addresses the role of time in predicting the goals that people pursue and the products they seek to fulfil these goals. There are three underlying presumptions of this theory. First, it adopts the belief that social interaction is core to survival, with tendency toward social interest and social attachment. Secondly, it considers humans to engage in behaviours guided by the anticipated realisation of goals. And thirdly, it presumes that because people simultaneously hold multiple (sometimes opposing) goals, the selection of goals is a precursor to action. (Carstensen et al., 1999) Therefore, it is important for a marketer to understand the selection of goals their customer is trying to achieve, for that is a strong basis to gaining foresight to provide the customer the right offering at the right time and place.

Aging is often assumed to be connected to the individuals becoming slower in cognitive and behavioural performances. While that might be true to some degree, Cole et al. (2008) states that field studies show the real-world performance of elderly adults being usually on par with that of young adults. The development of habits over time helps equalize performance, and older people may even be wiser in real-world performance despite the tendency to expend fewer cognitive resources because they can rely on habits. (Cole et al., 2008) With an arsenal of habits, senior customers can pick up on patterns they have learned as a result of making different kinds of decisions throughout their lifetimes, leading to better situational awareness of products and services for offer. This means marketers and product designers must be honest, transparent, and provide these customers access to information that can pose informative and essential for the right use case.

As can be noticed throughout this section, age is very strongly associated with the perspective of time, which means that there are clear developmental trajectories for emotionally-meaningful and knowledge-related goals. In the earlier stages in life, time is perceived much more expansive, and it motivates people to prepare for a long and unknown future ahead. Knowledge striving in these stages of life are so important, that it often is pursued even at the cost of emotional satisfaction. (Carstensen et al., 2003) Conversely, due to lack of time

left, older people see fewer opportunities awaiting them, placing emotionally-meaningful goals higher than knowledge-related. Therefore, knowledge trajectory starts high in the early stages and gradually declines due to future, where knowledge is transferred, getting shorter. Emotionally-meaningful goals on the other hand, are high during childhood when emotional trust and relatedness are most important, and rises again at the later stages in life when a person might get the feeling of time „running out“. (Carstensen et al., 2003) In other words seniors tend to prefer things that satisfy their goals immediately, instead of something that requires time, patience, and expanding their horizons.

Furthermore, Williams et al. (2005) describes in his study of age-related differences in responses to emotional advertisements, that older individuals viewing time as limited has a consequence on the selection of their social partners. They tend to strive towards limiting social interactions to those who they care most about, because the emotional outcomes with these partners are generally predictable and more positive. In other words, they are more focused on their emotional potential rather than their potential for future or for supplying new information. (Williams et al., 2005) This can be translated into older customer segments preferring types of technology that are old and familiar, because they know how it benefits them and can trust the quality it offers. Therefore, if this customer is offered a product or a service that poses no resemblance to something they have used before, there is a high chance the company must take additional measures to convince the customer's purchasing decision. However, by implementing methods of value co-creation, companies can ease the older customers into trying new things by supplying them with information bit by bit through marketing activities, or tying the new product or service to something they already have or use in their everyday lives to give it a sense of familiarity.

With these points in mind, it becomes clear that elderly customers are not searching for the latest technologically capable products and services with never-before-seen bells and whistles. Instead, they want something they are familiar with, is not overcomplicated with an overload of features, and provides

them with functionality to match the quality of life of younger people, with a more user-friendly approach.

3.2.3 Areas for improvement

A very significant problem that is still causing major disruption in e-inclusion (i.e., the situation where everyone in society can participate in the information society. (Eurostat, 2016)) of senior citizens, is the so-called 'digital divide', otherwise known as the accessibility gap between different age segments in computing device and internet usage. (Greengard, 2009) Senior citizens are a unique segment of population when it comes to accessibility because of additional accessibility issues that senior citizens must deal with, such as lack of infrastructure, diminishing cognitive- and physical abilities. (Hong et al., 2016) Fortunately, computer and software manufacturers have made advances in building easier-to-use systems, including specialized web browsers, ergonomic computer peripherals (e.g., mice, keyboards etc.) and accessibility functions (e.g., magnifier, speech-to-text, different graphics etc.) – although there is still a long way to go to until senior citizens can be considered equally equipped in digital environments. (Greengard, 2009)

The recent advances in wireless technology, infrastructure and devices have increased their adoption across society layers and countries. More importantly the rising popularity in smartphones has been a critical tool to narrow the digital divide due to allowing individuals to access the internet anytime and anywhere. However, if senior citizens cannot utilize smartphones easily and freely, they will have difficulties of accessing information, shopping, communicating, and participating actively in the community, which leads to decrease in their quality of life and the sense of independence and engagement in society. (Hong et al., 2016) Simply offering people a network-connected machine will not ensure that they can use it to meet their needs because they may not be able to take full advantage of all that it has to offer, this is especially true for the senior citizens. (Hargittai, 2002)

