Value Co-Creation in E-Commerce

A Case-Study of a Swedish E-Retailer

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Abstract

**Purpose:** This thesis aims to examine if and how Value Co-Creation works online, and what interactions the customers believe to be of importance to continue a relationship with a company.

**Problem:** The problem of the thesis is how to create value in order to establish long-term relationships with customers in an online environment where the element of face to face interactions is absent, and switching costs facing the customers are non-existent. There is little research made about Value Co-Creation in an online setting, further how Co-Creation of Value affects the ability to establish and maintain Customer Relationships.

**Method:** This paper utilized a qualitative research approach and was executed through a case study built up by a thorough analysis of a marketing plan and the value creating activities of Company X, and semi-structured interviews with twelve customers of Company X to investigate how these activities are perceived.

**Findings:** The conclusion of the research in this paper is that Company X performs activities that allows Co-Creation of Value. Further, it was concluded that the services provided by Company X contributes with important factors when trying to establish and maintain relationships with their customers.
Acknowledgements

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Jönköping May 21, 2018

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1. Introduction

In this section the background of the topic will be presented, and a problem discussion will be introduced. Following this, the purpose of the thesis and the research questions will be stated. Furthermore, delimitations for the thesis will be acknowledged, followed by necessary definitions. Ultimately, an outline for the thesis will be displayed.

1.1 Background

Recently, the authors of this thesis stumbled upon the fact that companies are working more with relationship building as a way to potentially create value for customers. Companies have started to initiate a wide range of strategies for acquiring and managing customers and customer relationship. However, there is a lack of this effort online. Relationship Marketing is something that has been discussed more during recent years within marketing and company strategy. What the increased interest in Relationship Marketing shows, is that companies are moving away from the classic marketing approaches, such as Transaction (mass) Marketing and product-oriented strategies (Gummesson, 1994). The companies are using more customer- and relationship-oriented marketing strategies where they focus on building relationships with the customers and creating value, instead of pushing the products to the customers (Gummesson, 1994; Grönroos, 1997).

E-commerce is considered to be one of the most significant commercial applications of scientific knowledge in the 20th century, and it has developed significantly during its 20 years of existence (Qin, Li, Chang & Li, 2014). Many entities and organizations have tried to define e-commerce, but according to Qin et al., (2014) no one has been able to provide a spot-on, widely-used definition yet. However, when interpreting various definitions, one can conclude that e-commerce is the process by which electronic means is used to do business or to do other economic activities, it is the process whereby traditional trade is carried out by electronic methods (Qin et al., 2014).
Basically, e-commerce provides all the aspects you would have in a “regular” transaction, but since the element of face-to-face (F2F) is eliminated they look a bit different. An online bank or online payment system is needed in order to handle the transactions. Due to the great amount of information customers have to provide, a great emphasis is put on information protection systems and security technology. The safety of the customers information is of great importance since it can be used the wrong way. (Qin et al., 2014)

Traditional business activities that are in any way related to customers or sales are mainly done through F2F communication. Within e-commerce the F2F dimension is inaccessible but is compensated with something that offline organizations cannot provide, 24-hour, worldwide accessibility. E-commerce eliminates the barriers of time and place allowing businesses to provide products/services all around the world at any time. Organizations has become more competitive due to e-commerce (Qin et al., 2014). The accessibility that e-commerce provides to many companies makes it possible for them to conduct business on an international level. Furthermore, e-commerce has effectively reduced the production costs and times of companies (Qin et al., 2014).

The trends of the e-commerce environment of today is all about creating and maintaining a competitive advantage with innovation and reformations. The introduction of e-commerce has not only had positive effects on the business environment. The negative effects that a fast-paced business environment brings, is that as soon as a product comes out it is easily replicated or copied due to the extensive amount of information that can be found. This makes the various products available in the market very homogeneous. The need for companies to distinguish themselves through strategies become a pivotal priority in order to stay relevant to the customers (Qin et al., 2014). One way of establishing a sustainable competitive advantage is by implementing a service perspective. This does not only treat customers as a source of revenue, but it uses them as an internal resource to build relationships (Grönroos, 2007).

How the company decides to optimize the resource allocation and how to apply e-commerce technically are depending on what the strategic goal is. Furthermore, one has to realize that technology is just a tool to help you accomplish the strategic goal (Porter, 2001). When you adapt the technology to and align it with the strategy, the technological
advantages will be utilized to a maximum. Lack of trust and personal interaction between the customers and the company, or its website, is the main obstacle for the customers in developing value for themselves in an online setting (Qin et al., 2014).

1.2 Problem Discussion

The rapid growth of E-commerce during the last 20 years has been one of the most influential additions to today’s businesses. An estimated 1.66 billion people worldwide bought products online in 2017, and it is expected to steadily increase in the future (Statista, 2018). Companies work towards increasing, or at least maintaining, their customer base with various marketing strategies. Due to the fierce competition and low switching costs facing the customers online this is more difficult than one can imagine. The companies compete by creating additional value for the customers, in one way or another, in order to differentiate themselves (Grönroos & Voima, 2012).

In order for companies to grow or maintain its customer base it is essential that they either keep attracting new customers or retain their existing ones. In a study conducted by Doyle and Stern, (2006) it is stated that it is five to seven times more expensive to acquire new customers, than retaining existing ones. With regards to this, businesses might be better off with more defensive marketing strategies focusing on customer retention in order to maintain or increase their market share (Tsoukatos & Rand, 2006). The problem however, is how to create value in order to establish long-term relationships with customers in an online environment where the element of face to face interactions is absent, and switching costs facing the customers are non-existent.

The importance of relationship building has been discussed extensively by (Grönroos, 1978, 1990, 1994, 1997, 2007, 2008; Grönroos & Ravald, 2011; Gummesson, 1987, 1994, 2004), Value Creation has been emphasized by (Vargo & Lusch, 2004, 2008; Grönroos & Voima, 2012; Echeverri & Skålén, 2011), and customer retention (Grönroos, 1994; Cyr, 2008; Doyle & Stern 2006; Saunders, Lewis & Thornhill 2012; Khalifa & Liu, 2007). However, there is a lack of research regarding how co-creation of value works online, and what kind of interactions that can create value online. Specifically, no one has examined the theoretical applicability of the Value-Creation sphere model introduced by Grönroos and Voima (2012), investigating where and if Co-Creation of Value works
online, and what kind of interactions that customers believe to be of importance in regard
to their relationship with the online business.

1.3 Purpose
The purpose of this thesis is to examine if and how Value Co-Creation works online, and
what interactions the customers believe to be of importance to continue a relationship
with a company.

1.3.1 Research Questions
In order to direct the research towards accomplishing the purpose of the thesis, two
particular research questions have been formed:

Research Question 1: How is Value Co-Creation possible in an online setting?

The first research question puts the designated company's perspective as the area of
investigation. The purpose of this question is to investigate in what activities the company
is carrying out that can generate Co-Creation of Value

Research Question 2: Can Value Co-Creation be used to maintain customer
relationships in an online environment?

The second research question take the customer’s perspective and investigates which
factors they think is important for their Value Creation, compared to the activities that the
company is carrying out. The purpose of this question is to provide a frame of activities
that the customers derive enough value from, in order to maintain the relationship.

1.3.2 Delimitations
This research will focus on a Swedish Business-2-Consumer company, where both the
company’s perspective and the customer’s perspective will be taken into consideration.
The reasoning for this choice, is that the study aims to investigate certain patterns in
customer Value-Creation, which is not applicable to the same extent in a Business-2-
Business environment. The choice of a Swedish company, originates in the fact that the
authors all have geographical ties and contacts in the country, which made it easier to get
in contact with a suitable company. The company will be named Company X due to an expressed desire of secrecy.

Further, the company is an online retailer for well-known clothing brands. A company in the clothing industry has been chosen since the authors believe that a very unique approach, and a lot of interactions is embedded in the purchasing process. The company of interest is specifically focused on male clothing, which is why in regard to the interviews, women were excluded. The informants were also already existing customers of the company, which further excluded non-customers. As this study does not aim to generalize value-creation online as a cluster, but to investigate for a specific situation, only one company was chosen for the research.

The authors chose to not cover Brand Loyalty, as that takes the direction of Word of Mouth, Electronic Word of Mouth and Brand Perception, which in itself is a vast field, but does not share the thesis’s line of thought. Furthermore, the Value Creation model was chosen as it incorporates the fundamentals of how value is created in relationships between provider and customer.

### 1.4 Definitions

**Interaction:** An interaction refers to an action or influence that two entities can have on each other. Can have either a positive or negative effect.

**F2F:** Face to Face interactions. Can be more thoroughly described as direct, physical interactions between two or more individuals.

**Relationship:** Refers to an interactive dyad between customer and supplier.

**Value-creation:** Refers to the positive and satisfactory feelings felt, that are created in combination with a certain activity.

**Value Co-Creation:** Refers to the Value Creation where two or more parties influence each other through interactions. The Co-Creation is initiated by the customer.

**Loyalty:** In this regard, loyalty refers to the process in which the customer’s willingness to continue a certain relationship with a provider is displayed through their commitment to interactions. Do not get it mixed up with Brand Loyalty.
1.5 Thesis Outline

This thesis will follow the forthcoming structure: Introduction, Literature Review, Method, Empirical Findings, Analysis, Conclusions, followed by Discussion and Future Research (see Figure 1). In chapter one, a background to the topic will be presented. After this, the problem is discussed and the purpose as well as the research questions are stated. Additionally, the delimitations are presented. In chapter two, previous research connected to the research questions of the thesis is outlined. Chapter three explains the process in how data was collected, and the assets that were utilized. Chapter four presents the empirical findings. Chapter five presents analyses of the empirical findings, whereas chapter six draws the conclusions for the thesis. Ultimately, in chapter seven, suggestions for future research, limitations of the thesis, practical implications and managerial implications are discussed.
Figure 1. Thesis Outline
1.2 Literature Review

In this section, the relevant literature to the area of research regarding the study will be presented. Included are the following themes: Traditional Marketing perspective, Relationship Marketing, the E-commerce industry and the concept of Value Creation.

2.1 E-Commerce

In a supplier-customer dyad, relationship quality is concerned with two main factors; salesperson characteristics and behavior. Although, in a B2C e-commerce situation, there is no physical salesperson, losing the element of direct interaction. Instead, companies have to utilize highly functional and appealing websites as a medium for building and maintaining online relationships with customers (Zhang et al., 2011). In order to be competitive and maintain relationships online, it is important for an e-commerce business to provide a website that the customer find easy to use as well as trustworthy. This is due to the significantly small switching costs between different websites for the customer (Anderson & Srinivasan, 2003). Khalifa and Liu (2007), further motivated this by saying that when a customer is satisfied with a certain online website, they are more likely to return to the same website.

