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Corporate Responsibility in the Process of Creating Customer Value in the Context of Information Asymmetry

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Abstract: The article raises the issue of creating value for consumers, who are increasingly frequently invited by companies to participate in this process. Including consumers in the process of creating products, which are expected to provide them with superior satisfaction, means that both sides are responsible for the final effect. Taking into account the fact that buyers normally have limited knowledge of the manufacturing conditions of the products which are of interest to them, it can be called into question whether engaging the end-users, even if they are willing to participate and, in effect, holding them partly accountable is the right thing to do.

The article is conceptual in nature and the assumptions adopted here refer to potential negative consequences of transferring a part of the responsibility to consumers. The issues discussed in the paper may become a stimulus for undertaking empirical research, which would allow for establishing the actual scale of the described phenomenon.

Key words: corporate responsibility, customer value, presumption, information asymmetry.

1. Introduction

From the classical perspective, in an exchange transaction between a company and a consumer, the former is accountable for the quality of the offered products. Due to the fact that each product is a result of manufacturing processes, a company is also held responsible for the manner in which a product has been manufactured. The changing behaviour of customers, who more and more willingly inform suppliers of their individual tastes and expectations, opens new opportunities for building relationships between the transaction sides. Companies include customers in the manufacturing processes, whereas customers inform them about their expectations, in this way raising their chances for larger benefits. Although it seems to be a typical win-win situation, it is not always true. A reason for a potential failure in these new relations may be the information asymmetry, whereby companies have a broader knowledge about production processes than the consumers included in them. The main aim of this study is to identify the conditions and factors which may cause the customers, originally showing their interest in creating value, to get said value lower than in regular exchange transactions. The article is of theoretical-conceptual character, it is based on thorough literature studies. Its effect is, among others, a model of the company's responsibility for creating the value offered to the customers.

2. Customer value

In scientific literature on marketing a relatively large amount of attention is paid to customer value (Fatuła, 2010, pp. 87–100). There are frequent attempts at defining this value and identifying its basic dimensions, attributes and components (Lozano Planotoff and Sysko-Romańczuk, 2004). Customer value can be described as a difference between the benefits (partial values which form the whole composition of values) that a consumer has received, and the financial and non-financial costs of obtaining them (Marcinkowska, 2011).

From the economic point of view, the concept of value can be identified with the benefit a buyer gains (or intends to gain), by engaging in an exchange transaction. In this understanding, customer value is a benefit obtained in time, measured by the level of the fulfilment of buyer's expectations, as a result of both voluntary and involuntary actions and

behaviours on the part of the customer and the supplier, but it is also subject to the influence of external factors.

The approach to customer value exclusively from the perspective of the offered products or services does not allow a company for fulfilling the potential of the relationships it builds with its customers. Numerous studies and analyses show that from a consumer's point of view, not only the purchased goods account for the obtained benefit, but also the maintained relationship, or the before-sale and after-sale service are the parts of this value. Other components of customer value are: a company's reputation and brand, its distinctive competencies, or the broadly understood manner of functioning on the market.

It is justified to perceive customer value as a multi-dimensional structure based on the functional and emotional benefits, assessed by a consumer, in comparison to the competitors' offer. The customer value understood in this way may also bring benefits for a company, in the form of, among others, revenues from sales, a positive image, bigger market share, word-of-mouth, or customers' loyalty.

The holistic attitude to creating value in the context of incorporating it in the company's strategy, requires a process-oriented approach. Therefore, for the effective creation of value, a company must fulfil the following conditions:

- define the key elements which determine the composition of values in the eyes of customers and the other stakeholders;
- define the path of a process (or processes) leading to the creation of these values;
- identify the entities involved in this process, both on the side of the company and its market environment;
- diagnose the conditions in which this value will be created.

Regardless of the definition of the customer value, several specific attributes of this economic category can be named. The knowledge of these attributes allows a company for modifying its activities with a view to meeting its customers' needs in a better way than the competitors do. One of these attributes is the subjective nature of customer value, as it is not only related to the offered product, but it largely depends on the buyer's subjective needs, their individual possibilities, as well as their readiness to bear the costs necessary for obtaining the product. Customer value is situational in nature, because its perception is always related to the customer's current situation. In specific conditions the same product may be assessed differently, from the