A study conducted by Peacock & Künemund (2007) on “Reasons and correlates of access versus non-access in a European comparative perspective” further backs the statement that the reason for not using the Internet was “missing skills” in nearly 20% of the Internet non-using senior citizen respondents. Thus, the rapid spread and the dominance of content available only on the Internet increase the exclusion of older people who do not go online, or simply do not know how to. According to another study conducted by Seifert & Schelling (2018) on “Attitudes toward the Internet and coping with everyday life”, over 60% of the respondents agreed that the older generation should use the internet, however 53% agreed with the statement, “If the Internet were better suited for the elderly, they would use it more”. Policy decisions that aim to reduce inequalities in access to and use of information technologies must take into consideration the necessary investment in training and support as well. Providing internet access may help alleviate some problems of the digital divide, although a second-level divide exists due to specific abilities needed to effectively use the medium. (Hargittai, 2002)

In addition to complications caused by the lack of training, the ability to effectively use a product or a service in a product design perspective is largely determined by two important dimensions that are its capabilities and the usability. The general understanding is that a product loaded with more features increases its capability, thus increasing its attraction in the general public’s eye. However, if the feature-list becomes too long, it starts to decrease the product’s usability. Customers may become dissatisfied with the product due to its increased complexity and unneeded features. This phenomenon is called the ‘*feature fatigue*’, which can ultimately lead to negative word-of-mouth from the dissatisfied customers. (Wu et al., 2015) This becomes more of an issue for senior customers due to previously discussed high regard for quality. Additionally, the fact that these customers prefer products that satisfy their goals immediately, goes against feature overload which requires time to learn and get used to, or as Nielsen stated, that every additional feature is “one more thing to learn, one more thing to possibly misunderstand, and one more thing to search through when looking for the thing you want”. (Nielsen, 1993)

According to Nielsen's (1993) research, expertise has a positive effect on perceptions of product usability. Moreover, experts perform product-related tasks more automatically, freeing the cognitive resources that can be used to learn new features of a product. (Nielsen, 1993) Younger consumers can be seen as the more expert party compared to their older counterpart as a result of being exposed to technology more in relation to their lifespan. Younger people use a more varied selection of electronic devices in day-to-day basis, making them more familiar with usage patterns of product features. Older consumers on the other hand, have throughout their lifetimes seen and experienced many technological generations, where new features on a new less familiar product can often add to the confusions. This can be caused by for example this customer being used to a certain way of doing something on a device, which has now with new features changed and thus become unfamiliar.

Additionally, study conducted by Thompson et al. (2005) on feature fatigue found, that consumers tend to assign more weight to product capabilities in the evaluation phase before use than after use, and less weight to product usability in their satisfaction ratings before use than after use. This means that for these people, what appears to be attractive in prospect does not necessarily appear to be good in practice. When using a product, consumers may become frustrated or dissatisfied with the number of features they desired before using the product. (Thompson et al., 2005) Each new feature adds yet another control, a display, a button, or instruction. The product complexity tends to increase as the square of the number of features (it of course varies depending on how integrated the new feature is into different activities that can be performed with said product or service). As can be seen on Figure 1, complexity continues to increase at a faster rate than the rate at which the number of product features increases. (Wu et al., 2015) Therefore, determining customer's needs and goals is integral to line up prospects and practice for maximising the value creation for the user, and thus building brand loyalty.

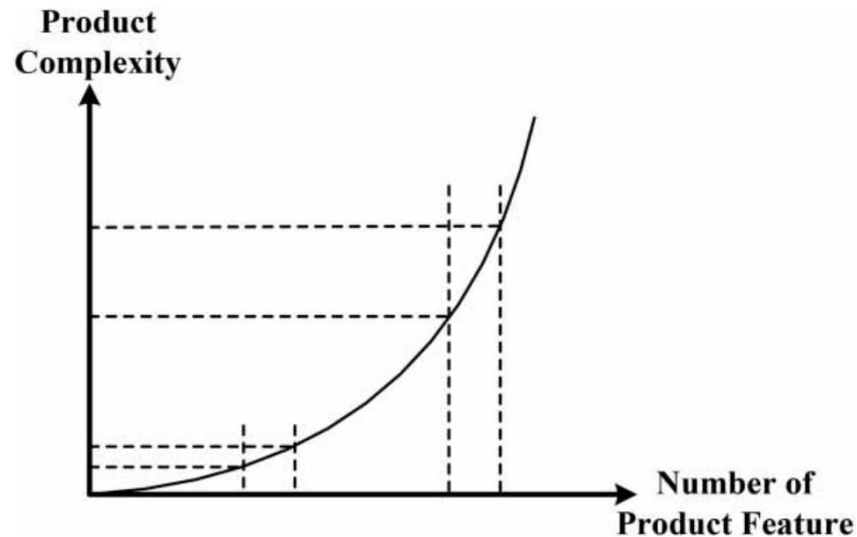


Figure 1. Product complexity curve in feature-overloaded products. (Wu et al., 2015)

