

## The Unpowered Customer: Co-Creation as Tactics of the Weak

### Abstract

Co-creation has been lauded for the exceptional benefits it offers to engaged actors, with a particular emphasis on its ability to empower previously passive, and sometimes disadvantaged, customers. Drawing on de Certeau's notion of the *tactics of the weak*, we problematize this romantic view, unpacking some of the often unarticulated, opportunistic motives and behaviours of firms in co-creation processes in practice. We develop our contribution in the context of a small software business and its clients, collecting data through semi-structured interviews, observations and archival documents. Our findings provide insights into the organizing practices that reinforce the disadvantaged positions of business customers. We outline three stages of opportunism that unfold inadvertently in the assumed democratised value-creation space. We conclude with a discussion of the managerial and theoretical implications, and directions for future research.

**Keywords:** co-creation dark side; de Certeau; opportunism; tactics of the weak

## **1. Introduction**

Co-creation – the process of creating competitive value jointly with external stakeholders (Vargo & Lusch, 2004, 2016; Zaborek & Mazur, 2019) – and its associated practices have become the dominant model for strategic action and facilitated a fundamental shift in consumer power in contemporary markets. Indeed, the customer-led mantra that underlies co-creation seems to be turning capitalism on its head, or at the very least attenuating its effects – a goal that most service-logic proponents are eager to tout (e.g., Vargo and Lusch, 2008). Proponents argue that co-creation liberates customers from the claws of the authoritative enterprise, enabling them to lead the development of the value creation process. The bulk of research topic in the area aligns firmly with this view, usually focusing on the benefits of co-creation to the customer and how such benefits may be enhanced (Payne et al., 2008; Verleye, 2015).

This romantic view of co-creation, and the dominance that it has assumed in marketing strategic processes leave little room to problematise the ways in which it unfolds, or to query the actions and implications of its processes on market actors (Galvagno & Dalli, 2014). While acknowledging the benefits of co-creation, recent studies have called for critical re-evaluation of the concepts and its contribution to business performance (e.g., Oertzen et al., 2018), especially the dark side it engenders (Abosag et al., 2016; Chung et al., 2016). Some have questioned the enhanced empowerment of consumers that arises out of co-creation, noting that the concept and its practices may create avenues for firms to take advantage, and “unpower” customers (e.g., Bonsu 2013; Bonsu & Darmody, 2008; Echeverri & Skålén, 2011; Plé, 2017; Zwick et al., 2008). In effect, co-creation presents a net positive effect for the diversity of market actors, but these positive outcomes may support the unconscious concentration of market power in the firm as customers lose their power.

Customer “unpowerment” may, for instance, be observed in the firm tapping customer resources to develop products the firm cannot create on its own, with the former often gaining little or nothing from such arrangements (e.g., Zwick et al 2008), or in instances where due to sunk costs and expectations of reaping from high investments into their producer and provider firms’ products and services, customers may feel trapped and unable to switch to other providers (Blut et al., 2016), even when the co-creation relationship ceases to be beneficial. Furthermore, in the current unpredictable business environment, it is not uncommon for firms, with whom customers have started co-creation activities, to go out of business, leading to the loss of substantial resource investments customers have made.

These examples, which could amount to significant frustrations for affected customers (Abosag et al., 2016; Jarvi et al., 2018), clearly illustrate the need to consider the risks and other “dark side” aspects of co-creation that are not as beneficial to customers as the bulk of research seem to suggest.

Of the few studies on the dark side of co-creation, fewer still focus on how the dark side is manifested in the context of business-to business relationships (Tóth et al., 2018). This is probably because it is often assumed that the influence of a key, usually difficult, individual diminishes with the growth of a business organisation (Tóth et al., 2018), or that businesses are equally strategic and powerful, and hence relationships between them are less likely to be disadvantageous to one party. However, there is ample evidence to suggest that business relationships are more susceptible to challenging, and sometimes destructive behaviours that can put one party at significant risk (Steen et al., 2018; Chowdhury et al., 2016; Chung et al., 2016).

