

---

## EFFECT MODERATING OF SALESPERSONS ON CO-CREATION VALUE

R.A Marlien<sup>1),2)</sup>, Alimuddin RR<sup>2)</sup>, Euis Soliha<sup>3)</sup>

Universitas Stikubank, Semarang, Indonesia

Corresponding author: marliennasehat@gmail.com

### Abstract

*The life insurance industry plays a role in mobilizing and increasing the accumulation of public funds, through savings and investment funds. Besides, it also regulates, allocates manage risk by maintaining the level of liquidity to face the uncertainty later on. The basic concept in this research is departed from the relationship between marketing and services marketing. The concept of collaboration is an extension of the above concept. This study aims to build collaboration as an antecedent of co-creation value. The capacity of salesperson is as a moderating variable in the relationship between customer participation and co-creation value. A set of hypotheses are built to analyze the effect of antecedents on co-creation values. The findings of this study found that customer participation and corporate values have no effect on the value of co-creation. The values of collaboration and salesperson's capabilities affect the value of co-creation, while the capability of the salesperson is not as a mediator instead of an independent variable.*

**Keywords:** Customer participation, Corporate Values, Collaboration Values, Co-Creation, Salesperson Capabilities

### Introduction

Co-creation provides space for customers and end users to be actively involved in the design, development of products and services, so that the resulting product is the embodiment of personal personality, consumer and company experience. In this activity customers are trying to use the influence of their innovation ideas on business systems. The influence is in certain stages of design activities, process or service side. Therefore, it is possible for a company to create unique value according to individual customer experience. Information technology through web and social media enables an exploration strategy that results in the development of new products and services by engaging customers. The cooperation is conducted with the aim of reducing risk, cost, capture sharing of creative ideas, sharing knowledge and technology. (Chesbrough, 2003; Prahalad & Ramaswamy, 2004a; Chesbrough, 2007; Ophof, 2013a; Filieri, 2013).

Indonesia is the country with the largest population of approximately 244 million OJK (2013), where the contribution of life insurance policyholders only 3% of the population. Compare with Malaysia's neighboring country with a population of about 30 million inhabitants where life insurance policy contributes 32.91% of the total population (LIMRA, 2010). This illustrates that the life insurance market opportunity in Indonesia is still very large, but the company has not been able to work on it optimally.

Life insurance products are less attractive to people in Indonesia due to many things such as research conducted by Rochma, (2007). Other causes, lack of education by insurance companies so that customers are not getting the right information. According Sunarto (2000) lack of corporate interaction with policyholders after the transaction and the system used still. The connectivity of customers and life insurance companies through salespeople / agents becomes quite unique because agents not only sell and market, but are required to be value creators. As a value creator, a salesperson is required to have communication skills, competence, skill, hard work, and smart work (Sujan, Weitz, and Kumar, 1994).

### Co-Creation Value

Gronroos (2011), the customer is a co-creator or value creator, because new customers can feel. The benefit if they have made a purchase and use it. Supplier is a value facilitator because the source / facility input to the process is produced by the supplier / company. The value created together will result in a personalized product, a unique customer experience, a sustainable income for the company, and improving the company's market performance loyalty, long-term relationships, positive words from gethok-tular (Javanese language. Co-creation is the knowledge and skills that are at the core of the service. Service-dominant logic or S-D logic is the basic framework of co-creation value that shifts the focus on value creation from the outset of the firm and the value in exchange (Vargo, Maglio and Akaka 2008). The value

the customer receives is the difference between the total amount of value for the customer and the total amount of customer cost (Kotler 2002).

### **Salespersons Capability**

Sujan et al. (1994) salesperson activity can be interpreted as a hard and intelligent effort of a salesperson with all the skills and expertise intended to obtain the desired end result. Kohli's study, et al. (1998) suggests that the orientation of a salesperson is a form of desire to increase the skills and skills of salespersons for learning. Salesperson activity is a skills-building, learning-based activity to help them develop an understanding of the sales environment and increase their knowledge of the appropriate sales strategy. The capability of an insurance agent (salesperson) is a broad knowledge, communication, problem solving solution and professionalism in the field. This is because the insurance agent must have a commitment and trust given the product sold is a financial product or insurance program.