When companies try to establish a highly functional and appealing website, it is beneficial if the information is easily accessible and that the website is visually pleasing and easily navigated (Cyr, 2008). The information aspect can be explained as elements on the website that provides the customer with information regarding the product and services offered by the company. To further explain, in this scenario information could be product reviews or shipping information. Providing accurate information on the website is a vital part of establishing trust (Garrett, 2011; Wang & Emurian, 2005; Zhang et al., 2011). The information provided on the website is of no use if it is not easily accessible (McKinney, Yoon, Zahedi, 2006). If the customer effectively can navigate the website and easily find the information he is searching, the company establishes trust and satisfaction (Cyr, 2008; Zhang et al., 2011). The user expects that a website is easily navigated, and that all information needed is accessible (Yoon, 2002; Cyr, 2008).
In contrast, Zhang et al., (2011), claims that although website usability is important, what can be considered to have more impact on the online relationship quality is the perceived quality created by company expertise. Furthermore, Koufaris and Hampton-Sosa, (2004), have indicated in their research that a company’s perceived willingness to customize and adapt their products and services significantly increased the initial customer trust. Despite the fact that initial trust is immensely important in a supplier/consumer relationship, previous research suggests that a relationship can be characterized of high quality if preceding interactions have occurred, and more interactions are expected to take place (Zhang et al., 2011). In order for a favorable relationship to take place, the customer have to feel satisfied and be able to trust in the supplier (Zhang et al., 2011; Grönroos, 1997; Gummesson, 1994).

A common struggle for businesses that operate within the e-commerce sector is to create enough perceived customer value in order for them to continue the relationship and return, instead of switching to another company (Anderson & Srinivasan, 2003). This is due to the many competitors and minimal switching costs facing the consumer. This has caused a change in e-commerce marketing strategy making companies focus more on relationship building and maintaining customers as a sustainable competitive advantage (Cyr, 2008; Ray, Kim, & Morris, 2012; Grönroos 2007). Furthermore, a pivotal reason for companies to focus on this is that it is five to seven times cheaper to retain an existing customer than to acquire new ones, making it more profitable for companies to focus on customer relationships (Doyle & Stern, 2006; Grönroos, 1994).

2.1.1 Traditional Approach to Marketing
Traditionally, the favorable approach to marketing was a Mass Marketing approach which was derived from the marketing mix and incorporated un-personalized advertisement for general product offerings (Grönroos, 1997). The commonly used tools of one’s marketing mix were the 4P’s: Product, Price, Promotion and Place, and personal interactions between a company and a customer were not frequent and were only available where mass marketing was inappropriate, as it often is in high-involvement purchase product categories such as car sales, insurances or houses (Gummesson, 1987). Mass marketing is a part of Transaction Marketing which has its focus on the quantity of customers that can be reached. Kumar, Bohling and Ladda (2003), states that Transaction Marketing
emphasizes the exchange of a product/service for money. The focus is placed upon a short-term interaction between seller and buyer. A definition of Transaction Marketing provided by Grönroos (1997), further describes the idea of a strategy purely focused on the transaction. Grönroos (1997) states that Transaction Marketing only incorporates the core product and its attributes such as the firm or its brand image, into the marketing strategy. These are the only variables that connects the buyer to the seller.

The Transaction Marketing approach is specifically suitable for companies operating in Consumer-Packaged Goods industries, such as everyday consumables (Grönroos, 1990). “A Transaction Marketing approach includes no, or minimal, customer contacts outside the product and other marketing mix variables” (Grönroos, 1997). Baker, Buttery and Richter-Buttery (1998) states that the after-sales service of Transaction Marketing is poor, and that the majority of the sales effort is focused on profit and financial results, meaning that after the sale is done, there will be no further contact between supplier and customer.

2.1.2 Relationship Marketing
On the other side of the spectrum is a marketing strategy known as Relationship Marketing. A company using a Relationship Marketing strategy focuses on creating more value to its customers than what is created by the core product alone (Grönroos, 1997). The use of Relationship Marketing escalated during the late 1990s, as a result of the substantial increase of literature within the subject (Payne & Frow, 2017). One of the factors that had a big impact in the paradigm change of marketing strategies was the realization many researchers came to when it was made obvious that whether a customer buys a product or service, they are both consumed as a service (Grönroos, 1978, 2008; Gummesson, 1994; Vargo & Lusch, 2004, 2008; Grönroos & Ravald, 2011). Furthermore, Lovelock and Gummesson (2004) concludes that services do not differentiate themselves from goods in a marketing context, and that it should be integrated into the general ideas of marketing and management. Adding to this, Grönroos & Ravald (2011) states that in a service logic there is no difference between a service provider and a provider of goods, they all act as service providers.
In Relationship Marketing, the companies put more focus on the added value they can provide to their customers, this is something that any company can do, and since competition is fierce, the most important aspect of relationship is the need to make sure that the interaction between you and your customer is of high quality. This provides you with a competitive advantage in relation to your competitors (Grönroos, 1997).

The 4Ps of marketing; Product, Price, Place and Promotion, have been the pillars of marketing strategies. The paradigm shift from Transactional to Relationship Marketing changes their role in the strategy from being in the center to being more adaptable contributing parameters to the relationships and interactions (Gummesson, 1994).

![Figure 2. The Current Marketing Mix (4P) Paradigm of Marketing (left), and the Future RM Paradigm (right) (Gummesson, 1994, p. 9)](image)

In a theoretical context, both the marketing mix and Relationship Marketing are based upon the foundation that they should put customer needs in focus. However, the marketing mix does not incorporate relationships and interactions to the same extent as Relationship Marketing. This is due to the fact that the Marketing Mix places the 4Ps as their core focus, in contrast to Relationship Marketing that approaches the course of action in a radical manner, putting relationships first. This in turn, forces a paradigm shift (Gummesson, 1994).
2.1.3 Definitions of Relationship Marketing

Several researchers within the academic field of marketing have their own definitions of Relationship Marketing (see in Table 1).

<table>
<thead>
<tr>
<th>Definition</th>
<th>Author</th>
</tr>
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<tbody>
<tr>
<td>The strategic management of relationships with all relevant stakeholders in order to achieve long term shareholder value. Critical tasks include the identification of relevant relational forms for different stakeholders and the segments and sub-groups within them and the optimal management of interactions within these stakeholder networks (p. 9).</td>
<td>(Frow &amp; Payne, 2009)</td>
</tr>
<tr>
<td>Relationship marketing is marketing based on interaction within networks of relationships (p. 136).</td>
<td>(Gummesson, 2004)</td>
</tr>
<tr>
<td>The core of relationship marketing is relations, a maintenance of relations between the company and the actors in its micro-environment (p. 19).</td>
<td>(Ravald &amp; Grönroos, 1996)</td>
</tr>
</tbody>
</table>

Table 1. Definitions of Relationship Marketing

These definitions all support the theory of companies creating additional value for its customers, than the original value that is created by the core product (Grönroos, 1997). They also support the notion that Relationship Marketing can be beneficial for both parties in the relationship when creating and maintaining them for the long run (Rapp & Collins, 1990). Additionally, a firm that uses this strategy can create a stronger relationship to their customers. There are a variety of different kinds of relationships that a company can utilize with their different stakeholders. What all these relationships have in common is that they all serve as a value-adding function for the customers as well as for the companies. (Grönroos, 1997).

2.2 Value Creation in Relationships

When engaging in stakeholder relationships, both the supplier and the customer is exposed to what is referred to as co-creation, in which value is created in a collaborative manner through goods and services, as well as through interactions (Grönroos, 2008). Additionally, it is said that entities that engage in co-creation are all the actors included in a relationship, and there are no distinctions in the amount of value that can be created.
by the different parts in the relationship (Grönroos 2008; Grönroos & Ravald 2011). When engaging in long-term relationships however, the benefits for both parties are much greater. Within long-term relationships, factors such as safety, security, credibility and continuity are considered to increase trust and thereby also lead to an increased customer loyalty (Ravald & Grönroos, 1996). Furthermore, Grönroos (2008), claims that customers create value for themselves, and that the suppliers are simply there to support the value creating process. The ultimate scenario that can arise is when the supplier, in an interactive manner, is able to further enhance a customers’ ability to create value through a support process referred to as co-creation of value (Grönroos, 2008). This supports Ravald and Grönroos, (1996), theory that customers will feel satisfied with a supplier after a certain amount of successful economic interactions, thus developing trust.

2.2.1 Value-Adding Strategies in Long-Term Relationships

Increasing the benefits reduction the sacrifice

Stimulates repurchasing activity

Relation

Safety Credibility Security

Trust Loyalty

Mutually profitable relationship for supplier and customer

Figure 3. The effect of value adding strategies in a long-term relationship (Ravald & Grönroos, 1996, p. 25)

*Increasing the benefits* for the customer is when there is some kind of added value in the exchange that is perceived as beneficial by the customer. This could be after-sales services or warranties. If the added value is aligned with the core product, and provides additional value for the customer, it will have positive effect on the customer-perceived
quality (Ravald & Grönroos, 1996). In contrast to increasing the benefits by adding features or services to the core product, value can be added by reducing the customer-perceived sacrifice as well (Grönroos & Ravald, 1996). In order to get a good understanding of how to accomplish this, the company has to look at the value-exchange from the customer's perspective, which is the core of relationship marketing (Ravald & Grönroos, 1996; Gummesson, 1994; Grönroos, 1994). This becomes possible when the company has reviewed its offering enough to understand the customer’s value chain, and how the offering satisfies his needs. Examples of reducing customer-perceived sacrifice could be free returns when purchasing online or increasing the comfort with express delivery. The aspect of increasing benefits or reducing sacrifice both strives to achieve the same goal, which is to positively impact the customers purchasing decision. (Ravald & Grönroos, 1996).

Both increasing the benefits and reducing the sacrifice are factors that can generate customer-perceived value. These value adding factors are major contributors for triggering customer repurchase intention (Ravald & Grönroos, 1996). According to Zhang et al. (2011), when a customer displays a willingness to repurchase, this could be the first step towards long-term customer retention.

The fourth step of the model consists of establishing safety, credibility and security. These are all factors that work together with the aim of decreasing the amount of sacrifice for the customer, which in turn acts as a value-adding part of the relation. When a certain amount of positive transactions has been made, the customer will feel satisfaction (Ravald & Grönroos, 1996). This in turn will lead to, the customer starting to feel safe with the supplier, bringing trust into the customer/supplier relation. The customers trust the supplier to fulfill his needs. Safety, security, credibility and continuity are all factors that will contribute to an increased trust, which in turn leads to supporting the notion of encouraged customer perceived value. (Ravald & Grönroos 1996).