Our purpose in this paper is to explore the nature of co-creation between one small business in the software industry and its customer firms, with a focus on the not-so-glamorous, towards a

proposal for action that mitigates the downside. The paper seeks to extend knowledge on the potentially exploitative motives and behaviours that influence and characterise producer firms' (lead actors)' initiation and management of co-creation partners in B2B relationships. Small businesses, especially those in the software industry, provide valuable empirical contexts for the study because they often grapple with a paucity of essential resources, depending on their wealthier customer firms (Partanen et al., 2008; Kim et al., 2020). These businesses are in a relative disadvantage to their customer firms, who do not only derive 'power' from their resources – financial, behavioural, knowledge – but are also in a privileged position to make unrestrained demands of their providers (Ngugi et al., 2010; Plé, 2016). As the weaker party in the relationship, the small business is placed in a 'vulnerable' position and may initiate co-creation activities for reasons that are not so ingenuous.

In advancing the research agenda of the dark side, scholars have recognised that as a result of the embryonic stages of this aspect of co-creation research, theoretical conceptualisations to advance knowledge is still largely lacking (Abosag et al., 2016; Chung et al., 2016). We draw on De Certeau's (1984) "Tactics of the Weak" to suggest that small businesses' initiation and management of co-creation activities may be motivated by unarticulated motivations to reconfigure the dynamics of the relationship they share with their large customer firms in an effort to move from the 'lowly' positions they occupy, to positions of 'power'. Our discussion highlights elements of the power balance (or imbalance), unarticulated conflicts and expectations that characterise B2B buyer-seller relationships (Hakansson, 1982) in co-creation. Ultimately, we seek to invite researchers to temper their romanticized views of co-creation as recognizing and managing the negative aspects of business relationships can contribute even more positive outcomes to the partnership (Abosag et al., 2016).

## 2. Co-creation: Benefits and Critiques

Co-creation emerged in line with the shifting of strategic emphasis from offering products to offering services (Vargo & Lusch, 2004). It allows for tapping effectively into resource reservoirs outside enterprises' own precincts to develop creative responses (Bogers et al., 2010; Chesbrough et al., 2014). This is important because value from a product is influenced not only by the provider or producer, but also the customer as a result of subjective meanings the latter assigns to product offerings (Holbrook & O'Shaughnessy, 1988). Thus, a product offering may be considered a mere value proposition that needs further input from the customer to become useful for their needs (Vargo & Lusch 2004).

The collective wisdom in co-creation research is that it helps customers shift away from the repressed roles they previously held, into liberated actors who engage in personalised interactions with organisations to create unique value that they prefer (O'Hern & Rindfleisch, 2017). Co-creation, therefore, facilitates a new marketplace where the processes of creating value is 'governed by the needs of customers, and...driven by the customer himself' (Fragidis et al., 2010: 255). The customer is 'in-charge', not only of the value created, but also of the business relationship between themselves and producers (Grönroos & Voima, 2012: 137). This argument is most potent in the belief that products or services are constructed while in use by the end user, rather than pre-determined during development (Lin et al., 2009; Adner & Kapoor, 2016).

Like other buyer-seller relationships, however, co-creation exhibits power imbalances, conflicts, opportunistic behaviours and selfish interests (Kang & Jindall, 2015; Steen et al., 2018). For instance, customers are not always remunerated for participating in co-creation activities (Zwick et al. 2008). Besides, some firms saddle customers with the full burden of design and production of products in a bid to shift away from the traditional firm-centric approach to a

consumer-centric focus (Prahalad and Ramaswamy 2004). These and similar observations have led some to conclude that while co-creation projects customers as liberated partners, they are not equal partners and may be exploited.

In their critique of the customer freedoms that co-creation presumes, Bonsu and colleagues (e.g., Bonsu and Darmody 2008; Zwick et al., 2008) draw attention to how most co-creation activities, promoted as a humble desire by enterprises to liberate customers' creativity and autonomy in the marketplace, are tactics used to encourage customers to offer their resources for the benefit of the firm. In other words, while inducing customer involvement and participation – or in co-creation parlance, liberating and empowering customers – projects an image of an empowered customer, who in fact, loses market power. Bonsu and Darmody (2008, pp 365) conclude that:

Co-creation offers an illusion of customer control that traps the consumer deeper into a desire to keep one-step ahead of the firm in the innovation game. The firm is then able to colonise collective creativity of the proletariat as the consumer innovates at will, unconscious of the trap wherein she plays.

