How should co-creation be adopted in a triadic relationship in order to develop a strong brand?

1. Introduction

The aim of this study is to investigate the adoption of co-creation in a triadic relationship between a long-term savings and investments provider, Independent Financial Advisers (IFAs) and clients in order to develop a strong brand. Co-creation is "the practice of developing systems, products and services through collaboration with customers, managers, employees and other company stakeholders" (Ramaswamy & Gouillart, 2010, p.4). Most co-creation processes reviewed in the academic literature focus primarily on the co-creation process between a company and one other stakeholder; in the main, customers. It is therefore relevant for this research to question whether it is possible to involve a provider, IFAs (intermediaries) and clients in a co-creation process to strengthen a company's brand. The exploratory research carried out in this study is a part of an ongoing wider study in collaboration with one of the UK's largest financial services providers.

A substantial proportion of the provider's business is conducted through IFAs and thus their significance as major stakeholders. Indeed, the majority of sales in the long-term savings and investments industry in the UK are realised through IFAs. Academic studies (Gough, 2005; Gough & Nurullah, 2009) have indicated that IFAs are the strongest distribution channel in the industry. However, to the best of the author's knowledge, a study that investigates how co-creation should be adopted in this triadic relationship has not been carried out to-date. In addition, the regulatory environment continues to face change such as the impending implementation of RDR by 31st December 2012. This will make the long-term savings and investments industry more rather than less complex. A case study methodology has been used in this study. The exploratory research discussed in this paper aims to provide greater insight and depth to the constantly changing environment faced by those who operate in the industry. The findings in the exploratory research presented in this paper are used to formulate the research questions of the second stage of the research, the explanatory research.

2. Literature review

2.1. The concept of co-creation

The concept of co-creation is inspired by the recognition of the changing role of customers from passive participation into active players. This recognition of the changing face of customers has led to the idea of involving customers in the various stages of the value-creation process. Thus, the focus of co-creation is not on the market offering itself but on the customers value creation process, in which the value for customers emerges (Moeller, 2008; Wittell et al., 2011). As a passive audience, the role of customers and stakeholders' has mainly been as recipients of products and services at the end of the value chain process according to Porter's Value Chain Model (1985). In contrast, as active players, customers and stakeholders share the responsibility for the process outcome which is measured in terms of quality and added value (Eichentopf et al., 2011). This means that they are actively involved in the value creation process. This is the notion that differentiates value creation and value co-creation. In value co-creation, a customer can get involved at any stage of the value creating chain (Kambil et al., 1994).

This study suggests that the concept of value adopted in the co-creation concept by Ramaswamy and Gouillart (2010) is value-in-experience. Value-in-experience is "the customer's perception of value based on the entire course [period] of the customer experience" (Turnbull, 2009, p.4). Therefore, experiences are gained not only when customers use products or services but also when they interact with the company and other stakeholders (Meyer & Schwager, 2007). As has been mentioned by Lapierre (1997), the core

of a business, or what a company produces, is definitely very important, but it may not be a customer's ultimate reason for purchasing from a given supplier. Where customers and companies collaborate, the interaction is of a primary nature (Cova & Dalli, 2009). Wikström (1996) suggests that the dynamic interaction should be seen as a learning process opportunity. It can also be suggested that a mutual learning process through a number of interactions is the conduit that enables co-creation to take place. This is because interaction can provide a valuable source of knowledge for the company when it comes to redesigning the next generation of offerings (Wikström, 1996).

In order to enable value co-creation, companies need to create an engagement platform (Ramaswamy & Gouillart, 2010). An engagement platform is a constructive environment where the company and its stakeholders can engage and share ideas and experiences continuously in order to generate value. They come in various forms from the product or service itself, live meetings, websites, retail stores, to call centres, private community spaces and open community spaces. Engagement platform is different than traditional market research such as surveys, focus groups and interviews. When the idea of engagement platform is fully implemented the participants can access the engagement platform whenever and wherever suits them and perhaps during the time when customers experienced company's offerings. Thus, it can be argued that participants' ideas, feedbacks or contributions are more real and reflects the results of their actual experiences or ideas thought in almost real time. Furthermore, in the market research, the interaction between participants and customers is arranged and the focus of traditional market research is normally company-centric or to solve company's own problem. In contrast, in co-creation both customers and companies are mutually interested in sharing ideas or solving problems through continuous dialogue. Therefore, when co-creation is adopted ideas often appeared spontaneously (Ballantyne & Varey, 2008).

2.2.   *A triadic relationship network*

Business relationships are mostly studied as a dyad or a relationship between two parties, usually defined as a buyer and a seller (Holma et al., 2009; Havila et al., 2004). Nevertheless, major relationships between a company, suppliers, customers and other parties have been found to be connected in the sense that what happens in one relationship affects the interaction in others (Blakenburg & Johanson 1990, cited in Håkansson & Snehota 1995). Thus, when studying a situation where there are network of relationships, researchers have to consider the influence of other relationships to the main relationship that is being researched. The description about network relationships also reflects the situation in the UK's long-term savings and investments industry in which the majority of its sales are generated through IFAs. Even though, the industry is highly networked, the focus of the current study is on the triadic relationship between the provider, IFAs and clients.

