

VALUE CO-CREATION THROUGH BOUNDARY SHIFTING: UNLOCKING THE CAPABILITIES OF BOTH SERVICE PROVIDER AND SERVICE CUSTOMER

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In the past, auto insurance providers relied on auto insurance customers to manage the reimbursement process after an accident, requiring them to get their vehicles towed themselves, get estimates for repairs themselves, get their cars repaired themselves, and so on. Now, many providers, including Progressive and others, manage this entire process for their customers, going as far as dispatching an accident response vehicle to the scene of an accident to get the process started quickly, increasing customer satisfaction and saving money by minimizing potential fraud [3]. This shift from customer activity to provider activity is not unique to auto insurance, but has appeared in many other service settings, and sometimes, activity shifts from provider to customer. In this presentation, we discuss how and why to shift activities between service providers and service customers.

We define *service* as value co-creation, which results from interactions between service providers and service customers during service delivery processes [4]. To maximize value co-creation, service designers need to define clearly the boundary between provider and customer, identifying the roles and degree of participation for each [2]. For instance, in an upscale gourmet restaurant, everything is prepared for the customers and delivered to the table, whereas in a cafeteria, customers help themselves to the salad bar, the dessert bar, and the drink dispensers. The location of this boundary between provider and customer describes a kind of continuum between what we call *super-service* (when the boundary lies toward the customer end, meaning the provider does more) and what we call *self-service* (when the boundary lies toward the provider end, meaning the customer does more), contrasting relative amounts of provider and customer effort [2].

As the customer assumes more responsibility for value co-creation, the success of the service depends increasingly on customers' willingness to participate and on their abilities. Because service involves *co-creation* of value, the ability to access, leverage, improve, and unlock the capabilities of *both* provider and customer is critical for both parties to recognize the value created [5]. Although the recent growth of self-service technologies is, in fact, moving many services toward the self-service end of the spectrum (see also[1]), it is now time for us to step back to understand how positioning the boundary contributes to process performance, service experience, and outcomes; that is, understanding which service delivery tasks are performed effectively by the provider and which are performed effectively by the customer.

Our presentation explores how shifting the boundary between service provider and service customer can increase and decrease value co-creation. Because boundary-shifting is a dynamic process, we focus on three aspects of a service that may change over time: (a) where the customer-provider boundary is defined, (b) the tasks that comprise the service, (c) and the capabilities of provider and customer resources. In particular, we address the questions of how the capabilities of each party can be unlocked during co-creation and how the configuration of tasks and capabilities can change over time through

interactions between the parties. Overall, we focus on problems of knowledge and information transfer, as difficulties in knowledge transfer impede learning and lead to a loss of process efficiency [6]. Of course, where to locate the boundary and which capabilities to unlock depends on what the appropriate measures of value and effectiveness are for each service process, and so we discuss these as well.

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