At the very least, these observations suggest the potential for co-creation to reduce consumer power in the market. Researchers, however, seem to have ignored these dimensions of co-creation especially in the B2B context (e.g., Abosag et al., 2016; Chung et al., 2016). This study is an attempt to contribute to filling this gap by responding directly to the question of 'who benefits and who loses' in co-creation relationships, posed by Steen et al (2018: 291).

### 3. Conceptualizing B2B co-creation: Tactics of the Weak

The contemporary business landscape is characterised by tense relationships between providers under constant pressure to address customer demands with limited resources, and well-resourced customers with ever increasing demands (Gabriel and Lang 1995). These tensions are aggravated in B2B scenarios, where customers are themselves firms (we refer to these firms as “customer firms” in this paper), as the pressure they mount on “producer firms” are motivated not just by their own demands, but also that of their end users. Unlike the producer firms, customer firms in the software industry tend to have financial, knowledge, time and other resources that are needed for product development (Ngugi et al., 2010; Plé, 2016). From this perspective, the producer firms are the weaklings in this relationship, and a reasonable strategy for easing their constraints is relentless efforts at creating avenues to access customer firms’ resources.

Much of co-creation research assume that the resultant relationship between customers and producers is stable, harmonious and mutually satisfying. However, similar to the ‘silent resistance’ and poaching of resources by resource-constrained employees from their well-resourced employers and managers, we know that resource imbalances between two relating parties can be fertile grounds for opportunistic behaviours and tensions (Sarpong et al., 2018). Often, the inherent complexities of such a relationship leads to suboptimal outcomes for one party (Chowdhury et al., 2016). We employ de Certeau’s (1984) notion of the ‘tactics of the weak’ to explore an aspect of this dark side.

De Certeau argues that the world is made up of the Strong (those who become powerful in society due to resources they possess), and the Weak (those with limited resources and are, thus, dependent on the Strong). The Strong often defines the rules of engagement in the relationship that naturally emerges between the two. While ‘accepting’ their dependence, the Weak seeks survival opportunities by exploiting clandestine opportunities to create ‘openings’ (Brownlie & Hewer,

2008) in the territories of the Strong, where they can poach the Strong's resources therein. De Certeau labels this response as 'tactics of the weak', i.e., creative attempts by the Weak to infiltrate and even exploit the Strong (Dey and Teasdale, 2015).

He describes such everyday tactics of the Weak as *la Perruque* – imperceptible, 'under-the-radar acts of borrowing resources' from the Strong, which are organised to appear as part of the routine subjugation to the Strong (Lynch & Greaves, 2016: 60). These tactics, characterised by identifying, creating and exploiting opportunities (Vorley and Rogers, 2014), are intended to equip the Weak with unique strength and power, unrivalled by the power that resource ownership bequeaths to the Strong. Effective tactics are also often so well integrated into the day-to-day practices of the Weak that they may go unrecognised. Dey and Teasdale (2015: 489) describe it as the 'dispersed everyday creativity' of the Weak. de Certeau himself put it thus:

[A] tactic ... is always on the watch for opportunities that must be seized 'on the wing' ... It must constantly manipulate events in order to turn them into 'opportunities'. This is achieved in the propitious moments when they are able to combine heterogeneous elements (1984: xix).

De Certeau's views are appropriate to conceptualize the complex and dynamic relationship between customer firms and suppliers for at least two main reasons. First, the relationship between providers and customers in co-creation relationships initiated by small businesses, and the Weak and Strong in de Certeau's framework both often manifest in imperceptible ways (Dey and Teasdale, 2015). Looking at co-creation practices through the lens of de Certeau's "tactics of the weak" allows for recognizing the competitive but often invisible power play and the actions of the weaker party to overcome related challenges for their mutual benefit. While ultimately beneficial to all parties, co-creation may be perceived as an imbalanced partnership whereby each party seeks to take advantage of the other for its own self-preservation. Applying this perspective to co-creation practices presents a more realistic view of the day-to-day tensions that characterise



business relationships (Tóth et al., 2018). The concept's recognition of inequitable positions of co-creation partners is useful for highlighting implications of differences in resource-ownership between co-creation partners.