Moorman, Deshpande, and Zaltman (1992) offers the following explanation of trust; the willingness to rely on an exchange partner in whom one has confidence. Additionally, Morgan and Hunt (1994) conceptualize trust as the processes in which one has confidence in an exchange partner’s reliability and integrity. Loyalty and commitment, can be seen
as a key factor in a supplier/customer relationship in order to provide superior quality and establishing trustworthiness. Moorman et al. (1992), and Morgan and Hunt (1994) defines loyalty and commitment as when a customer perceives the relation with a supplier to be of enough importance for them to keep maintaining it. Commitment to a relationship is characterized by the desire to maintain it.

The emphasized value-adding strategies within the field of Relationship Marketing, all encompasses the fundamental assumption that relationships should be long-term, in order to maximize the utilization of profitability for both parts (Ravald & Grönroos, 1996). As stated by Gummesson (1994), Relationship Marketing accentuates a long-term and profitable relationship between a provider and a customer. Moreover, Storbacka (1993), claims that if a customer is satisfied, profitability is then the receipt indicating a successful relationship. In addition to this, Grönroos (1994), says that customer retention has a positive effect on profitability.

2.3 Value Co-Creation

According to Vargo and Lusch (2004), a service-centered logic to marketing is characterized by the value being created in a dyad between customer and supplier, so called Co-Creation of Value. Furthermore, a service-centered dominant logic heavily anticipates continuous processes in the relationships, in which the customer is always involved in the Value Creation process (Vargo & Lusch, 2004, 2008, 2017).

In a Value Co-Creation relationship, the interaction between the two parts has to be equally involved and participate similarly in the exchange (Grönroos & Ravald, 2011). The basis of interactions is to have mental, physical or virtual contact, in which the supplier (provider) is enabled to use of the knowledge retrieved from the customer, and in turn guide the customers’ course of action through direct and indirect interactions (Grönroos & Voima, 2012).

2.3.1 Direct Interaction

Direct interaction is a phenomenon in which a firm’s and a customer’s resources connect with one another on an ongoing basis. This is done through a dialogical process where the two sides actively contribute to keep the dialog alive. Direct interactions usually occur during production and delivery procedures simply because this is when most dialog
between the provider and customer is naturally happening. With this said, dialog can occur in any type of procedure (Grönroos & Voima, 2012).

In procedures in which direct interaction occurs, both the provider’s and customer’s action have a possibility to act as an influential force in the Value Creation process (Ma & Dubé, 2011). If a customer decides that he or she wants something customized, they have a possibility to influence the actual production procedure. For example, if a customer asks for a possible upgrade in the service they are about to use, the provider of the service can influence the customer’s Value Creation process. If the provider agrees to the upgrade, positive value will be derived from this. On the contrary, this is also where the provider can influence the Value Creation negatively by denying the customers’ request for an upgrade (Grönroos & Voima, 2012).

2.3.2 Indirect Interaction

*Indirect interaction* can be illustrated as situations where a customer is using or consumes a product or service. In this category, interactions only occur between the customer and the product or service. This process could be exemplified in a service context through the use of a newly washed car, in which value is created for the customer by feeling proud of his clean car and receiving compliments. Indirect interactions also develop before direct interactions, as when for example a customer does research at a website for an upcoming purchase. (Grönroos & Voima, 2012).

2.3.3 Value Creation Sphere Model

The role of the Value Creation sphere model is to determine where value is being created in a relationship between provider and customer. The function of the provider and the customer in terms of Value Creation and Value Co-Creation, ultimately relies upon in which sphere the real or potential value is being created. In regard to Value Creation, there is a clear emphasis on the joint sphere, where interaction is central and direct (Grönroos & Voima, 2012).

*The Provider Sphere* is where the firm is responsible for the production process, e.g. the development, manufacturing, design and delivery. This is where the products and services are put together for the customers to utilize at a later stage (Grönroos & Voima, 2012). In this stage, the provider of the service or product can only be characterized as a facilitator.
of value, by providing potential value-in-use through indirect interactions (Grönroos 2008, 2011; Grönroos & Ravald, 2011; Vargo & Lusch, 2004, 2008). The value facilitator is not a part of the Value Creation itself, but the production processes can manifest potential value that the customer might be able to use in their Value Creation process (Grönroos & Voima, 2012).

*The Customer Sphere* is where the customer independently creates value for themselves, meaning that they are independent of the provider. This is due to the provider having a passive role in this sphere, where the customer solely interacts with the provider’s services or products in a virtual, mental, physical or imaginary form, without any direct interaction with the provider. It is in the customer sphere where the customers decide if there is any potential value in the services, from which he decides if they will “invite” the provider. Once the dialog is initiated, the service and the interactions are moved to *the joint sphere* and Co-Creation of Value emerges (Grönroos & Voima, 2012).

*The Joint Sphere* is where customer is the dominating part of the Value Creation process, it is where real value can be created (Grönroos & Voima, 2012). Although this is the case, the provider can still through dialogical means of direct interaction, influence the Value Creation for the customer and act as a co-creator of value, given that the customer has invited the provider to the joint sphere (Ballantyne & Varey, 2006; Grönroos & Voima, 2012). Furthermore, co-creation of value can only occur through direct interactions, if there are no direct interactions, then there is no co-creation of value (Grönroos 2008, 2011; Grönroos & Ravald 2011; Voima, Heinonen, Strandvik, Mickelsson & Arantola-Hattab, 2011). The extent to which the firm is interacting with is customer, determines the impact it will have on the customers’ Value Creation, and the impact can be positive, negative or without significance (Grönroos & Voima, 2012). This can be seen in the work by Echeverri and Skålen (2011), where it appears that interactive processes in Value Creation can be both creative and destructive from both the provider and the customer. Therefore, it is essential to maintain interactions that are meaningful and of high quality (Fyrberg & Jüriado, 2009; Gummesson, 1994; Voima et al., 2011)
2.4 Literature Review Summary

To summarize, E-commerce has for a long time been characterized by focusing mainly on transactions and impressive logistics systems. However, there is an ongoing paradigm shift, where more companies are adapting a relationship-oriented approach to their daily activities, focusing on maintaining and developing their relationships with their customers in order to establish a competitive advantage (Grönroos, 2007). “The Effect of Value Adding Strategies in a Long-Term Relationship”- model contains important factors that influence the possibility of long-term relationships (Ravald & Grönroos, 1996). Companies can reduce their costs associated with attracting customers, with up to 7 times, by focusing on retaining existing customers (Doyle & Stern, 2006; Grönroos, 1994). A way to maintain relationships with customers is to make sure that substantial Value Creation is enabled for the customers to experience. Grönroos and Voima (2012) presented the Value Creation Sphere model, which illustrates how value supposedly is created in a supplier/customer dyad. The framework also shows where Value Co-Creation is enabled, among a company’s services.
3. Methodology

The methodology part of this thesis will acquaint the reader with the method that has been undertaken during the collection of data. This section will present the tools and techniques utilized in order to achieve the purpose of this thesis. In addition, the quality and validity of the data will be thoroughly assessed in order to establish its relevance and reliability.

3.1 Research Philosophy

Research philosophy relates to the development and the nature of the knowledge that is extracted in order to find the answer to the problem of the thesis. The philosophy that is adapted contains crucial assumptions about how the world is viewed upon (Saunders et al., 2012). This is of big importance since it determines what is important in relation to the specific research subject. By specifying a research philosophy, the authors can avoid gathering unnecessary data and instead make use of, and analyze, relevant data. There are four different categories embedded in the term research philosophy. These categories are Realism, Pragmatism, Interpretivism and Positivism, and are different philosophies of how to approach the research question (Saunders et al., 2012).

The philosophy that is most applicable to this research is an interpretivist direction. The interpretivist philosophy is a subjective approach due to its focus on humans in a society. As this study aims at exploring if Value Co-Creation can be enabled in an online setting, the authors argue that an interpretivist direction is the most applicable philosophy since it will allow for a better understanding in the Value Creating process. Further, the study will be conducted through a case study. A case study allows deeper knowledge and a broader context which will allow the details of the situations to be studied in order to get a better understanding of the reality (Saunders et al., 2012).

3.2 Research Approach

The findings and outcome of this thesis are relevant to a certain business area, the online retailing industry, and is the focus of this thesis. Henceforth, based on this characteristic it can be classified as general research (Collis & Hussey, 2014). Further, there are
different types of research approaches. These are; inductive, deductive and abductive (Saunders et al., 2012).

The abductive approach shares similarities with both the deductive- and the inductive approach. However, it is important to know that the abductive approach not is a combination of the two, but more of version with similar characteristics (Eriksson & Lindström, 1997). The deductive approach has been excluded due to its nature to draw conclusions based on a cause-effect link to be established between particular variables, without the understanding or respect to the way the social world is interpreted by humans (Saunders et al., 2012). In addition, the deductive approach is excluded since it does not permit the, in this case, rather important aspect of suitable alternative explanations to the problem due to its highly structured research design (Saunders et al., 2012). The authors believe that a less structured approach is better suitable to this research. There are many similarities in the abductive- and inductive approaches. The inductive approach lacks the need for generalizing a solution or product of a research, and therefore this approach is excluded as well.

The abductive approach is best suitable for this research, since the results of this study hopefully, will be interpretable to the extent that the authors will be able to find the best suitable explanation to the problem. The results from the study conducted will be concluded, and from that a model will be produced, which will probably be correct (Saunders et al., 2012). Further the authors will move back and forth between the existing theory and the newly collected data with the goal to find patterns and get an understanding of the complex context of the situation (Raholm, 2010; Alvesson & Sköldberg, 2009).

### 3.3 Research Purpose

This particular research paper is mainly built up by exploratory research, along with descriptive techniques. An exploratory research study is according to Robson (2002), a way for researchers to seek out “what is happening”, to ask questions and assess a phenomenon in a new light. A descriptive study could be viewed as a forerunner to the exploratory research because it paints a broad picture about a certain topic. The purpose of this thesis is to further investigate Value Co-Creation and its impact on customer/company relationships.
When browsing databases, it becomes rather obvious that authors have devoted time to the subject, but it seems that they usually lean more towards a quantitative way of working. I.e. mass studies on customer’s perspective on e-shopping etc. The researchers will use qualitative research in order to conduct this study. Both the suppliers and the customer’s point of view will be studied, to get a thorough understanding of the context. The frame of reference in this thesis, covers the essential theories regarding Relationship Marketing and Value Creation, and its significance in certain scenarios, but there has not been a plethora of research applying and testing the fundamentals of Value Creation in an online context. This thesis aims to further investigate these fundamental theories of Value Creation and Relationship Marketing and elaborate on them from an online retailer’s perspective.