point of view of its attractiveness, or the degree to which it fulfils the needs. Customer value is a perceived value. It means that it cannot be understood as the difference between the real sum of all benefits offered by a product and the real sum of all costs related to buying it. Instead, it should be seen as the difference between the benefits and the costs perceived by a specific consumer. In the pursuit of satisfying their desires, a customer may ignore some of the related costs, but, at the same time, they also may not regard some attributes of a product as benefits for them, so they will not be a part of the value. It should be noted that although the perception of specific benefits or costs is related to the cognitive process, a consumer's current emotional state also is of significance. Another quality of customer value is the fact that it is immeasurable, or very difficult to measure. If we assume that the starting point for the estimation of customer value is their satisfaction, which often appears in scientific studies devoted to customer value, it must be remembered that customer satisfaction results not only from the value experienced by a consumer, but also from the expected value. Furthermore, customer value is a dynamic phenomenon. It should be remembered that this value may change during the purchase process and during consumption. The costs incurred by a buyer while seeking the appropriate product may accumulate in time, consequently reducing its value before the purchase. During consumption, the customer value of a product may grow, if a consumer's expectations have been exceeded, but it may also decline, due to the appearance of other products on the market. In the situation of the diffusion of innovation, the quick spread of technology and the phenomenon of commoditization related to them, such a situation is highly probable. The last attribute of customer value is its universality. This concept is valid for all types of buyers, regardless of the kinds of needs they aim to satisfy. Customer value is a significant category on each branch market, at all levels of distribution channels, both on the business-to-business and business-to-customer market (Dobiegała-Korona, 2015, pp. 84–85).

The analysed concept is not a homogenous category. It is rather its complexity that needs to be emphasized, as the structure of customer value may vary in relation to the type of a customer, the purchased product, as well as the benefits expected by a customer. Literature is far from unanimous as to which elements make up, or may make up, customer value. The authors who undertake this subject describe its structure in various ways. One of the most frequently quoted descriptions is

that proposed by La Salle and Britton. According to these authors, the total customer value comprises: the physical, emotional, intellectual and spiritual aspects (La Salle and Britton, 2004, p. 13). Doligalski puts forward another structure of customer value. It is composed of: the value of purpose, the value of comfort, the value of experience, the value of individualisation, the value of belonging, the value of time, and the value of security (Doligalski, 2013, p. 61).

3. The role of customers in the co-creation of values

The evolution of views and market attitudes of modern consumers has changed their role and place in corporate marketing strategies. In the pursuit of consumers' favour, companies try hard to fully meet their new, so far hardly defined expectations, sometimes even demands. It is an enormous challenge, as at the present level of competition, offering consumers another value, in the form of a lower price, a better product, faster fulfilment of an order, or higher-quality service, is becoming either impossible, or economically unviable. In some cases, the promises made in marketing messages remain unfulfilled, or their fulfilment depends on some conditions which need to be met by consumers. It results in disappointment, disillusionment and irritation. From the point of view of the increasingly impatient buyers, waiting passively for meeting their needs at a required level is not the proper attitude. They want to obtain what they expect more quickly, more conveniently and in agreement with their earlier signalled preferences. The present consumers, on the one hand, express their readiness to engage in the production process (in the case of material goods), or the services provided for them, hoping to achieve a more individualised service, and on the other, are encouraged to do so by companies seeking new market strategies (Kęsicka, 2014, p. 212). The phenomenon known as prosumption, which assumes tightening ties between companies and their customers, a deep understanding of each other's abilities and tolerance limits and, consequently, a better understanding of each other's behaviours in the newly formed relationships. As Jung (1997) claims, prosumption consists in blending the processes of production and consumption, up to the moment of blurring the boundaries between them.

The concept of prosumption is related to the change in the interaction between a producer and a consumer. In order to retain their customers'

favour, companies must customise their products, i.e. adapt them to customers' individual needs. The previous market relations, which assumed a passive attitude of consumers, who represented the demand side of the market, towards producers, the representatives of supply, are being replaced by the concept of a market treated as a forum. In the light of this concept, the traditional division between the market as a place of exchange and the process of creating value is no longer valid (Rupik, 2010, pp. 333–334). At present, value is created in various places, in the process of interaction between companies and consumers, whereas the market is becoming a kind of a forum for gaining experiences, sensations, and for the co-creation of ties.

A modern consumer has an access to information, is conscious and demanding, values their money, time and convenience. In the world promoting individualism, they aspire to become more than just a passive recipient of goods and service. Toffler uses the term *prosumer* with reference to persons who perform the function of both a producer and a consumer (Toffler, 2006, pp. 305–307). The present literature applies this term for customers who refuse to be anonymous for the producer and want to affect the shape of a product or a service they buy. At the same time, they expect to obtain an offer tailored to their individual needs. Trzeciak claims that behaviours typical of prosumers should be included in corporate strategies and operational programmes (Trzeciak, 2009).