Interestingly, Bonsu & Darmody's (2008) description of the sphere of co-creation as one of 'play', which silently poaches on the vulnerabilities of customers resonates with de Certeau (1984) and Hjorth's (2005) use of the same term to describe creative ways in which the Weak capitalise on the crevices left by the Strong, to gather resources to itself, and temporarily change the power dynamics that exist between themselves and their 'masters'. We focus this study on small businesses, because their lack of sufficient resources places them in a 'Weak' disposition, relative to their 'Strong', and well-resourced clients. Small businesses tend to have limited resources, which induce a 'liability of smallness' (Valaei et al., 2016; Aldrich & Auster 1986) on their performance. For instance, as a result of their internal constraints, small businesses' operations are not only more sensitive to demands of their customers (Berends et al., 2014), but also have a stronger than usual need to rely on the patronage and resources of these customers (Hewitt-Dundas, 2006). As a result, small businesses may initiate co-creation as part of a broader strategy of controlling resources that are not theirs (Manimala, 2008). Figure 1 summarizes this relationship. Here, the desire of the Weak (i.e., resource-constrained businesses) to survive shapes the ways in which they relate to the Strong (i.e. customer firms who have financial resources, such as money and knowledge) (Frow et al., 2015; Heindenreich et al., 2014).

**[Figure 1 here: Conceptualizing the Dark Side of Co-Creation]**

#### **4. Methodology**

A major challenge in researching the dark side is that these aspects of co-creation processes are not so obvious. Overcoming this challenge calls for investigative techniques that allow for careful excavation of practices and meanings in context. Therefore, we employed qualitative methods that are suited for unearthing nuances that would be overlooked by dominant narratives. Following examples of studies which have studied co-creation in B2B relationships (e.g. Pathak et al., 2020), we used a single case of a small software business located in UK, Havana Software Ltd (pseudonym), and their co-creation interactions with four of their customer firms. Siggelkow (2007) concludes that not-so-obvious phenomenon can be described by single case studies. This position is endorsed by Dyer & Wilkins (1991) and Yin (2003) who argue that single case studies are useful for exploring new theoretical relationships, through a deeper understanding of the singular subject. Like Pathak et al. (2020), our single case allowed us to sufficiently go beyond the obvious, exploring the dark side of co-creation in ways that would have otherwise been difficult.

Our use of a single case study poses a peculiar challenge. Distinct characteristics of the case may cause it to be easily identifiable, making confidentiality and anonymity difficult to achieve (Greenhalgh et al., 2005). To mitigate this challenge, we have not provided detailed characteristics of participants. At certain times, we have completely changed the characteristics of participants to protect anonymity, insofar as it does not affect data quality (Wiles, et al., 2005).

Havana Software Ltd (heretofore referred to as “Havana”) was established about thirty years ago to provide bespoke software products to firms in the hospitality industry. Our choice of Havana as a focus of study emerged from a broader research project on creativity in small businesses, justified by the fact that (1) their primary activity, software development, requires high levels of creativity and creativity-relevant resources (Glass, 2006), (2) they had received industry

recognition and award nominations for developing innovative products, and (3) were willing to give as much access as needed for our research. Access was particularly important in the context of software businesses as knowledge practices constitute a major source of competitive advantage that is keenly guarded (Altinay et al., 2014).

Access to Havana's customer firms enabled us to develop a nuanced understanding of co-creation practices in a B2B business context, an area with relatively fewer empirical research (Chowdhury et al., 2016; Chung et al., 2016). The four product user companies involved in the study were nominated by Havana on the basis that they were among those they had the closest customer relationships. By reason of their relationship, not only were these firms most likely to partake in the study but they would also provide the best opportunities to observe the nuanced dynamics of the co-creation relationship we sought to understand.