### **Partisipasi Pelanggan**

Customer involvement can be interpreted as customer participation in interaction between customer and employee. Such customer participation can be superior service delivery, production services both physically and share resources or competencies (Dabholkar 1990, Schneider and Bowen 1995, Lengnick-Hall 1996). Customer participation behaviors seek information to clarify service requirements and meet cognitive needs, want information about service status and service parameters. Customers need information on how to perform their duties as co-creators of value and also what they expect to do and how they perform during service meetings (Yi and Gong 2013).

### **Value proposition**

The company's value proposition is a positioning statement that explains what benefits it offers, to whom and how to do it uniquely. Company values are a promise. The promise of value made to customers when they use the company's products. Another definition of proposition values is an advantage that aims to achieve customer satisfaction as needed (Kotler and Keller, 2012).

### **Life insurance**

According to Salim (2005), insurance is a willingness (by individuals or legal entities) to establish small losses that are uncertain in the present as a substitute for future uncertain losses in the future. A small loss that is certain is in the form of payment installment or payment as well as premium to the insurance company, while the replacement or compensation for loss is in the form of payment of insurance claim by the insurance company. According to Haiss and Sumegi (2008), the development of the life insurance industry in national economic activity will increase the role of financial institutions to provide financial protection to the community and encourage the growth of productive sector through the accumulation of investment funds in the capital market.

### **Relationship between Variables**

Heinola (2012), Gronroos (2011a), Vargo et al., And (2008a) who said that corporate and customer co-creation will result in high co-creation when compared to working separately by utilizing resource integration and applying competencies and knowledge. Co-creation is the result of customer participation with the company in value creation including information sharing, making suggestions, engaging in decision making and delivery processes to customers (Bendapudi and Leone 2003; Dong and Zou 2008; Bolton and Saxena-Iyer 2009a; Chan, Yim, And Lam 2010; Schütz 2011; Heinola 2012; Ho, 2013). Collaboration can be done through product innovation, innovation-process, and interactivity (Prahalad and Ramasmamy 2004, Thomke and von Hippel 2002). **Hypothesis 1: The stronger the Customer Participation, the higher the co-creation value.**

According to Graf and Maas (2008) the company as a service provider center means the value that the firm offers to the product it generates, must match the customer's perceived value for its benefits and sacrifices. A customer value proposition is an explicit promise made by the company to the customer that it will provide a number of useful value creations (Buttle, 2009). In other words, customer value proposition is a written statement focusing all of the organization's market activities to key customer elements that make a significant difference in the customer's decision-making process, to select and / or buy an organization's offer of competitors (Fifield 2007: 443). **Hypothesis 2: The higher the Company's Values, the higher the co-creation value.**

Collaboration to produce a shared vision, build an agreement on an issue or issue, create a solution to the problem, and put forward shared values to produce decisions that benefit all parties (Simatupang and

Sridharan, 2004). So collaboration is an interactive process that involves two or more participants working together to get results that can not be solved independently. Studies by Anderson and Narus (1990) measure the quality of collaboration between manufacturers' organizations and distributors by using satisfaction indicators between collaborating parties and age of alliances. To realize the results to be achieved based on proactive efforts to understand co-partners and not to be understood, wide open to get the best alternatives in cooperation and principled on the pattern of mutual win-win.

**Hypothesis 3: The higher the Collaboration Value, the higher the co-creation value.**

The presence of salespeople in the service system undertaken as resource integrators and value facilitators between the company and the customer through the process of value creation and delivery value play an important role. The ability of salesperson in influencing customer perception and value creation will have an impact to improve company performance both financially and non financially (Salipante, 2002). Salespeople at service companies are value creators. Salesperson as value creator and integrator between company and customer, then he must have competence, kapabilitas, motivation and high communication in order to persuade and convince customers of the products offered.