A triad is the smallest conceivable network where the connectedness of the relationship can be investigated (Tähtinen & Halinen-Kaila, 1997). A triadic relationship has a specific characteristic that does not exist in a dyadic relationship where there is a direct relationship between A and B; that is, an indirect relationship which is derived from their common relationship to C. Each of the three parties becomes an intermediary between the other two. Therefore, in a triad, the relationship between A and B is influenced by the relationship between A and C and the relationship between B and C (Havila et al., 2004). Because of direct links between all the three actors, a triadic relationship is more complicated than a dyadic relationship. The actors of the triad must co-operate and co-ordinate their efforts to have an effective relationship but, they also compete with one another (Holma et al., 2009). The higher the interaction between one pair of actors generally leads to a lower interaction between the other pair of actors (Havila et al., 2004). In the intermediated supply chain,

intermediaries can influence the deals in the supply chain (Gummesson, 2002). In the intermediated relationship, typically the relationship between suppliers and intermediaries can be predominant. Therefore, there is a risk that suppliers do not have any relationship with the end customers. This can lead to the suppliers not being able to monitor the changes that take place in customers' attitudes, motivation or buying and consumption behaviour. Furthermore, it can limit their opportunity to engage or reinforce the relationship between companies and end customers.

2.3.   *The value of co-creation in building a strong brand*

In the past, brands were considered as a property provided by the firm (Veloutsou 2008; Merz et al., 2009) developed and managed within a company to facilitate external market transactions with customers (Morrison 2001; Veloutsou 2008). However, a stakeholder perspective of branding suggests brand value is co-created within stakeholder-based ecosystems and stakeholders form networks (Merz et al., 2009). Rather than customers only having a dyadic relationship with the brand, a brand is dynamically constructed through social interactions so that brand value is located in the minds of its customers and the wider group of opinion makers and stakeholders (Ballantyne & Aitken, 2007). Thus, a brand is viewed as a continuous social process and the brand value is co-created through stakeholders negotiations (Brodie, 2009; Brodie et al., 2009). The emphasis of this perception is a continuous dialogue with a network of stakeholders about their experience and their vision on how they want to experience the brand into the level that best suits them.

When managers, customers and other stakeholders enter the co-creation process, they bring their perceptions of a brand with them. It influences how they create and evaluate ideas. Furthermore, in this process a brand also becomes a filter in determining which ideas to progress and which to discard (Ind et al., 2012). Therefore, by engaging with stakeholders through continuous dialogue that encompasses their experience and their vision of how they want to experience the brand individually, a brand it is argued can reach its full potential. A successful brand is a combination of an effective product, a distinct identity and added value as perceived by customers (Doyle & Stern, 2008). It can be argued that, an individual brand experience which is the result of co-creation can become a strong added value on how customers or stakeholders perceive a brand. Furthermore, there may be less risk of customers switching to another company if through a continuous engagement with the brand provider they feel that their ideas or needs are being fully appreciated and their level of experience and satisfaction is being met more fully. An increasing number of studies indicate that strong brands are built up through co-creation process involving a number of players (Boyle, 2007; Brown et al., 2003, Coupland et al., 2005). However, these studies only focus on the involvement of brand managers and their customers. Therefore, a study which investigates how co-creation can contribute to the development of a strong brand in a situation where the provider, intermediaries and clients are actively involved in the relationship will be valuable to the development of branding knowledge.

3. Research Methods

A case study research method was employed for this study as it provided the author with a means of investigating a new phenomena which included: "a large range of factors and relationships; no basic laws to determine which factors and relationships are important; and, an opportunity to observe directly the factors and relationships" (Fidel, 1984, p.273). Because of the complexity of the relationship between the provider, its clients and associated IFAs, a case study method is considered as the most appropriate approach to be adopted in this study. More specifically, a retroduction approach is adopted in this research.

Retroduction is one the most common research approaches adopted in a case study method (Easton, 2010). "Retroduction involves moving from am original conception of a particular phenomenon to a conception of a different kind of thing (power, mechanism) that could have generated the given phenomenon" (Lawson, 1997, p. 236). It begs the question: "What must be true in order to make this phenomenon or event possible?" (Easton, 2010, p.123). When adopting a retroductive approach, the researcher enters a field of research with a prior theory in mind and tries to identify whether the phenomena reflects what has been suggested by the theory. This stage is called exploratory research. Whilst the phenomenon has been identified, the researcher will iterate the theory and improve the theory to match the phenomena. The improved theory will then be used as a foundation to identify why the investigated phenomena happened. This second stage of the research process is known as the explanatory stage. The findings of the second stage of the research will not only confirm why the phenomena happened but it will also provide an explanation of why it happened (Sobh & Perry, 2006). Based on this research approach, the research in this paper is divided into two stages; namely, exploratory and explanatory. This paper presents the exploratory research findings.