#### 4.1 Data Collection

Data collection started with observations of the ways in which work is organised within the small business through a six-week internship by one of the authors. The internship involved tasks that provided first-hand insights into the work environment, as well as attitudes and approaches to developing products for customer firms. The second source of data was semi-structured interviews with eleven of Havana's employees (six additional follow up interviews were held as shown in Table 1). The focus here was to probe further some earlier observations made, regarding employees' engagement in product development, and their understanding of relationships with clients in the development process. Interviews lasted between an hour and an hour and 30 minutes. There were four interviews with one employee from Development Services, who volunteered his time to clarify information, such as those from the company's websites and press information over the period of the research.

Following indications from employee interviews, we held interviews with a representative each from the four customer firms. The representatives were in charge of Havana's software in their companies and had been interacting with the small business for a long period of time, averaging nine years. We sought to understand their companies' perceptions of the software products they received from Havana, and the accompanying interactions that went on between the two parties. Interviews lasted between fifty minutes and an hour. This was followed by email conversations with the customer firms to clarify some of the information from the interviews. We avoided use of words that suggested, 'opportunism', or 'power' or 'being taken advantage of' to avoid leading customers in the insights they shared. Table 1 provides a biographical sketch of research participants and other information for the study.

**[Table 1: Biographical Sketch here]**

Finally, we relied on a substantial volume of archival materials – written and published documents (emails, press releases, other non-disclosure documents) that provided useful commentaries on Havana's co-creation relationships. This was useful for first-hand opportunities to understand company-product user interactions, as well as allow us to probe into past and ongoing interactions that had not come up in our interviews. For instance, through press releases on successful products that Havana had co-created with some customer firms, we realised the contradictory perceptions that Havana and customer firms held of the time and financial involvement of the latter.

The diversity of data sources allowed the strengths of certain data to compensate for weaknesses in others, contributing to the 'richness' of the study (Cuervo-Cazurra *et al.*, 2020). In addition, diversification affords triangulation of data toward comprehensive understanding of the phenomenon of interest (Carter *et al.*, 2014; Denzin 1989), in this case the dark side of co-creation.

In essence, the multiple sources of data increased the level of knowledge about the subject and strengthened researchers' standpoint from various aspects (Bryman 2014).

#### 4.2 Data Analysis

Our analysis was aimed at selecting snippets of data that were valuable and rich, no matter how terse or fragmented as accounts of co-creation tend to be. Specifically, we were motivated by developing an understanding of the motivations that underlie Havana's initiation of co-creative activities, and how this shapes their approach to co-creation processes. As mentioned, this would not have been achieved by objective measures or methods of analysis, as these would silence the qualitatively different constructions of the practice of co-creation that Havana and relevant parties expressed. Thus, we followed the principles of thematic analysis, using an inductive approach (Braun et al., 2014; Eisendhardt, 1989).

We manually open-coded the data from interview transcripts. This involved disaggregating the data by identifying excerpts from the transcript that appeared to qualify certain concepts (Saldaña, 2012), and wrote down relevant themes (Miles et al., 2013). As noted by Wiles et al. (2005) who assessed the value of thematic analysis for analysing interview material, although this method of analysis offers an opportunity to produce cross comparisons between various data sources, it could also lead to obscuring 'the multi-layered, contextualized interpretations of the conscious and less conscious meanings, moral ideas and values expressed and implicit' (Wiles et al., 2005: 97). Thus, in our analysis, we deliberately paid attention to the context in which Havana operated, but also personal observations and knowledge of Havana and the client companies. In addition, we also asked two colleagues outside this research to read a few transcripts and provide their own themes as a way of identifying new perspectives (Baxter & Jack, 2008). In so doing, we

were able to generate new themes, such as paradoxes within the work environment of Havana that guided their co-creation motivations.

This helped us look at the data in new ways that were not previously apparent. Yet, if “emergence” of themes in inductive approaches is taken to mean that the researcher has no influence at all on the themes that emerge, then we are reluctant to describe our methodology as such because we were still actively involved in determining which codes were of interest, what labels to give them and further which ones fitted certain categories. Our definition of an inductive approach is developing themes based on prompts from our transcripts, prior reading of existing literature, and discussions with colleagues. Based on the open codes, we developed second order concepts for both Havana and their product users (Pratt & Rafaeli, 1997), as shown in Figure 2. This helped us move from simple identification of texts to more abstract interpretations of the data. To develop second order concepts, we placed codes which had similar representations into categories and assigned labels based on what the categories represented (Gioia et al., 2013). We followed a similar process to develop third-order concepts by categorising two or three second-order concepts under overarching themes.