**Hypothesis 4: Salesperson's Capabilities moderate Customer Participation and Co-Creation**

### Methodology

This research model is built on the above hypothesis, which is expected to explain the variables affecting co-creation. Population is insurance customers in Semarang, analysis unit is insurance analysis, technique sampling is purposive sampling with the criteria of life insurance customers from private companies, number of Respondents are 100 persons.

### Result and Discussion

Female respondents are 51.4% more than male respondents at 48.6%. This shows women are more aware of the importance of taking insurance than men. The duration of respondents who followed the insurance program mostly between 1 to 5 years of 60% and then a long time to customers between 1 to 10 years of 22.9%. This shows the majority of new customers in taking the insurance and there are some customers who have followed for the second time. The customers who are aware of joining insurance are those who has a salary of 1-10 million as many as 89.3%. This is interesting to study because customers with higher income are less. The largest distribution of insurance age is 31-40 years around 32.1% and 41-50 years around 36.4%. This shows that those who are aware and need insurance is the age of productive, simply because the young age to follow insurance premium just pays a cheaper fee.

### Validity and Reliability Test

Validity test using Barlett, KMO, MSA (Measures of sampling adequacy) test and loading factor to test indicator of X1, X2, X3, M, and Y questions. The result is all indicators have met Barlett test <5%, KMO> 50%, MSA > 50% and loading factor> 50% The result of all latent variables indicator is> 50%, it shows all indicators are valid. Reliability test using Cronbach Alpha  $\alpha > 0.6$ . The results of all variables are reliable.

### Model Multiple Regression

The Result of Regression Model:  $Y = 0,137 X_1 + 0,125 X_2 + 0,264 X_3 + 0,493 M - 0,095 X_1M$

P-value (16, 8%) (16, 0%) (0%) (0%) (47, 1%)

F 40,333 ( $\alpha=0$ ),  $R^2_{adjusted}$  0,586

The effect of customer participation on co-creation value is insignificant, meaning that customer participation variable does not affect co-creation value. This empirical test supports research conducted by Chen, Chen, and Wu (2010) that examines the impact of customer participation on value creation and satisfaction on consumers and employees (service providers. According to Yi and Gong (2013), Kelley and Skinner (1990), Kellogg DL, Youngdahl WE and Bowen, DE (1997) information sharing is essential to reduce the risk or uncertainty in co-creation. Lack of customer understanding of information exchange and information disclosure will have an impact on the cost to which the customer is responsible and will Have an impact of disappointment because sometimes investment returns do not match the investment benefit plan designed during the first transaction.

The influence of the firm's value-to-co-creation value is insignificant. This means that the company's value-pledge has no effect on the value of co-creation. The result of this empty test is not the same as the research of Graf and Maas (2008) the company as the service provider center means that the value offered by the company to the product produced must be in accordance with the customer's perceived value with the benefit and sacrifice. The company's value-based promises sometimes do not match the reality especially

when the customer experiences an event to make an insurance claim. This fact can happen because customers do not understand at the time of education and sharing of resources such as information.

Collaboration-bersinerji positively and significantly influence the value of co-creation, meaning the higher the value of collaboration the higher the value of co-creation. The value of co-creation will be created individually (unique) if there are values of cooperation in accordance with the values perceived by the customer. Strong collaboration between organizations by Anderson and Narus (1990), Muthusamy (2007), Craig (2005), Sawler (2005), means that all parties are convinced that cooperation will result in something bigger, and not try to take action - opportunistic actions that would undermine such cooperation. Empirical test results, insurance customers will feel having an insurance product in accordance with the needs because there is mutual trust and information disclosure is needed at the time of salesperson designing the desired insurance products.

Salesperson's capability to co-creation value positively and significantly. This means that the higher the capability of salesperson the higher the effect on the value of co-creation.. In the insurance company, salesperson capability is the value creator of their ability to educate, to explain transparently to the prospective customer, to make the power to influence the prospective customer which has an effect on the candidate's stability to have the insurance product. In line with the findings of Prihantoro, Basuki, and Iskandar (2013), the national life insurance industry is actively increasing the demand for life insurance through the development of new product designs with certain characteristics in accordance with the needs and characteristics of the community. The result of empirical test on co-creation value research is an agreed value between salesperson and prospective customer participation in sharing resources to determine the type of insurance product. The value of co-creation is generated to be unique because the value is determined individually by the prospective customer, the unique value that is created (distinctive value) is the competitive advantage of the company.