Owing to the involvement of both sides, there is a higher chance for a better adjustment of the co-created products to consumers' expectations, because the end-users, by participating in the manufacturing process, not only communicate their needs, but also – which is equally important for a company – accept a part of the responsibility for the product or the service. There are a number of reasons for the development of presumption. Here are some of the key ones:

- growing and increasingly harder to meet consumers' expectations;
- an increasing amount of time spent on entertainment and spiritual experiences;
- an easier access to the Internet, mobile devices, and other means of communication;
- consumers' increasing awareness of the technological strength and weaknesses of producers;
- consumers' readiness to co-create the goods which are the subjects of transactions;

- companies treating relationships with buyers as a new source of information;
- the rising costs of production and providing services at a level acceptable for consumers;
- changes in the consumption model, as well as in the way consumers perceive their own role in the processes of production and exchange.

According to some authors, the development of prosumption is fostered by such phenomena as: the growing popularity of work from home, mixing work with consumption, changes in the organisation of work, changes in the role of a job in people's lives, and the development of education (Bywalec and Rudnicki, 2002, p. 146).

In practice, prosumption may take different forms, as there are different attitudes and behaviours of prosumers. Generally speaking, regardless of the development of cooperation between companies and consumers, it is noticeable that a new model of living of today's consumers is emerging, in which the 'to have' attitude is being replaced by the 'to be' approach (Toffler, 1997, p. 423). Even if the analysed issue is merely a purchase process, it turns out that the (engaged) consumers do not limit themselves to a simple fulfilment of their needs, but want to experience something more, emotions related not only to the purchase, but also to the interactions with other people. A characteristic of a contemporary consumer is the fact that they create their image not only through the possession of things, but also through a way of living and maintaining interpersonal relations, including those formed by means of the social media. Due to the growing role of relations built and retained through the social media, some researchers anticipate that prosumption will evolve into the so-called 'produsage'. This term refers to the process of transforming consumers – social media users into new, active value creators.

Building and maintaining relationships with customers, with a view to making more transactions with them, is at the core of cooperation on the B2C market. The value-creation process requires such cooperation with customers, who may contribute not only the financial resources, but also their knowledge, experience, ideas and competencies. The co-creation of value is regarded as one of the ways of successfully attracting new customers and, after that, building their loyalty. Such a process of value creation requires, first of all, an in-depth analysis of consumers' needs, in the next step, the recognition of their expectations

and desires, and, finally, establishing a way in which an offer should be created, communicated and delivered.

Consumers engaged in the value creation process not only become a company's consultants, by sharing their knowledge, expectations and experience, but they are also the co-creators of the final product or service, as they have contributed their own concepts to it. A consumer's role in the value creation may take the form of (Peelen, 2005, p. 146):

- adaptive individualisation – a company delivers a product in its basic version and consumers may select its components in accordance with their own preferences, thus enriching the product and tailoring it to their own needs;
- co-operative individualisation – the relationship between a company and consumers takes a form of a collaboration, whereby consumers equipped with the proper tools (e.g. computer software for creating simulations) may participate in the process of creating prototypes of products, which, eventually, will be manufactured for them.

The cooperation between a company and its customers may bring numerous benefits for each of these two sides. Among others, these could be:

- a possibility of creating a higher customer value than in the case of a one-sided activity;
- reducing the risk of mismatching the offer to the consumers' expectations;
- a possibility of personalising the offered products;
- a possibility of their quick modification in the case of a change in consumers' preferences and the expected value;
- shortening the time span of designing prototypes;
- generating a huge number of ideas and solutions, in the area of the construction, the design, the functional or aesthetic characteristics; a consumer can be an innovator;
- the costs of value creation are divided into both of the engaged sides;
- a division of the responsibility for the created value.

4. Information asymmetry and its potential consequences

The phenomenon of asymmetry is not a new concept in the economic sciences. It occurs if the sides of a transaction differ in their scopes

of information, which means that one side has a broader knowledge, e.g. about a product, the conditions of its manufacturing, or the principles of using it, than the other side (Pietrzak, Polański and Woźniak, 2008).

Some researchers maintain that information asymmetry takes place also when people have knowledge about themselves, which is not easily available to others (Begg, Fischer and Dornbusch, 2007, p. 345). This problem and the consequences resulting from having an incomplete information were already noticed in 1970 by George Akerlof, who received the Nobel Prize in 2001. He thus started a scientific discussion on the imbalance of knowledge in the purchase-sale transactions. This approach is also considered valid in the field of marketing (Wrzosek, 2000).

