

Consumers' value creating processes in distribution services for online shopping

Anette Svingstedt

Daniel Hellström

Klas Hjort

E-commerce continues its strong growth in Europe and globally. In Sweden it makes a very important contribution to the growth of the nation's GNP. The Swedish government (Regeringskansliet, 2014) and the European Union highlight that improved conditions for e-commerce are an important part of efforts to strengthen transnational commerce and with that, Swedish exports. Efforts to develop and improve the conditions for e-commerce are emphasised as a priority area in the Swedish Minister of Trade's export vision (Utrikesdepartementet, 2013). In order for Sweden to maintain the leading position it has in e-commerce and to strengthen competitiveness, the increased demands of consumers for convenience and accessibility have to be met. These demands can be satisfied by strengthening the distribution network that secures and is responsible for parcel delivery. The development of more efficient, innovative and sustainable distribution channels will be an important direction to take in the efforts to strengthen competitiveness

Previous investigations show that consumers place considerable value on ease and convenience in online shopping (e-barometern, 2012; UPS, 2013). That is why e-merchants are investing in efforts to improve and facilitate the entire purchasing process for the consumer in their development of websites, payment systems and security. However, relatively little development has taken place when it comes to the actual distribution process of goods purchased online, primarily in the final stage of distribution to the consumer. This has been the case even though the e-barometer's 2013 annual report showed that consumers are of the opinion that it is important how the parcels are distributed.

In Sweden Postnord, has been responsible for most parcel deliveries since the deregulation of the postal monopoly in the end of the twentieth century. When the postal network was introduced, in the beginning of the twenty-first century, the number of distribution points was

reduced for consumers and citizens, worsening the service. Against the background of increased demands for easier and more accessible parcel delivery, Postnord thus decided to implement a pilot test of parcel delivery by means of parcel lockers. With this new distribution service, Postnord wanted to increase convenience and accessibility for existing companies and consumers as well as to generate new business opportunities and customer groups. With the strong increase in e-commerce, parcel lockers can also generate value by contributing to sustainable growth and be beneficial to society through improved logistics and transport systems.

In the autumn of 2014, ten parcel lockers will be placed in strategically selected locations in Sweden; Finland and Norway locations where many people pass daily such as shopping malls, shops and at important public transportation points. This study constitutes a sub-study in a larger research project that will evaluate the significance of deliveries by means of parcel lockers for several central actors including consumers, e-merchants and society. The evaluation of the parcel locker distribution service based on the actors' different perspectives will take place over a three-year period starting in the autumn of 2014. The current study presented in this paper examines the significance the parcel lockers will have for the consumers' value creation processes and their consumption practices. Starting out from theories of value creation in service marketing and service management, we will examine the significance of deliveries by means of parcel lockers for the consumers' experience and perception of value.

The purpose of this study is to illuminate the interaction between the new distribution service (parcel lockers) for online shopping and consumers' value creating consumption practices

Consumers' value creation has long been of interest for researchers in service marketing and service management. A general point of departure for theories with a service perspective is that it is the customer who creates the perceived value and the service provider is seen as a facilitator of value creation (Ramírez, 1999; Vargo & Lusch, 2004). In this way, the value is not embedded in the product or the service. The service provider can make value propositions and the customers then, on their own or together with the service provider, create value when they use the service (Grönroos 2006; 2008). The consumer has a very central role as a value creator and companies should thus focus on understanding their customers' everyday practices and their value generating processes (Grönroos, 2008). It is important to increase

knowledge on how services and goods are embedded in the consumers' daily practice, context and experiences (Heinonen et al., 2013).

Concepts like “value” and “value creation” are complex. Criticism is directed at this complexity and a more applied, practical understanding of the concepts is called for (Ravald & Wikström, 2014). In part, the lack of an applied understanding of value creation is a consequence of the relatively few empirical studies that examine what the value creating processes of the consumers are really like. Much of the previous research on value and value creation consists of conceptual discussions (see Ramirez, 1999; Vargo & Lusch, 2004; 2008, Grönroos, 2008) about how consumers carry out the processes. The aim of this study is to examine and answer questions such as: How do the consumers use distribution services? How do customers create value through the indirect interaction with the service provider? The e-merchant? What are the values customers experience and perceive in the process of e-commerce and of being able to choose freely the place where the product will be delivered? How does the distribution service affect consumers' consumption patterns of e-business? By means of a more applied (empirical) understanding of consumers' value creation processes, the concept of “value” can be given new meaning.

In the evaluation of the distribution by means of parcel lockers, we intend to combine several different methods. These include observations (video recordings), focus groups, interviews, surveys and consumer diaries to examine in different ways how the consumers understand and use the new distribution service, and what their value creation processes look like. There are several different areas that are of interest to study: how customers perceive the value of the service; how they interact with the parcel lockers; if and how the service affects their purchasing behaviour, etc. The following briefly describes of the different method tools.

References

Grönroos, C. (2006). Adopting a service logic for marketing. *Marketing Theory*, 6 (3),317-333.

Grönroos, C. (2008). Service Logic Revisited: Who Creates Value? And Who Co creates? *European Business Review*,20 (4), 298-313.

Heinonen, K., Strandvik, T., Mickelsson, K-J., Edvardsson, B., Sundström, E. & Andersson, P. (2010). A Customer-Dominant Logic of Service. *Journal of Service Management*, 21, (4), 531-548.

Ramírez, R. (1999). Value co-production: Intellectual origins and implications for practice and research. *Strategic Management Journal*, 20 (1), 49-65.

Ravald, A & Wikström, I. (2014). Reframing consumer value creation. Conference paper presented at NCCR 2014 in Vaasa, Finland.

Regeringskansliet. (2014). Färdplan för inre marknaden för paketleveranser Retrieved Maj 2014, from http://www.riksdagen.se/sv/Dokument-Lagar/EU/Fakta-PM-om-EU-forslag/Fardplan-for-inre-marknaden-fo_H106FPM45/

Vargo, S. & Lusch, R. (2004). Evolving to a new dominant logic formarketing. *Journal of Marketing*, 68, 1-17.

Vargo, S. & Lusch, R. (2008). Service-dominant logic: continuing the evolution. *Journal of the Academy of Marketing Science*, 36, (1), 1-10.

UPS. (2013). Ups pulse of the online shopper - a customer experience study. Retrieved June 2013, from http://pressroom.ups.com/pressroom/staticfiles/pdf/fact_sheets/2013_PulseShopper_FINAL.pdf

Utrikesdepartementet. (2013). E-handel Retrieved nov 2013, from <http://www.regeringen.se/sb/d/16230>