## **Conclusion**

The result of empirical research shows that construct of collaborative values and salesperson capability significantly influence co-creation value in transactions in life insurance. The value-collaboration construct indicator is shown through the influence of transaction commitment, the determination of the premium value, the solving of the problem of increasing the benefit and the income of the prospective customer. These factors are also supported by professional salesperson capability with knowledgeable, intelligent indicators in response to customer problems and communicative education patterns.

Although the collision of customer participation and corporate values has no effect on the value of co-creation due to the sharing of resources that occurs during the dialogue with the salesperson, the prospective customer does not publicly provide information about financial capabilities. Financial information needs to be disclosed because salesperson other than as their agent also acts as a financial consultant of customers, so that salesperson can design the amount of premium that will be determined as well as establish the contribution of investment benefits that will be felt by the customer.

## **Acknowledgement**

This article is the result of research financed by Directorate of Research and Community Service Directorate General of Research and Development Reinforcement Ministry of Research, Technology and Higher Education Indonesia In accordance with the Contract of Research of Fiscal Year 2017 Number: 027 / K6 / KM / SP2H / RESEARCH / 2017 dated 21 April 2017.

## **Reference**

- Bendapudi, Neeli, and Robert P. Leone. 2003. "Psychological Implications of Customer Participation in Co-Production." *Journal of Marketing* 67 (1): 14–28.
- Bititci, Umit S, Veronica Martinez, Pavel Albores, and Joniarto Parung. 2004. "Creating and Managing Value in Collaborative Networks." *International Journal of Physical Distribution and Logistics Management* 34 (3–4): 251–68.
- Bolton, Ruth, and Shruti Saxena-Iyer. 2009. "Interactive Services: A Framework, Synthesis and Research Directions." *Journal Of Interactif Marketing* 23: 91–104.
- Chan, Kimmy Wa, Chi Kin (Bennett) Yim, and Simon S.K Lam. 2010. "Is Customer Participation in Value Creation a Double-Edged Sword? Evidence from Professional Financial Services Across Cultures." *Journal Of Marketing Theory and Practice* 74 (May): 48–64.