To predict these needs and goals of older customer segments, it is important to do thorough testing before implementation on a large-scale basis. It is necessary to develop different marketing programs for different segments of the mature market. Furthermore, a strategy developed for a specific segment should not only be tested for its effects on that specific segment, but also effects on other segments of the population, on different age spectrums. (Moschis, 2003) This way product designers get a better overview of the values that different segments have towards the products they purchase, and the goals these products are fulfilling, all while maintaining the healthy number of features to strike an effective balance between the capabilities and usability of said product. Wu et al. (2015) states that to alleviate the feature fatigue problem, product designers should simultaneously address the usefulness problem and ease of use problem by deciding on how many and what features firms should offer to make the product both attractive enough and easy to use at the same time.

All these factors discussed in this case study must be constantly monitored throughout different phases of value creation. The process is not a simple straight line with steps in specific order, but is iterative and requires the

participants (i.e., marketers, product designers, and customers) to return to previous phases if a change has happened regarding for example the technological environment, company's offering, product design, or even customer's needs and requirements.

4 Discussion

With the theoretical framework of value co-creation, and case study on the importance, characteristics, and areas of improvement on elderly customers in technological markets, we establish a common emphasis on service experience.

We learned that older customers are more attracted to emotionally-meaningful, rather than knowledge-related goals due to limitation that is time. It is important to remember that it is crucial to assure the quality of customer-company touchpoints so that the value that is created in these direct interactions also flows over to the hidden interactions (i.e., happening in the customer's sphere that is hidden to the provider) by increased trust and transparency.

By concentrating on experience-centric mindset, the company can have a much stronger control over customer touchpoints and its conditions, making sure the customer is sufficiently educated to be able to use the products and services correctly. This eliminates the problem with lack of information for the elderly customer to correctly use the product or service to its full capability, while also returning valuable information back to the product designers and marketers regarding the features and attributes that receive less favourable feedback. With this data, product designers can draw conclusions that help decision-making regarding perfect balance of product capabilities and usability to avoid heightened levels of product complexity and feature fatigue.

Furthermore, experience-centric relationship between the provider and the customer can influence wants and beliefs of the customer regarding the co-creation of value. The demand for a brand's offering rests on wants and beliefs

of the customer. O'Shaughnessy (2014) describes a "want" as represented in the mind as benefits sought, while a "belief" is a disposition to accept that certain things are true (or false) or that certain things should be done (or not done). For a consumer to want a product, they must believe that the product will help them achieve the good life. (O'Shaughnessy, 2014) By customer's active participation in value creation, the provider can influence the development of the belief in the offering, targeting the specific wants of their target customer group. The customer on the other hand, plays a role on what the final product or service ends up being, getting it closer in relevancy to fulfil the expectations and requirements a customer might have.

With the characteristics of elderly customers, the Customer-Dominant Logic (CDL) is most beneficial marketing logic for effective value co-creation. By implementing CDL into a company's framework, marketers and product designers must closely follow and analyse the elderly customer segments, using the data to tailor their products and services to fit these customer groups. However, this does not mean the product and service offering should be appealing primarily to senior customers. Moschis (2003) explains how their offerings should be developed with an appeal that satisfies both younger and older consumers. This means the products and attributes should satisfy the needs of both previously mentioned consumer segments, while being most beneficial to the older person. This is due to older people having the possibility of added dimensions of declining cognitive- and behavioural performances that complicates adaptability to new things. Older people tend to prefer products that minimise problems, rather than maximising benefits. CDL is very important with elderly customers because it does not emphasise on changing the customer to match the company's offering, but rather gives the company an incentive to match their offering to customer's requirements and needs. Thus, eliminating the time and energy expenditure for a customer to adapt to a new experience, while offering the benefit of familiarity with a product or service that is adapted to his or her values and requirements.

Coupling real-time marketing (RTM) methods and value co-creation with elderly customers can return great results due to the autonomous nature of RTM. Company can have a constant flow of information regarding the customer's habits and usage patterns, while the customer has the product or service adapting to the way they use it, freeing both parties from having to constantly interact directly to maintain continuous creation of value.