3.4 Research Strategy

For the purpose of this thesis the most appropriate strategy is a case study. Case studies is the most suitable alternative when the research requires an in-depth understanding of the context of the discussed problem which is the focus of this thesis. The problem of the thesis, which is how Value Co-Creation works online, and if that can maintain or establish customer relationships, requires an in-depth understanding of the context of the customers, as well as of the company. To get a good understanding of how, and why certain actions are made. Performing a case study is a good way to, in its ordinary environment, conduct an empirical investigation (Robson, 2002). Furthermore, a case study incorporates already existing literature regarding the subject into the specific situation at hand.

The strategy of this research is established to get a better understanding of how to produce an answer to the research question of the study (Saunders et al., 2012). The research strategy is the merging factor between the theory, method, and research design of the thesis. The strategy can be composed in a variety of different ways, each specified for achieving a certain result. Saunders et al. (2012) continues to elaborate on the various commonly used strategies, which are: experiment, action research, ethnography, case study and survey, each strategy has its own use, and are compatible with different types of research (Saunders et al., 2012).
3.5 Literature Collection

Preceding scholars and authors have done extensive research within the subjects specified in this thesis. The various subjects that have been researched are within the field of Relationship and Service Marketing as well as E-commerce, from which relevant explanations and established theories will be drawn. The fundamental purpose of the literature review is to inaugurate a solid foundation of research, in order to apply and relate to already existing contributions when applicable. Several reviews of literature will be utilized, in which peer-reviewed journals and alternative academic sources, such as niched books in the marketing management spectrum. All of the sources used, stem from the science of business administration and marketing strategies.

The main frame of references that this thesis is encompassing, is originating from the work by Christian Grönroos (1990), where he introduced the Service Marketing and Management perspective and Christian Grönroos (1997), in which he discussed the importance of Relationship Marketing. Other essential literature is Evert Gummesson (1987), where he emphasized the importance within Marketing of maintaining long term relationships and Evert Gummesson (1994), where he introduced the paradigm shift from traditional Transaction Marketing, towards a Relationship Marketing approach. These two authors make up the foundation of the literary work that have been analyzed in the review, where more recently there have been other renowned scholars focusing on the same field that are mentioned.

In the process of deriving the peer-reviewed journal articles, several different databases have been employed, including Primo, Emerald Insight, Taylor and Francis, ProQuest, JSTOR, Google Scholar and Business Source Premier. The determination of literature relevance was managed through an empirical manner.

3.6 Primary Data Collection Techniques

3.6.1 Case Study

By tailoring the techniques and methods, the authors can collect relevant information for the specific purpose and problem. For this thesis, and the specific problem that this thesis focuses on, the chosen method for conducting the research is a case study. The case study will be conducted with a company. However, the company wishes to remain anonymous.
due to the nature of the company’s business, and its highly competitive industry. Therefore, the authors has sworn to secrecy regarding certain information (see appendix 2). The company is entitled as Company X throughout the thesis. Company X will be the main focus of this research and therefore the authors find it suitable to use an embedded single case study for the specific purpose in focus of the thesis.

There are several ways of describing a case study. The chosen definition for the cause of this thesis purpose is provided by Robson (2002), who defines it as ‘a strategy for conducting research that involves an empirical investigation of a particular contemporary phenomenon within its real-life context using multiple sources of evidence’. A case study is preferably used in explanatory and exploratory research due to the fact that it generates a more in depth understanding of the context (Morris & Wood, 1991). When collecting data in for the case study a combination of various collection techniques is often used. The chosen techniques for this research are observations, interviews and an analysis of marketing activities provided by Company X, and interviews of Company X’s customers.

According to Yin (2003) there are four different strategies of case studies. These four strategies are divided into two dimensions. There are single- and multiple case studies as well as holistic - and embedded case studies. The first dimension of single- or multiple case studies refers to the amount of cases to include in the study. It is preferred to use multiple cases in order to establish certainty that the findings are applicable in more situations and therefore provides more generalized results. When using a single case in a case study the possibility of getting generalized results are reduced. However, the strategy of using a single case can be selected when observing and analyzing a problem that few have researched before (Yin, 2003). Further, the second dimension which refers to the unit of analysis the authors have chosen to use an embedded case study strategy since different departments of Company X will be reviewed. This is because in order to get the good understanding of the context, various factors within the organization needs to be understood. The embedded approach provides this opportunity and therefore it is chosen. The holistic approach does not contribute with this since it is designed to view the organization as a whole (Yin, 2003).
3.6.2 Semi-Structured Interviews

*Company X’s* customers have been interviewed to get an understanding of how the value-creating efforts are perceived from a customer point of view. Throughout this thesis, the authors have labelled the informants as M1-M12. Due to the nature of the research questions, qualitative, semi-structured type interviews have been chosen. Semi-structured interviews can be seen as a mix between an interview and a regular conversation, where there is an amount of predetermined questions or subject outlining the conversation to make sure that none of the questions are missed (Blumberg, Cooper & Schindler, 2008).

The strengths of semi-structured interviews as a data collection technique is that it allows the researcher to get a better understanding of complex behavior or motivations by understanding the subjects opinions and experiences (Blumberg et al., 2008). This is because semi-structured interviews are more flexible during the interview, which in turn allows the researchers to get a better understanding of the nature and context associated with the answers (Blumberg et al., 2008). Further, it allows the interviewers to establish trust with the informant since they can have a conversation, and in that way biased answers can be avoided. Some critic to this way of conducting interviews is that the interviewers can influence the informants by asking leading questions.

When preparing the interviews there are things to consider, such as formulating appropriate questions and determining valid subjects to interview. The interview questions will be formed so that the answers have the possibility to be descriptive, but they also need to provide the context of the situations, the individual opinion. Neutral language and easily understood explanations of situations will be used when formulating the questions. Further, high emphasis will be put on avoiding double meanings or misunderstanding when formulating the questions in order to make all the informants answers valid.

3.6.3 Sample Selection

In order to get a good understanding of *Company X’s* activities, two different approaches were chosen. First, the marketing plan and activities of *Company X* was thoroughly analyzed to determine what actions taken by company that can generate Value Creation, and further which activities that can enable Co-Creation of Value. Following this,
interviews were conducted with 12 participants, to get an understanding of how the actions are perceived from a customer point of view.

The sampling of subject for the semi-structured interview were conducted through a purposive sampling technique. The people that were chosen to take part in the interviews all fulfilled the criterion specified to make sure eligible answers would be provided. The criterions specified for the subjects of interviews were:

- The participant is a male.
- The participant is an existing customer to Company X, meaning that they have made at least one purchase from them.
- The participant is above 18 years of age.

Due to the relatively small sampling size, time and resource limit, this sampling method is the most suitable for this thesis. As this research aims to answer how Value Co-Creation is generated online, the researchers wanted to use existing customers to Company X. This was due to the time limit, it was beneficial if the participants already had tried the services provided by the company. Since the company is a retailer of male fashion, the participants have to be of male gender. Further, the participants had to be of age 18, or higher. This is to make sure that the participant of the interview would have the chance to enjoy all the offerings from Company X, such as payment systems etc. which cannot be utilized unless one is older than 18 years of age.

3.7 Data Analysis

For the purpose of this study, a qualitative and interpretive approach was used when conducting the data analysis of the thesis. In order for the authors to conduct this specific qualitative research in the most optimal manner, the collected data was categorized and structured into themes (Saunders et al., 2012). The structuring and categorization was divided into two separate steps; identifying the themes and interpretation of the data. The identified themes were also structured by the ideas and theoretical concept in previous literature. The nature of the themes was also characterized based upon the different expressions, patterns and keywords from the transcribed semi-structured interviews. The authors designed the interviews with insight from previous literature and analyzed the findings respectively.
3.8 Limitations of Methodology

The researchers are analyzing Company X’s marketing activities and are using semi-structured interviews to gather enough data to answer the research questions of this thesis. However, the researchers cannot guarantee that the findings are accurate. Therefore, the two concepts of data reliability and data validity will be taken into careful consideration when structuring, designing and conducting the research (Saunders et al., 2012). Data reliability is defined as to the extent of which the techniques used for data collection and analysis will produce consistent findings (Saunders et al., 2012). There are factors that can influence the data during interviews. One factor that has been determined as most possible to affect the result of this specific research, is called subject error, which is when a single participant delivers varying answers during the interview (Saunders et al., 2012). To avoid this inconsistency, similar questions are asked multiple times in different contexts. Further, a risk of observer error or observer bias has the possibility to influence the reliability of the answers. This is when the observers (the researchers) misinterpret the answers. A technique that was implemented to minimize the risk of this, is cross-validation. Each researcher analyzes and interpret the findings alone, before the researchers compare their answers and compare the results (Saunders et al., 2012). The chosen strategy to conduct this research provides some limitations. The limited number of interviews and some restricted information from the company, reduces the chances of producing a generalized result.

Regarding the validity of the data, which refers to the reflected real meaning and accuracy of the data that is collected (Saunders et al., 2012), the researchers took certain precautions. The semi-structured interviews were thoroughly outlined in order to avoid leading the informants to answer in a specific or beneficial way or generating biased answers. The questions were phrased so that the interview subject easily understood the context and the meaning of it, in order to minimize the risk of him not understanding the entire question.
4. Empirical Findings

In this section, the empirical findings are presented. The data has been collected from an interview with a representative from Company X, as well as twelve existing customers of the company. The structure of the empirical findings will outline the marketing activities of Company X, and the interviews conducted with the customers.

4.1 Company X Outline

The empirical data has been collected from Company X’s marketing strategy as well a profound interview with a representative from the marketing department of the company. Company X is a Swedish based, online retailing-enterprise in the clothing industry. Their main focus is high-end male fashion products, in which they provide a wide array of well-known international clothing-brands, having several reliable partnerships and accreditations. Company X has gained a substantial market share in the Swedish market during the last five years. They have an increased turnover which represents 500 percent, currently placing them in the hundreds of millions SEK, increase since 2012. They have also during the same period, increased their profits with 600 percent, placing them in the tens of million SEK, in profits (Allabolag, 2018). According to Company X, they have word of mouth to thank for their success during the first steps of the start-up phase. They did not spend a large amount of money to market their site, this was due to the fact that during the start-up phase, they didn’t have a sufficient amount of money to allocate to marketing activities. Instead, they focused on conducting themselves very seriously, improving their internal processes, and to show a great amount of professionalism during their day to day activities. Company X believes that their success in the market comes from having a loyal customer base that returns and spread the word to their friends and family. The recent advances made by the company makes it an interesting company for this type of study.