- Chen, Chih-Jou, Chih-Cheng Chen, and Ju-Chuan Wu. 2010. "How Customer Participation Can Drive Repurchase Intent," 1–18.
- Chesbrough, Henry W. 2003. "The Era of Open Innovation." *MIT Sloan Management Review*, Spring, 44 (3): 35–41.
- 48 (2): 22–28.
- C.K. Prahalad, and Venkat Ramasmamy. 2004. "Co-Creation Unique Value with Customers." *Strategy & Leadership* 32 (3): 4–9.
- Dong E, and Zou S. 2008. "The Effects of Customer Participation in Co-Created Service Recovery." *Journal of The Academy of Marketing Science* 36: 123–37.
- Filieri, Raffaele. 2013. "Consumer Co-Creation And New Product Development: A Case Study In The Food Industry." *Marketing Intelligence & Planning* 31 (1): 40–53. doi:10.1108/02634501311292911.
- Graf, Albert, and peter Maas. 2008. "Customer Value from a Customer Perspective : A Comprehensive Review." [Http://Link.springer.com/Journal/11301](http://link.springer.com/Journal/11301) 58 (1): 1–20. doi:10.1007/s11301-008-0032-8.
- Gronroos, Christian. 2011a. "Service As Business Logic: Implications For Value Creation And Marketing." *Emerald Group Publishing Limited* 22.
- Heinola, Elina. 2012. "Value Co-Creation In Service Relationships : A Study Of Customer And Service Provider Role Responsibilities In KIBS." Finland: Departement Of Marketing Aalto University Of School Of Economics.
- Ho, Henry WL. 2013. "Customer Value Creation And Delivery In B2B Contex : An Intelligent-Agent System Approach." *Business And Economics Journal*, BEJ-70, , 1–8.
- Kelley, S.W., Donnelly,J.H, and Steven J Skinner. 1990. "Customer Participation in Setvice Production and Delivery." *Journal of Retailing* 66 (3): 331–35.
- Kellogg D.L., Youngdahl W.E., and Bowen, D. E. 1997. "On the Relationship between Customer Participation and Satisfaction: Two Frameworks." *International Journal of Service Industry Management* 8 (3): 206–19.
- Kotler, Philip, and Kevin Lane Keller. 2012. *Marketing Management*. Global. 14e. England: Pearson Education.
- Lawton, Thomas, Sydney Finkelstein, and Charles Harvey. 2007. "Taking by Storm: A Breakout Strategy." *JOURNAL OF BUSINESS STRATEGY* 28 (2): 22–29. doi:DOI 10.1108/02756660710732620.
- Ophof, Sander. 2013. "Motives For Customers To Engage In Co\_creation Activities." In . Netherland: University Of Twente.
- Prahalad, C.K, and Venkat Ramasmamy. 2000a. "Co-Opting Customer Competence." *Harvard Business Review* R000108: 79–87.
- Prahalad, C.K, and Venkat Ramaswamy. 2004. "Co-Creating Unique Value With Customer." *Emerald Group Publishing Limited* 32 (3): 4–9.
- Prihantoro, Imam Basuki, and Kasir Iskandar. 2013. "Analysis of Macro Economic and Demographic Factors on Life Insurance Demand Function In Indonesia.Analisis Macro Economic Factors And Demography Against Life Insurance Demand Function In Indonesia." *Jurnal Asuransi Dan Manajemen Risiko* 1 (1): 26–41.
- Rochma, Malia. 2007. "Prospect of Life Insurance Industry In Indonesia." *Economic Review* 210.
- Salipante, Paul. 2002. "Effective Selling Skills In Life Insurance Sales : The Implication On Sales Performance, Recruiting, And Retention Of Producers." *Case Western Reserve University*.
- Schütz, Shirley. 2011. "Value Co-Creation in Seller - Reseller Relationships." Tesis, Laurea University of Applied Science.
- Simatupang, Togar M., and Ramaswami Sridharan. 2004. "Benchmarking Supply Chain Collaboration: An Empirical Study." *An International Journa* 11 (5): 1–18.
- Sujan, Harish, Barton A. Weitz, and Nirmala Kumar. 1994. "Learning Orientation, Working Smart and Effective Selling." *Journal Of Marketing* 58 (July): 39–52.
- Ulaga, Wolfgang, and Andreas Eggert. 2006. "Value-Based Differentiation In Business Relationships." *Journal Of Marketing* 70 (January): 119–36.
- Vargo, Stephen L., and Robert F. Lusch. 2008. "Service-Dominant Logic: Continuing The Evolution." *Journal Of The Academic Marketing Science* 36: 1–10.
- Woodruff R.B. 1997. "Customer Value : The Next Source of Competitive Advantage." *Journal of Academy of MARKeting Science* 25 (2): 139–53.
- Yi, Youjae, and Taeshik Gong. 2013. "Customer Value Co-Creation Behavior: Scale Development And Validation." *Journal of Business Research* 66: 1279–1284. doi:10.1016/j.jbusres.2012.02.026.

**Authors' Bibliography**

1. Baturaja, 22 Maret 1957, Dra. R.A Marlien, MM is studying S3 in Universitas Satya Wacana Salatiga, Indonesia.
2. Palembang, 10 Oktober 1963, Dr. Alimuddin R.R.,SE.,M.M. S3 Management Universitas Diponegoro, Semarang, Indonesia
3. Yogyakarta, 27 Maret 1971, Dr, Euis Soliha,SE.,M.Si. S3 Management Universitas Gajah Mada, Yogyakarta, Indonesia.