A case study method relies on multiple sources of evidence in which data needs to be converged in a triangulating fashion as well as the prior development of theoretical propositions to guide data collection and analysis (Yin, 2009). Triangulation of different data or sources is considered as the best way to provide a 'family of answers that covers the reality and several contingent contexts to be able to capture a single, external and complex reality' (Sobh & Perry, 2006, p.1203). The sources of data used for the exploratory research were the provider's archival records, documentation and a selective number of unstructured interviews. The main sources of data used for the explanatory stage will be semi-structured interviews and online community research. The respondents who are involved in the research are also triangulated by involving the provider's senior managers and employees, customers and IFAs. The main respondents in the first stage of the research (exploratory) were the provider's senior managers and employees. The main respondents in the second stage of the research (explanatory) will be senior managers, IFAs and clients. The purpose of this dual approach is not only to provide triangulation but also to 'fit' the nature and context of the research to identify how co-creation can be adopted in a triadic relationship between the provider, IFAs and clients in order to develop a strong brand.

4. Research Findings
4.1 The current adoption of co-creation by the collaborative company
In 2009 the provider launched its customer online community and customer proximity programme as part of their stakeholder engagement programmes. The online community consists of more than 1,300 direct and intermediated clients (October 2011). Online community has been mentioned as one of the forms of engagement platform (Ramaswamy & Gouillart, 2010). The participants provide the provider with frequent feedback on the topics such as the provider's literature, products and new propositions. The explanatory research which is to follow will investigate why the provider decided to establish the engagement programmes and how the insights from the programmes are transformed into competitive advantage. The online community clients will also be asked the reasons why they joined the community, whether their expectations were met and what they thought the ideal co-creation process should be. More importantly, the explanatory research will also be an opportunity to investigate whether the company's online community reflects the characteristics of co-creative engagement platform. Initially, the idea of an online community that included the IFAs was considered by the company but it was not adopted. Therefore, during the explanatory research, it would be worthwhile investigating why the company did not use a

similar co-creation strategy with IFAs as it did with clients and whether any other co-creation activities take place with IFAs.

4.2. Co-creation in a triadic relationship between provider, IFAs and clients
The idea of co-creation is to engage as many and as diverse a group of stakeholders as possible to develop the appropriate systems, products and services. However, the interviews with the provider's marketing managers, employees and the provider's own market research indicate that IFAs are protective towards their clients. The findings identified that even though clients had a strong relationship with the IFAs, they still viewed themselves as the company's customers and expected an ongoing relationship with the provider. However, IFAs' protectiveness would not allow this to happen. The relationship between the provider and clients often caused a tension in the relationship between the provider and IFAs. The provider's recent activity of contacting intermediated clients for updates was considered by some IFAs as an attempt to steal their clients for the provider's direct business. This activity resulted in a negative publicity in the media. Based on the knowledge about this relationship dynamic, it should be questioned whether it is possible to involve the provider, IFAs and clients together in a co-creation activity within one engagement platform or whether the co-creation process with IFAs and clients should be established separately.

4.3. The role of co-creation in building a strong long-term saving and investment brand
The provider's brand equity tracking which is conducted quarterly indicated that clients who participated in the online community scored significantly higher in most of the brand equity dimensions. Therefore, the explanatory research will investigate why these clients have a better knowledge, understanding and perception of the provider's brand and how, or whether, their perception changes after they joined the online community. The exploratory research indicated that the company's branding strategy heavily targeted clients but not IFAs. Therefore, further questions need to be asked about the rationale for this strategy. The IFAs will also be asked whether they consider the brand as being important and how it might influence their decisions or recommendations for their clients. The stakeholders' perspective of branding perceives that brand is dynamically constructed through social interactions (Merz et al., 2009). Therefore, the explanatory research will investigate whether in this industry brand is also constructed through social interactions between the provider, IFAs and clients. If so, what is the role of each actor in the construction of the brand values and how does each actor's perception influences the other actors' perception towards the provider's brand.

5. Conclusion and Future Research
Based on the exploratory research findings, it is suggested that co-creation presents an opportunity to enhance and strengthen the brand of a company in the financial services industry. It also highlights the added value in terms of the clients' knowledge and understanding of the provider and its brand. Further research is needed to confirm this proposition and to develop a model of how co-creation can be adopted in the context of this study and industry. Having successfully completed the exploratory research, the author has a greater knowledge, understanding and insight into the provider, the industry and the potential for tension between stakeholders and potential areas for a conflict of interest. The combination of the literature review and the findings from the exploratory research will now be used to develop the research questions to be used in the explanatory research. The emerging questions will be incorporated into the semi-structured interviews of the provider's senior managers, selected IFAs and to a sample of clients using the provider's online community.

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