4.1.1 Activities

In the interview that was conducted with a representative from the marketing department at Company X, it was evident that the company has several marketing activities that are implemented to continually improve the customers experience by providing value-
creating services. The services that *Company X* provides has been identified and divided into four different categories: *Pre-purchase, Delivery, Post-Purchase and Extra*. These services that *Company X* provides all have the common denominator of acting as a potential value creator for the customers. Together, the services cover all the stages that the customer moves through during the buying process, and are presented in Table 2.

<table>
<thead>
<tr>
<th>Value Creating Activities - Company X</th>
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<tbody>
<tr>
<td><strong>Pre-Purchase</strong></td>
</tr>
<tr>
<td>Style Guide</td>
</tr>
<tr>
<td>Personal Shopper</td>
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<tr>
<td>Inspiration: Magazine</td>
</tr>
<tr>
<td>Product Description</td>
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<tr>
<td>The Shoppingcart-Reminder</td>
</tr>
<tr>
<td>Customer Service</td>
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<tr>
<td>Accreditations</td>
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<tr>
<td>Paymentsystems</td>
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<tr>
<td>Partnerships</td>
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</tbody>
</table>

*Table 2. Company X value creating activities, (Company X, 2018)*

4.1.2 Pre-Purchase

Pre-purchase is the first phase that a customer experience. This is when he/she enters the website for the first time, hears about the company for the first time, or in some way or another is exposed to the company. The first service included in the pre-purchase phase is the style guide, in which the company allows the customer to create their own style in accordance to their preferences and budgets. This will put customers in control of their style and give them broad knowledge about which types of clothing that can be matched together. *Company X* also provides a weekly magazine with a wide range of content such as, inspiration, style tips, chronicles, interviews, “clothing combination of the week”, and their own picks of favorite clothing. There are several freelance journalists writing columns for the paper, as well as opportunities for companies to advertise themselves. These are just some of the things presented in the magazine, which has a similar function as a blog. In addition, they provide detailed product descriptions and they are utilizing a shopping cart-reminder to maintain customer interest. They provide clear information about payment systems, different partnerships and accreditations. The latter is a way for
the management of Company X to make sure everything feels as safe as possible for a consumer entering their site.

Something that Company X allocates a lot of resources to in the pre-purchase phase, is the “personal shopper”. Similarly, to a physical store where a customer would approach a salesman and state their needs, budget and occasion, the Personal Shopper could help the customer with the same thing. The customer creates a profile, where he chooses his preferred clothes for; work, leisure and day to day wear. Following, the customer is asked to provide his sizes, weight, height, preferred brands and finally a budget. When all aforementioned steps have been completed, a company representative will provide a couple of samples that the customer can decide between. According to the customer’s needs, a company representative is selected specifically for the customer, which makes shopping very convenient, especially for someone that wants to look good but not put in too much effort into it. Furthermore, the company provides an opportunity to communicate with a company representative if needed by using the Customer Service.

4.1.3 Delivery

Delivery refer to the process in which the product begins the transportation from the company warehouse, to the customer. Company X has always had free and fast deliveries. The company motivates the choice of free deliveries by the fact that they need to have it in order for them to stay competitive to other online retailers, and that the customers expect it. Company X offers fast deliveries, it usually takes 1-3 days which is a competitive delivery time in the industry. Alongside with fast deliveries, they provide an opportunity to contact the customer service along the way, and an ability to track the package.

4.1.4 Post-Purchase Activities

Post-purchase activities refer to the activities that take place after the customer has made a purchase, and the goods have been delivered. This is where the company can affect the customers by initiating dialog, and making it easier for the customers to come back. Company X uses a Customer Retention Program, which means that they encourage customers to buy more in order to receive higher discounts and benefits such as being part of the first group of people that get priority to their sale. The second strategic factor utilized by Company X is free returns, which enables customers to either send back parts of the order or the whole package without cost if they are dissatisfied with their order.
This means that the customers get the opportunity to change sizes or make other types of customizations to the order. Company X continuously provides customer service after the purchase has been made. The final value-adding activity, is the fact that Company X writes a personal thank you note that they put in the package. This is something that adds a personal connection throughout the entire purchase.

4.1.5 Extra Activities

Extra activities are anything surrounding the purchase process. It is activities that the company is utilizing in order to directly, or indirectly market themselves. Company X have provided three ways to add value in the extra activity section. First of all, their magazine in which they provide a good amount of inspiration for customers browsing their site. Furthermore, Company X has an encyclopedia on their site, which is a source of information regarding the world of clothes. Additionally, Company X provides thorough information about everything from material of the clothes, to different shoe soles. The last activity performed by the company is a newsletter, in which they may form the content exactly how they think the customers will appreciate the most. This process is highly based upon a personalized profile of specific customers, where Company X is utilizing cookies, Customer Relationship Management (CRM) systems in order to customize content for each customer.

4.2 Interview Findings

The empirical data has been collected from twelve of interviews with existing male customers of Company X. Additionally, the empirical data that was collected, is based upon the value-adding activities and the customer’s perceptions of them. During the interviews, questions regarding the interactions of the company were discussed. The results from the interviews were united in the belief that the company is very thorough and transparent when it comes to this. M2 stated that: “the company seemed very professional and serious since they provide a lot of extra benefits for the customers by supplying a style guide, a magazine, as well as thorough company information and easily accessed terms and conditions”. M3 discussed the website being easily navigated and a bit predictable which he thought could be considered satisfactory since it makes the browsing very simple. Further, there is a general opinion that the company can provide additional information about the products, such as a better description of material either
by providing more text, or better pictures so that the customers can make a more educated purchase decision.

In an offline, physical store a lot of impressions and feelings are created by physically touching the products and directly interacting with certain aspects of the company such as a salesman. Therefore, a discussion was held about the possibility of replacing a salesman with a website, as it is in the online setting, and if the customer could enjoy the same value-creation this way. M2 said: “if the company is transparent with the necessary information regarding its operations and products, as Company X is doing in their product descriptions, I feel like it can replace the direct communication with a sales representative in the offline setting”. The remaining subjects of the interview answered with similar answers and had a united belief about the information provided.

Generally, the subjects were happy with the amount of information provided on the website since it minimized the direct contact that was needed to make the purchase. However, M6 really preferred to use a physical store due to the great amount of service that is provided to him from the salesman working there. The lack of personal touch in an online environment was raised as a concern by subject M8, he continued to state that: “My local tailor always asks about my family, and we know each other really well, you do not get that when shopping online”. However, M2 and M3 argued that there is a personal connection established by Company X’s Customer retention program, where they both were acknowledged from the company and got gifts and discounts. Additionally, both M2 and M3 feel like the personal shopper is a good substitute to a physical salesman, M2 said: “The personal shopper knows my size, what brands I like, and my preferred clothing style, and provides me with inspiration and help based on that”. M3 supported this with the addition of the personal shopper being a good tool when trying to find clothes that would fit well, without having to test them.

When trying to establish trust online, the element of direct communication is limited to only email or telephone. M1, M2, M3 and M5 all thought that this could be replaced by the company’s ability to be transparent and provide all the necessary information. There is a common belief that the need for direct communication with the company can be reduced by providing all the necessary information that answer the potential questions
that might arise. Controversially, M4 and M8 argues that whatever the company can do in order to guide the customer through the browsing and being hands-on with information and communication, the better. However, it seems like this can have a negative effect, as M3 and M5 would feel that if the company would try to communicate through various tools other than a chat would be an intrusion, since most online-shopping is done at home, in a private environment where they don’t wish to be disturbed or at all wish to talk to a company representative. M6 and M12 argued that when they are browsing, and a specific question arises about a certain product, it is of high importance that the company is easily accessible with a fast response. M12 e-mailed Company X about a concern he had about a product and was dissatisfied with the response-time, which was almost 48 hours: “I emailed their customer service once, the reply was a bit slow (almost 48 hours), I would like it to be faster, so that the issue can be resolved faster.”. M9 expressed his opinion regarding contact with the company as; “If I want to contact the company I want to have the option to get in contact with them immediately, under normal circumstances during office hours, by phone, mail, chat-options”.

When asked what type of direct communication the customers enjoy or want from the company the response varies. M2, M3 and M4 has opinions regarding the newsletters provided by the company being too impersonal or to frequent. All subjects agree on the point that newsletter can be beneficial for them as customers since they provide information regarding current sales, or releases of new collections. M5 realized during the interview that since the customers that are getting the newsletters always has the option to unsubscribe to it, they can decide for themselves how much communication they want from the company. M1, M3, M6 and M12 appreciate the possibility to call the customer service department if there were any urgent questions that needed an answer, and if the issue weren’t urgent they were pleased with having the possibility to send an email and get an answer that way, even though it took a bit longer.

Even though many of the participants were reluctant to getting directly contacted by the company when shopping online, it was expressed that if it could be done discreetly or be initiated by the customer themselves it could have a value-adding effect. A solution proposed by M2, M5, M7, M10 and M12 was a web-chat option, where the customer could initiate a conversation with the company. The participants felt that they could
control the conversation this way, and still feel the presence of company representatives. M3 expressed the following: “I would like to have a more personal, initial greeting when I enter the website. For example, a personalized web chat message from a representative asking if I have any questions”. He further motivated that it was a good alternative since he could just shut down the chat if he did not feel like continuing. It was further argued by M7, M12 that an option like this would be on the customer’s terms, and therefore be beneficial for both parties. M7 even proposed the option of having a video-chat to compensate the lack of F2F interactions in the online environment. Controversially, M3 argued that Company X established a personal connection that made him feel appreciated by sending him a discount code on his birthday.

The feelings of being safe, secure and perceived credibility of the company, are usually factors that have effect on the first purchase, and feelings associated with that purchase, in the minds of the consumer. M2, M6, M7 argued that there is a lot of risks associated with making a purchase online, due to the amount of personal information one has to provide. Some worries regarding getting ripped off, or that the company would sell your personal information were presented by M2, M3, M6, M8 and M9. Further, in order to prevent this, companies have a few suggestions from the participants of the interview. The most mentioned option was a well-made, serious website that was easily navigated. In addition to this, an available customer service or contact information had a positive impact on the participant’s feelings of safety and credibility.