5 Limitations

For the conclusive remarks and recommendations, some limitations must be kept in mind that had surfaced during the gathering of information and points raised.

- The “customer” in the theoretical framework does not represent all customers, but rather a party that enables the provider to benefit from co-creating value in a manner that grants competitive advantage. In reality, customers vary in a way that makes it difficult to predict the outcome of value co-creation with full certainty. Therefore, no one specific method or marketing logic described in the theoretical framework is always universally better than the others in given circumstances.
- In some industries product innovation and breakthrough cutting edge technology must be developed to maintain a strong competitive advantage over the competition. Thus, these situations might not be ideal for co-creation environments. Instead, company must not solely concentrate on customer expectations and requirements, but rather dig into customer's latent needs and create a solution said customer does not know is an option. Therefore, uneducated customer input may result in stagnation of innovation and competitive progress.
- With experience-centric mindset, constant transfer of information is happening between the customer and the company due to the increase in customer touchpoints. The modern concerns of data privacy can leave

a sour taste in some customer's mouths if they realize the amount of information that is sent back to the company, even if it is for the purpose of enhancing the experience and value they receive from the interactions and their offering.

- The research and studies done on elderly customer segments remain scarce when it comes to comparing it to the younger segments. This can result in deficiencies in theory and knowledge of said customer group. The emphasis put on these segments is on constant growth, although has not yet reached to equal levels with younger counterparts.
- The study could have gained extra points and depth to discussion with the addition of qualitative research methods performed on a focus group of target customer segment or a survey on a wider audience. Although, given the limited resources, reaching a big enough sample size for data to return relevant results ended up not being feasible.

6 Conclusion

With the limitations in mind, and from the discussion and analysis performed, it can be learned that by implementing a certain marketing logic into a company's mindset, an experience-centric environment can be designed that benefits both the company and the customer in question. The offering of experience gives the ability to spread the value creation out on several different aspects of a service, rather than what a single product or service has to offer.

With extremely high levels of competition, companies must do everything so that the customers become loyal and a better offering from a competitor will not convert them to change to an alternative. Elderly customers have proven to be one of the most loyal customer groups, but that does not come without hard work. They are heavily dependent on habits, company transparency, concentrate on emotionally-meaningful goals, and require more support than the younger segments. However, the extra effort will prove beneficial through

complex customer management, which provides expertise that can be used to enhance the strategies for other customer segments.

Instead of a value being created with the focus on units of output, the focus is on value-in-use, where value is created by the company, customers, and other actors engaged in the process. Company acts as a facilitator, offering a configuration of resources or enablers (i.e., goods, services, information), while customers and other actors integrate and operate the offering from the company to create value for themselves, as well as the company. (Wetter-Edman et al., 2014) The outcome of this is a better understanding of users, their activities, interactions, and experiences which lead to more effective segmentation of elderly customers, their values, and requirements, eventually leading to a strong loyal customer base that provides an edge over the competition.

7 Recommendations

The methods discussed combined with the information provided by the elderly customer segments sounds great in theory but requires certain measures to be taken by the company for it to work.

- Company must have a well-established risk management framework. As elderly customers become co-creators of value, they become more vulnerable to risk and will therefore demand more information about the potential risks associated with the design, manufacturing, delivery, and consumption of particular products and services. (Seppä & Tanev, 2011)
- In the case of CDL, the company must fully commit to positioning customer as the main stakeholder in the service process, which entails taking notes on all feedback and behaviours, whether it be beneficial for the company's current state or not. The performance of the product or service that the company offers the customer is essentially a tool that provides input for the provider on the changes that must be performed for

better value creation. Heinonen & Strandvik (2015) describe the offering (i.e., what the company offers and sells) as a recipe for how a provider can be involved in a customer's value-in-use, driven by the customer's configuration of activities, perceptions, and emotions.

- When measuring co-creation performance, company must keep in mind the importance of the customer's perception of the brand, as well as customer-company relationship quality. (Seppä & Tanev, 2011) These are the values that can either make or break the potential relationship with an elderly customer.

- It is important for a company to concentrate on customer *needs*, instead of just the needs. Strandvik et al. (2012) describes needs as a customer-focused concept that corresponds to the provider-oriented offering concept and that demonstrates what the customer intends to achieve and to acquire. If an offering represents what the supplier intends to provide and achieve, the customer needs concept is what the customer intends to achieve and to acquire. (Strandvik et al., 2012) Therefore, marketers must pay extra close attention to exactly how the elderly customer reacts to different experiences, so the offering can be adapted accordingly.

These recommendations help establish understanding and avoid possible falling out in the environment of value co-creation with elderly customer segments.

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