A lack of the necessary, full knowledge on the part of consumers is the reason why they take suboptimal decisions, i.e. those bringing worse than expected effects (Stiglitz, 2004, p. 9). It is one of the causes of potential disappointment of prosumers who have engaged in the manufacturing process of products dedicated to them, without the sufficient knowledge of the related requirements and the attainable results (Figure 1).

If a better-informed side, i.e. the producer, with their own benefits in mind, invites its customers to participate in the decisions concerning the

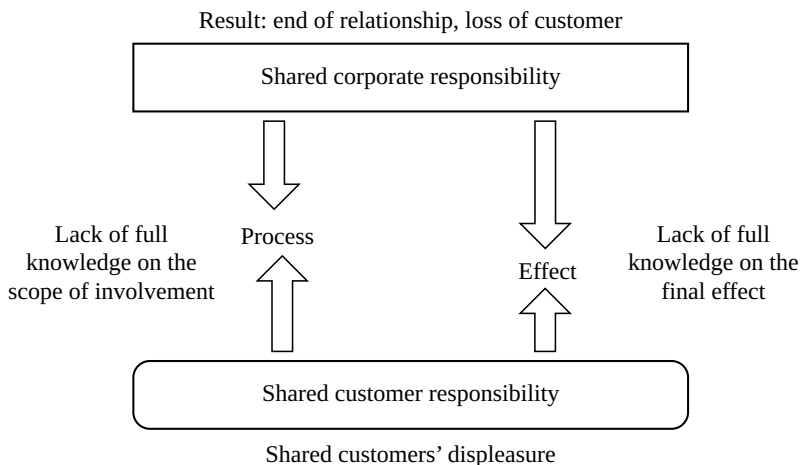


Figure 1. Potential results of companies' shifting the responsibility to consumers

Source: own elaboration.

shape of a future product, involving them as early as at the design stage, but not giving them the full information about the consumers' amount of work and the possible final effects, the relationship will be severed in a short time. Even though at the beginning of the relationship-building process it is a win-win situation, in the end the co-creation of customer value will not succeed and the concept of presumption will prove to be ineffective. It is caused by the fact that one side (the company) has broader knowledge than the consumers and for its own benefit does not share it, although this knowledge could affect the consumers' decisions related to their involvement in the exchange process. This situation is illustrated in Figure 2.

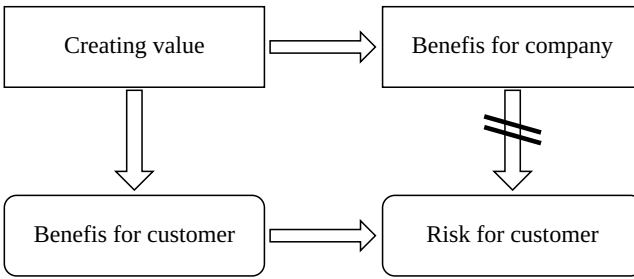


Figure 2. A company's responsibility for customer value creation
Source: own elaboration.

The situation described above may have a hypothetical character and may not take place in reality. It depends on the degree to which a company places the responsibility for the production process and its effects on its customers involved in the cooperation, as well as on the degree to which it accepts the responsibility and informs the consumers that their potential benefits may decrease. If the temptation of the company's own benefits outweighs the created customer value, the relationship between the sides will be undermined by disappointment, distrust, and, eventually, the consumer will change a supplier. As a result, both sides will suffer a loss; the consumer will have to make the effort of seeking a new supplier, whereas the producer will lose its customers and the related revenues, market share, and, possibly, reputation.

5. Conclusion

Fierce competition in the majority of industries forces companies to constantly seek new solutions and strategies, which will help them attract and retain customers. On the other hand, consumers, especially those from Generation Y or Z, expect an offer which will satisfy their needs to the higher than before degree. At the same time, they are ready to participate in the creation of such an offer, sharing their knowledge and experience. This attitude matches the challenge businesses are facing. As a result, the relationships between customers and suppliers cement, for the benefit of both parties. However, in the situation of information asymmetry, too extensive involvement of prosumers in the processes of creation and exchange may lead to disappointment and losses, suffered by both the buyers and the sellers. In order to avoid it, it is essential that companies fully accept the responsibility for the co-created customer value and if they see a threat to the customer satisfaction, they should reject the suggested solutions. In the short run, both sides benefits may decrease, however, in the longer perspective, this should tighten the bonds, increase trust, and allow for further transactions.

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