The results of the interviews show that accreditations and awards can be used in order to establish a feeling of credibility in the minds of the consumers. Participants M2, M5, and M7 relies heavily on accreditations as a source of credibility. This is because the customers feel that if a well-known, third-party acknowledges the success of the company, and it makes it possible for the customers to have another factor to identify credibility with. M4 and M5 argued that advertising, being mentioned on media or in newspapers, and blogs, together with the marketing of the company is another way to establish credibility since this is a way to gain awareness.

Another important factor when establishing credibility and safety, as well as security is the use of well-known third-party payment systems. M3 argues that “If they manage to
establish a partnership with an established payment-system provider, then that gives me a reason to believe that the company is conducting their business in a fair way”. To have another, preferably well-known, partnership seem to have positive response when it comes to establishing credibility and safety. Especially since the information that the customers are most hesitant to provide is their payment information. One payment system that the participants mention is Klarna. There is a general belief expressed by the informants that a company that uses a well-known payment system is safer to use. This is because they may have encountered the payment-system before, and been able to evaluate them earlier. Furthermore, having a good presence on social media was also mentioned as a beneficial action for the company when establishing safety.

Following is Table 3, summarizing the responses of what the participants feel is essential for making a purchase at Company X. If it is marked by a “✓”, the customer feels like that factor is sufficiently handled by the company. If a box is left blank, then the customer feels like Company X has not handled this sufficiently enough for them to withdraw maximum value from the experience.

<table>
<thead>
<tr>
<th>Participants</th>
<th>M1</th>
<th>M2</th>
<th>M3</th>
<th>M4</th>
<th>M5</th>
<th>M6</th>
<th>M7</th>
<th>M8</th>
<th>M9</th>
<th>M10</th>
<th>M11</th>
<th>M12</th>
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</tr>
<tr>
<td>Information</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tr>
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<tr>
<td>Credibility</td>
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<td>✓</td>
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<tr>
<td>Direct Interaction</td>
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<tr>
<td>Indirect Interaction</td>
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<tr>
<td>Complement to F2F</td>
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<tr>
<td>Communication tools</td>
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<td>Personal connection</td>
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</tbody>
</table>

*Table 3. Summary of the Interviews*
5. Analysis

This is the analysis section of the thesis. This is where the empirical data will be analyzed and connected to the previously presented literature. This is done in order for the authors to merge the empirical findings and existing literature, which is provided in the frame of reference.

The findings will be presented following a pattern categorized by the Value-Creation Sphere model. The first step of analyzing the empirical data, is to determine the nature of the activities extracted from Company X’s marketing plan. The activities will be characterized as Direct or Indirect in order to enable the researchers to determine which activities that can be utilized in Co-Creation. The findings will then be compared with the literature framework presented previously in the paper. The purpose of analyzing the empirical data, together with the theoretical framework is to obtain a good understanding of how Company X’s activities are related to the literature and their customer’s perceptions.

In the empirical findings it was evident that Company X provided several potential value-creating activities. These activities will be investigated with regard to whether they can be characterized as direct- or indirect interactions. Following is a complete version of the aforementioned table 2, with direct and indirect interactions specified (see table 3).

<table>
<thead>
<tr>
<th>Pre-Purchase</th>
<th>Delivery</th>
<th>Post-Purchase</th>
<th>Extra</th>
</tr>
</thead>
<tbody>
<tr>
<td>Style Guide</td>
<td>Fast (1-3 days)</td>
<td>Personal greeting card upon delivery</td>
<td>Newsletter</td>
</tr>
<tr>
<td>Personal Shopper</td>
<td>Tracking</td>
<td>Customer Retention Program</td>
<td>Inspiration: Magazine</td>
</tr>
<tr>
<td>Inspiration: Magazine</td>
<td>Customer Service</td>
<td>Customer Service</td>
<td>Encyclopedia</td>
</tr>
<tr>
<td>Product Description</td>
<td>Free Delivery</td>
<td>Free Returns</td>
<td></td>
</tr>
<tr>
<td>The Shoppingcart-Reminder</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accreditations</td>
<td></td>
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<td></td>
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<td>Paymentsystems</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Partnerships</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

Table 4. Direct Interactions by Company X
5.1 Value Creating Activities – Company X

All the activities outlined in Table 3 will be implemented into the Value Creation Sphere Model (Ravald & Grönroos, 1996), more specifically covering all sphere independently. The Value Creation Sphere Model helps the researchers determine which activities that enables Co-Creation of value. Further, the effect of value adding strategies in a long-term relationship provided by Ravald and Grönroos (1996) will also be a vital part of the analysis in order to determine if there is a possibility for long-term relationships to emerge between Company X and its customers.

5.1.1 Provider Sphere of Value Creation – Company X

The provider sphere is characterized by processes including development, production, manufacturing, design and delivery, where potential value can be created by the company, for the customer, to potentially extract value from (Grönroos & Voima, 2012). The activities that the company provides for the customers that can be categorized in the provider sphere are; The Style Guide, the Magazine, Shopping Cart Reminder, Product Descriptions, Payment systems, Partnerships and Accreditations, Newsletter, the Encyclopedia, as well as Free Delivery, Fast Delivery, Delivery Tracking and Free Returns. These activities can all be characterized as a facilitator of value, since they all potentially can provide value for the customer through indirect interaction as discussed by Grönroos (2011), Grönroos and Ravald, (2011), and Vargo and Lusch (2008).

The activities can be considered passive, until the customer realizes the potential value in the action and decides to utilize them as a part of the value-creation process. These activities are not a part of the value-creation, until the customer actually decide to derive value from them by using them. The common denominator between the activities located in the provider sphere is that they all are indirect interactions. Since these are situations where the company indirectly interacts with the customer, or when the customers are using or consuming a finalized product or service, in which no further interaction between the company and customer occurs (Grönroos & Voima, 2012).

One of the activities that Company X is carrying out, that falls into the provider sphere is the payment systems that they offer. This certain activity falls into the indirect category of interaction, as the customers potentially could derive value from dealing with a
functional, secure and trustworthy payment system, as security has been discussed by (Ravald & Grönroos, 1996) to be an influencing factor when deciding to go through with a purchase. Similarly to the payment system, partnerships and accreditations also work as a potential value creating activity, as it shows that the company has other entities supporting them. This could in turn act as an indicator of safety for the customers, which has been discussed by Ravald and Grönroos, (1996), and Qin et al. (2014), as a factor that makes the customer willing to commit. Furthermore, the newsletter could be characterized as an indirect interaction that could create potential value for the customers by providing accurate information, which has been discussed by Garrett, (2011) to be a vital part in establishing trust. In theory, the encyclopedia also fills a similar function as the newsletter, as it works as an easy access to necessary information for the customer.

*Company X* provides free delivery of its products. This is a service that the company provides to the customer to potentially use if he continues to make the purchase. Free delivery is a service that can be seen as increasing the benefits for the customer, and in that way as a factor that is valuable in establishing a relationship (Ravald & Grönroos, 1996). Since the customer does not have to spend money on something that they might not consider as essential for their Value Creation, between the consumer and the company, due to it only being accessible when the customer decides to use it. This activity can be characterized as an indirect interaction (Grönroos & Voima, 2012). It is a finalized action from the company’s side that they provide to the customer. Additionally, the company offers fast delivery on the orders placed. *Company X* promise delivery within 1 to 3 days of placing the order. Which when comparing to their competitors, is competitive, and could create potential value for the customer as they get access to the products faster. The service can be characterized as an indirect interaction, since it is only accessible for the customer once the order has been placed.

A service that *Company X* offers, where the customer has the ability to track the delivery of the product, can be seen as an indirect interaction to the customer since it is a passive service provided by the company, until the customer decides to use it. By using this service, the customer can establish a sense of security of knowing where his package is at all time, as well as making sure that the company sends the package and keeps their promises of a fast delivery. A service with these characteristics helps the customer
establish trust to the company, increasing the possibility of a satisfactory experience and
a higher chance of the customer returning and extending the relationship between him
and the company, as seen by Ravald and Grönroos, (1996). When the customer uses the
service, he is using a finalized service without interacting with Company X. In addition
to this, Company X’s customers enjoy free returns on their orders. Reducing the sacrifice
is when the company takes away something that otherwise could be experienced as a
struggle for the customer (Ravald & Grönroos, 1996). By making returns free for the
customers, it could act as a potential value-creating activity for the customer due to the
fact that it reduces the sacrifice of the customer since they have the ability to return the
product for free if it is not satisfactory. This also could establish credibility and safety in
the mind of the consumer, since he has the possibility to return the product if it is not
satisfactory to his needs. It is a service that the customer can enjoy when he realizes the
potential value in it, either during the purchase, or if he wants to retract the purchase.

The style guide is located within the provider’s sphere because it is a benefit increasing
tool that Company X uses in order to give the opportunity to customers to get a customized
buying experience. This is optional for the customer, which makes it an indirect
interaction. The style guide also helps Company X to be viewed as a credible company
that knows their way around the fashion industry, which has been outlined by Ravald and
Grönroos, (1996) to be essential for establishing relationships. The magazine is an
indirect way for Company X to bring their customers a proper insight into the world of
fashion. They provide everything from interviews, reports from clothing manufacturers,
their employees favorite pieces of clothing to guides on how to tie a knot. This tool could
provide the customer with both trust and credibility since they interview prominent people
of the industry and by doing so, showing that they are a force to be reckoned with.

The shopping cart provides an opportunity for Company X to indirectly affect a customer.
If the customer has visited the site recently and put an item into the shopping cart but then
forgot about it, Company X can send an Email that reminds their customer to check out.
Product descriptions could act as a good tool for Company X to potentially add extra value
to the purchase and also to their bottom line. The way this works is that when a customer
has clicked on a piece of clothing, they could get all the information needed for the
product such as sizes, material and tips for washing the item. Information availability and
accessibility was outlined by Cyr (2008), to be of great importance for the overall satisfaction of the customers. Alongside this information, the customer also gets the opportunity to “shop the look”, meaning that if they like the entire outfit that the model on the picture is wearing, he will get the chance to buy that as well. The descriptions of the products provided by Company X, could potentially act as a factor that leads to the customer feeling safe and secure when purchasing from their website, which according to Ravald and Grönroos, (1996) is highlighted as a step towards mutually profitable relationships.

![Provider sphere](image)

*Figure 5. Company X’s activities in the Provider Sphere*

5.1.2 Customer Sphere of Value Creation

The customer sphere, according to Grönroos and Voima (2012), is where the customer independently creates value for themselves through indirectly interacting with a company’s service or product. Throughout the interviews, the subjects discussed several activities, which the company provides, that they felt were value-adding for them during the purchasing process. Controversially, when analyzing the findings from the interviews it becomes clear that some functions offered by the company is not contributing with all the necessary aspects for the customer to enjoy maximum value-creation.

One vital way of establishing trust, is to provide accurate information on the website (Garrett, 2011; Wang & Emurian, 2005; Zhang et al., 2011). Information accessibility
and clarity was discussed throughout the interviews. The majority of the customers that were interviewed thought that the company provided sufficient information regarding its products, payment options, as well as delivery system. The customers that felt that there was a lack of information, had concerns regarding the material and quality of the products (M5, M12), inexperience of using web shops (M8), and lastly M6 argued that he would like to have a review-section where the customers could review the products based on their experiences of that certain product. The issue of not receiving sufficient information regarding the products, in terms of material and quality, it is argued to be managed by the possibility of having free returns by both M5 and M12. By offering free returns, Company X reduces the sacrifices of the customers since they get the possibility of extracting the information by physically interacting with the product, while still not committing to the purchase. Reducing the sacrifice has been stated by Ravald and Grönroos (1996), to be a factor that can add value for the customer, in addition to the core product.

In addition, both partnerships and accreditations, as well as handling of user information and easily accessible customer service were being expressed in the interviews as sources of credibility, safety and security. The payment systems offered by Company X can be determined to be of big importance when establishing Credibility, Safety and Security, as seen by the interviews. When talking about factors such as credibility, safety and security, these are the combined factors that allows the customer to establish trust towards the company (Ravald & Grönroos, 1996). M5 motivated this as feeling secure knowing that a big international company are handling the payment process. He continued to elaborate that this was a sensitive part of the purchase since the customer has to hand over his personal information, exposing him of risks. The majority of the informants felt a reduced risk when having the possibility of using the well-known payment system, instead of handing the personal information straight to the company. In addition to this, M3 further stated that: “If they manage to establish a partnership with an establish payment-system provider, then that gives me a reason to believe that the company is conducting their business in a fair way”. From a relationship-building approach, it has been found that the customer has to feel satisfied and be able to trust in the supplier (Zhang et al., 2011; Grönroos, 1997; Gummesson, 1994), having a third party that collaborates with the company accomplishes this.
It has been extracted from the interviews that in addition to a third party-partnership with a payment-system provider, various partnerships relating to other parts of the business is beneficial for *Company X*, such as delivery companies and banks. Using well-known delivery systems was highly appreciated by the informants, as that showed professionalism and credibility. The interview subjects M1, M2, M4, M5 and M12 all agreed on accreditations and third-party partnerships leads to higher trustworthiness towards the company. Further, M5 elaborated and stated that:” *I always have a look around the page to make sure it meets my criteria of safe payments, good information and accreditations*”. A professional looking, user-friendly website with easily accessible information are factors that has a big impact on the perceived credibility of an e-commerce business (McKinney et al., 2006; Cyr, 2008; Zhang et al., 2011). This can be strongly confirmed when interpreting the answers to the interviews. A majority of the respondents (M1, M2, M3, M4, M7, M9, M10, and M11) recognized that a big factor of the established credibility they feel towards *Company X* is a result of their visually pleasing website design and its content.

Gummesson (1994), highlighted the emergence of relationship marketing, where highly dynamic and reciprocal communication is essential. Currently, the communication between the company and its customers is limited to telephone and email only. Some informants (M4, M7, M8, M10, M11) did not appreciate the waiting time when sending an e-mail and thought that it showed a lack of ambition from the company, while other respondents (M1, M2, M3, M5, M6, M9, M12) recognized the fact that in order to reduce the processing time one can call the customer service instead of emailing. Further, there were informants that realized that depending on the nature of the issue, the customer can choose how they wish to contact the company, which is beneficial since it increases the benefits of the consumers.

The nature of how the customers can communicate with *Company X*, was thoroughly discussed during the interviews, and the respondents have a wide array of feelings regarding this matter. M1, M2, M9 and M10 felt like the tools that was used for communication purposes, are very sufficient and that they could easily communicate without any issues. They mentioned that they appreciate the newsletter function, as it works as a casual way for the customers to communicate with the company on a basic
level. M4 and M8 expressed doubts against the newsletter function, as they felt it was just a lot of repetitive, non-relevant information from the company, and that it did not serve as a value adding function in any way for them. Since the customers have the ability to unsubscribe from the newsletters this information was interpreted with certain difficulties and the findings will not significant impact the conclusion of the research. However, M3, M5, M6, M7, M8, M11, M12 felt that the communication tools offered by the company could be improved, as they had a hard time getting in contact with the company and experienced slow responses. A solution for this problem was proposed by a substantial number of informants (M3, M5, M6, M7, M9, M10, and M12) that suggested the implementation of a live web-chat on the site, which would pop up when entering the website. The customers felt like they could get fast and precise responses to their questions and concerns, effortlessly without any delays or complications. The aforementioned idea was supported by the customers since they got the chance to immediately get in contact with a company representative, if they feel the need to. If they do not feel the need to contact the company, they can shut down the chat-window, and continue browsing the website. M7 even proposed a video-function that could act as a solution to this problem.

Interpreting the theories presented in the literature review section, it has been presented by Grönroos and Voima (2012) that the extent to which the firm is interacting can be determined as positive, negative or of no significance, in relation to the relative impact on customers Value Creation. The general response in the interviews regarding this subject is that Company X provides no disturbance by clear interactions. There is no significant nagging from the company which is perceived as positive by the informants. The only action made by the company that was considered as nagging by the customers were the newsletters. Due to the possibility of unsubscribing, customers could choose whether or not they want the newsletter, with regards to this, its significance when constructing a conclusion is reduced.

Company X has implemented a lot of activities in order to try and establish a relationship with their customers, in order to retain customers for a longer period of time. Company X sends a personal greeting card with all deliveries of products. Furthermore, Company X uses customer retention program where the customers can receive gifts after making an
unspecified amount of purchases, priority to sales and birthday gifts. These benefits can be enjoyed if the customer has made a certain amount of purchases, or if the purchases reaches a certain price. Not all informants have had the possibility to enjoy the customer retention program, but those who have (M2, M3, M4) are all very pleased and feel like that is a suitable way of establishing a personal connection. M10 expressed beliefs regarding the lack of a personal connection. He generally believes this to be a problem for all web shops. He suggests a solution to this problem with the form of a welcome message when entering the website, or more personalized newsletters.

It is difficult to determine how much the company can interact with the customers, without it being seen as repetitive. Due to the lack of F2F interactions, online businesses face a great challenge of providing the customer the best possible service. In order to establish and maintain relationships with the customers, the company has to provide highly functional services that can replace the human expertise and versatility (Zhang et al., 2012). Most of the informants felt that the lack of F2F interaction with a salesperson was not that big of a problem since answers to most of their questions are usually provided on the information page of Company X. Further, they also said that if they have a special request or question, an email or phone call to the company is sufficient enough to fill the void of a physical salesperson.

**Customer Sphere**

![Diagram](image)

*Figure 6. Company X’s activities in the Customer Sphere*
5.1.3 Joint Sphere of Value Creation

In the joint sphere, the company has the possibility to influence the customer's experience of the company and its products, during usage. The joint sphere encompasses the usage and interactions, potentially accessible to the company, that create or diminish value for the customer. If the company gets invited to the joint sphere, it gets an opportunity to influence these activities, it can become a Value Co-Creator in the customers Value Creation process. (Grönroos & Voima, 2012). It is only within the joint sphere that Co-creation of Value, between the company and its customers, is possible to exist. Co-creation only occurs when two or more parties interacts with each other, and in the joint sphere, the customer is the predominant entity of the Value Creation process. Despite this, the company still has the possibility to influence the Value Creation, and act as a Co-Creator of value, through direct interactions with the customer (Ballantyne & Varey, 2006; Grönroos and Voima, 2012).

To be efficient when managing the customer interactions, the firm is required to get a good understanding and learn about how their Value Creation is influenced (Voima et al. 2011). In an e-commerce setting, this is somewhat easy to do since the companies has the ability to track the customers every move on the website. However, the thoughts and behaviors that all individual customers are experiencing in the online setting are much more difficult to comprehend. A service that Company X has implemented, and that is being used by the customers is the Personal Shopper. This is a service where the customers initiate a direct interaction with the company, in order to create additional value.

The personal shopper is a tool where the company has the possibility to influence the Value Creation process for the customer, by engaging in Co-Creation of Value. The customer initiates the interaction with the company, by using the service and getting the possibility to utilize company expertise. The accumulated responses regarding the thoughts and experiences from the informants about the personal shopper were positive. The service had provided the customers with a lot of valuable insights regarding the products. The service lets the customer receive product-recommendations based on his requirements. By providing his requirements, and then inviting the company for recommendations that fits his unique needs, the customer controls the experiential Value
The nature of interactions is that the value either positively, or negatively, influences the experienced value created (Fyrberg & Jüriado, 2009; Echeverri & Skålén, 2011; Grönroos & Voima, 2012).

The service offered by the company, where the company acts as a service provider with the goal of facilitating the customer’s Value Creation process by proposing potential or expected value for the customer, is closely related to the Value Creation one can experience when using a physical store (Grönroos & Voima, 2012). This service can be placed in the joint sphere of Value Creation since there is a direct interaction between the customer and the company. Furthermore, this service is a big part of the Value Creation process for the customer since it allows them to not only derive value from the actual service (current experience), but it allows them to envision further experiences with the actual product as well (Helkkula, Kelleher, Pihlström, 2012; Voima et al. 2010).

Online businesses have a lot of information regarding the customer browsing their website. With this in mind it is important for the company to further interact with the thought process of the customer. Company X achieves this by having an extensive customer service which helps the customer with any concern that might arise. Most of the informants mentioned that they didn’t have sufficient experience with Company X’s customer service since they had not experienced a lot of problems or concerns during their purchase. M1 said: “I expect to get an answer when calling the customer services. Other than that, I don’t think that the company need to interact with me”. This is positive, since it means that Company X handles a good amount of questions just by providing good information. Furthermore, it is a chance for the company to get invited in to the joint sphere by the customer, where they are provided with the chance to interact with the customer’s value-creation process, and by that either increase or decrease the total perceived value experience by the customer.

Grönroos (2008) says that within the joint sphere, customers will create the value themselves by interacting with the provider, which strengthens what has been said in the interviews. For a customer to utilize the Customer service there usually is a specific issue that needs to be solved. The company has the possibility to exercise its expertise, and by that have a positive influence on the customer’s Value Creation. An opportunity
expressed by some informants for the company to exploit were to implement a web chat as a communication tool. The customers that took part in the interviews thought that this could be used in order to establish the feeling of a presence of company representatives. This is expressed in the interviews as a way for Company X to compensate for the lack of F2F interactions between them and the customers. Further, it was expressed that the web chat could strengthen credibility, since the processing time for client matters would be considerably reduced. Due to the response from the customers regarding the current communication tools used for customer service matters, the researchers believe that this solution could be beneficial for both the customers, and the company. The web-chat function would mean an additional service provided for the company that could take place in the joint sphere of value-creation. Further, by being a part of the joint sphere, the company gets additional opportunities of positively (or negatively) impacting the customer’s Value Creation.

A company that creates value, or in some way further enhances its customers’ ability to create value, provides the customer with a greater possibility to accomplish a feeling of satisfaction from its interactions with the company (Grönroos, 2008; Ravald & Grönroos, 1996). In the joint sphere of value-creation, the customer is in charge. But through direct interaction in the form of a dialogical process, the company as a service provider has the possibility to influence the value-creation process as a Value Co-Creator. Both the personal shopper and the customer service are tools provided by the company, in where they have the possibility to influence the customer, and the value-creation they experience.
Figure 7. Value Creation Sphere Model for Company X
6. Conclusion

In this section, the authors present the answers to the research questions. The findings presented in the previous sections are also concluded.

The aim of this study was to investigate Value Co-Creation in an online setting, and further if Value Co-Creation can be used to maintain customer relationships in an online environment. A case study was used in order to collect empirical data, and it was performed by an in-depth analysis of Company X’s marketing plan and its value-creating activities. This was followed up with 12 semi-structured interviews to examine how the customer of Company X experience these activities.

The first research question was investigated through the Value Creation Sphere Model. The marketing plan, and the Value Creating activities from Company X was implemented into the sphere model in order to find where there are possibilities of Value Co-Creation, and how. The answers from the interviews were then interpreted and the authors could get an understanding of which activities conducted by the company that ends up the joint sphere of Value Creation. For Co-Creation of value to exist, there are certain criterions that need to be fulfilled. There need to be some sort of direct interaction between the customer and the company. Co-Creation of value is always initiated by the customer, which evaluates the potential value, or expected value that he hopes to derive from the activity or service. Further, the interaction between the service provider and the customer can have either a positive, or a negative impact on the customer’s value-creating process.

When interpreting and analyzing the empirical findings it becomes evident that there are two services, that Company X provides, that fulfills these criterions. The personal shopper and the customer service, performed by Company X can get them invited to the joint sphere by the customer. The overall response from the interviews pointed to the fact that both of these activities could replace the F2F interactions that a customer gets in a physical store. F2F interactions has previously been explained as a type of direct interactions. Thereby, the authors believe that in this specific case, all the necessary requirements for Value Co-Creation is met, and Company X succeeds with Co-Creation of Value online.
Within these two activities, the value is co-created by direct interactions and the company gets a possibility to further impact the customers Value Creation process. These findings show an example of how Co-Creation of value is possible in an online setting. Further, as shown in figure 7 the rest of the activities that Company X engage in, ends up in either the Provider Sphere, or in the Customer Sphere of Value Creation. These are all activities that could end up in the Joint Sphere, if the element of direct interaction is implemented. If the management of Company X where to implement a possibility of direct interactions in these activities, they could get more opportunities to influence the customers Value Creation.

As found in the literature, factors influencing the customer’s decision to maintain a relationship to a company are security, credibility and safety. These factors combined with positive Value Co-Creation from the company’s products and services strengthen the relationship between a company and its customer, as seen by the response from the interviews. Further, a pillar of Relationship Marketing is that the company puts more focus and effort in to creating added value for the customers, which can be achieved through high quality interactions. Company X provides a lot of services that allows for interactions to take place, that can be high quality. It was evidential from the analysis that Company X provides services and really make an effort to make the customers feel safe and secure, as well as establishing credibility on the website. The customers value that the company focus on reducing the sacrifice and increase the benefits for the customers, such as the transparency of information on the website and its provision of company expertise. By focusing its efforts on getting invited into the joint sphere of Value Creation, the company has a possibility to influence the Value Creation, and by that build and maintain stronger relationships with their customers by increasing their experienced Value.
7. Discussion and Future Research

In this section, the theoretical and managerial implications are presented, as well as the limitations of the study and opportunities for future research.

7.1 Theoretical Implications
This research was conducted with a primary mission of contributing to the theory within Co-creation of Value, but the authors also wanted it to be of some use for Company X, as well as other similar companies. The findings show that the company can access the joint sphere of Value Creation if the customer allows it. The firms have a possibility to directly influence the customer’s creation of value. Since the direct interactions between customers and the company in an online setting is very limited, this is of importance for the top management of e-commerce businesses to consider. Further, many services and activities provided by the company ends up in the provider and customer sphere of value-creation, meaning that they only produce potential value for the customers. What this means, is that the value created by those services only can be enjoyed if the customer actually uses them.

7.2 Managerial Implications
The findings show that company management need to be aware of the customer’s value-creation process. Further, they need to get an understanding of where and how they can influence this process, and where they might get invited to Value Co-Creation by the customer. To systematically work with the customers and get an understanding of how and why they use the tools offered by the website is of big importance. Further, the interaction between the company and the customer can have either positive or negative effect. Therefore, it is of importance that the company utilizes its expertise and try to minimize the chance of impacting the Value Creation negatively. These new insights will provide the managers of e-commerce businesses with knowledge about how they can further influence the relationships with their customers.

7.3 Limitations
There are limitations to this study that were encountered during the research process. Most of the limitations are the result of the limited time span, of five months, that was set
for this thesis. Considering the limited time frame, a sample size of 12 informants and 1 company was used to collect empirical data. Further, semi-structured interviews were conducted in order to understand a bigger context of the customer’s experiences. But since people have different expectations and standards of how value is created when shopping online, more informants, and more companies, could be used to instigate even more credibility and reliability to the results, as well as generating more generalized conclusions.

The authors had a considerable lack of resources and experience with this type of studies in the beginning of this research. The process of learning all the various concepts that is used when conducting this type of study took a considerable amount of time, which could have been used to further develop the study. The authors have increased their knowledge about academic research substantially as a result of conducting this study.

7.4 Future Research
As presented in the previous paragraph, the study has some limitations. However, the authors are confident that the analysis and conclusions of the empirical data is accurate and can act as a basis for further research. Furthermore, the authors are confident that the analysis and conclusions can be used to influence companies that operate in the same sector that Company X. Some recommendations for further research are; using companies dealing with other products or services, as well as companies operating on a global scale. The study was conducted with a Swedish company, and the people that were interviewed were all Swedish. To further enhance the study, there could be companies and informants with other nationalities to collect the empirical data. By doing this, one can find out if the Value Creation differs across cultures. Further, by analyzing different industries, findings can be presented regarding Value Creation for different types of products.
References


Appendices
Appendix 1 Semi-Structured Interview Questions

1. What do you think is the main difference between shopping in a physical store compared with shopping online?

2. How do you feel about the information that is provided on the Company X’s website?
   a. Do you feel like there is enough information provided?
      i. About the products?
      ii. About how they process information?
         1. Delivery.
         2. Payment.
   b. Would you say that the provided information increases your overall satisfaction?
   c. Would you say that providing information makes a company more credible?

3. Do you feel like the provided information gives you as much value as when shopping in a physical store?
   a. Do you feel safe ordering a product with the information available on the website?
   b. Do you feel safe/secure entering your personal information when placing the order of the product/s?

4. Do you feel appreciated when shopping online?

5. How do you feel about “not being approached” by a salesman?
   a. Have you used the personal shopper tool?
      i. What do you think about it?

6. Do you think that the knowledge that a salesman possesses is missing in the online environment?
   a. If you have any questions that might need answering.
   b. How do you find the information if it’s not provided on the website?
      i. Do you contact the company through the provided communication tools?
      ii. Do you research forums or other online sources?

7. Has the company ever tried to contact you directly through some type of communication tools?
   a. If yes, was this of value to you?
   b. Do you feel that this is something that the company should do?

8. How do you feel about the company attempts to interact with you?
   a. By i.e. newsletters?
   b. Do you think that the company can develop their ability to interact with you?
9. Do you think that Company X is a credible company?
   a. Why?
      i. The information provided?
      ii. Partnerships?
      iii. Accreditations?

10. Do you consider safety/security as an issue when shopping online?
    a. How?
    b. Is it important for you to feel safe when shopping online?
    c. What can the company do to make you feel safe?
       i. Provide information?
       ii. Authorized payment systems?
       iii. Recognized delivery companies?

11. Would you say that Company X is a credible web shop?
    a. Why?
       i. Third-party partnerships?
    b. Is this valuable for you?

12. Would you consider paying a bit more to shop from a company that ensures your safety, security and credibility?
Appendix 2 Secrecy Agreement Company X

SEKRETESSAVTAL

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Mot bakgrund att ovanstående entiteter **"Studenter"** och **"Företaget "**, avser ingå samarbete tecknas nedan avtal om sekretess då uppgifter av konfidentiell slag kan komma att lämnas.

1. Konfidentiell information

Konfidentiell information är information om företagen, oavsett slag, som kan komma att lämnas under parternas samarbete som berör kunskap, affärshemligheter eller annan information oavsett typ om vardera avtalsparten vars yppande kan komma att skada något av företagen.

2. Icke-konfidentiell information

Information som är allmänt veterig, eller som avtalsparterna redan vet om varandra sedan innan samarbetets början, anses inte vara konfidentiell information.

3. Sekretessen gäller

Detta avtal om sekretess innebär att ingen utav avtalsparterna får lämna ut sådan konfidentiell information om varandra till någon utomstående, såsom personer, företag, myndigheter och organisationer.

4. Undantag från sekretess

Konfidentiell information kan dock ges ut om den ena avtalsparten tillåter den andra avtalsparten att göra detta, eller om myndighet beslutat att sådan information skall lämnas ut.

5. Återlämnamne av konfidentiell information

Vid upphävandet av parternas samarbete skall konfidentiell information återlämnas. Återlämnamne skall också ske om någon utav avtalsparterna kräver detta.

6. Vite vid avtalsförbrytelse

Om någon utav avtalsparterna bryter mot detta avtal om sekretess skall vite utgå med **500.000**.

7. Övrigt

Företaget kommer inte under några omständigheter att nämnas vid namn utan med synonymen "Company X"
SEKRETESSAVTAL

Behörig Student

**Student 1**
Datum och ort
15 april, Borås

Underskrift

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