Our analysis of data was iterative, as we continued to come back to the data to examine new codes that appeared to bridge the gap in themes that had already been developed. In fact, as mentioned, we sometimes sought clarification, through emails or further interviews, with interviewees on areas that were not clear from the interview transcripts. The initial coding was used to summarise extracts of data that seemed to capture and fit a particular theme. Subsequent stages of coding were used for establishing patterns and relationships between the themes (Miles et al., 2013).

## 5. Findings

### 5.1 Co-creation Activities: Havana and Customer Firms

Thirty years ago, when Havana started operating, it adopted the ‘waterfall’ method of software development. This method, traditionally common among software companies (Lee & Yong, 2013), required detailed, upfront planning and had development done in long uninterrupted cycles from start to finish (Jiang & Eberlein, 2009). This means that no changes could be made to the software while being developed, and customer involvement was limited to the start when specifications were agreed. Thus, while efficient, the waterfall method’s rigidity, and particularly, its inability to accommodate necessary changes during actual development was identified by many software companies, as a key problem.

In 2001, industry practitioners collaborated to introduce agile methods of developing software, which firms such as Havana have since embraced. By their very nature, agile methods of software development reflect value co-creation (Sjödín et al., 2020) as they feature shorter reiterative sprints with feedback (such as changing requirements from customers) from one sprint or stage being addressed before the next is started. These methods also seek efficiency, but through prioritisation of customer value as defined by the customer (Highsmith & Cockburn, 2001; Maruping et al., 2009).

Agile methods of developing software have an intrinsic advantage in enforcing relationships between developers and product users, for instance through its emphasis on ‘customer collaboration over contract negotiation’ (Agile Alliance, 2018; Schwaber & Beedle, 2001; Annosi et al., 2016). It is this close collaboration that allows Havana to employ tactics of the weak for opportunistic behaviours (Kang & Jindall 2015).

## 5.2 Defining the Weak in Co-creation Relationships

We provide a brief articulation of the ‘Weak’ position occupied by Havana and the motives for co-creation behaviour that emerged from this position. Havana’s primary activity, the development and provision of efficient software that meets the needs of a very unpredictable market is a complex one which thrives on innovative ideas, extensive financial and time commitments. As is often the case with small businesses, however, we observed that Havana struggles to provide needed resources to develop the kind of creative solutions customers require. Engagement in experimental activities such as, carefully dissecting problems and seeking new, alternative solutions (Gilson & Shalley, 2004) were often difficult to achieve because *‘people are very busy just getting through their inbox for the day’* (Kena, Managing Director, Havana). As a result, employees often resorted to seeking quick fixes from the Managing Director, Kena, in addressing ‘grey areas’ in their tasks as an efficient approach to working around time limits:

It is so important that the hour is not wasted, where I can waste two or three people’s time, they’re not sure, I tell people like ‘just ask’. Do you know who we need to ask? ... ‘Well, the man here to ask is Kena (Hans, Support).

Many employees felt that this practice, while unavoidable, curtails their freedom to experiment and come up with new and useful improvements to the software. Kena also oversees the strategic level needs of Havana, often leaving him with limited time to dedicate to solutions that could help improve the software products:

The drawback (of Havana’s flat structure) is that, everyone gets dragged into a deep amount of detail, whereas in larger organisations, certain levels of management are abstracted from certain level of detail, and actually the benefit of that is that they naturally have more head space to think strategically, to think creatively (Kena, M.D.).

Apart from these constraints, Havana also has limited financial resources:

Yeah, they’ve [larger companies] got more money so they can spend more time on R & D. At the moment, we (Havana) often say ‘oh, actually that might be a good



idea but...we've got so many other things to do'. ...and we can't have an R & D department (Sanda, IT Services Havana).

These constraints, of time and space for employees, place Havana in a vulnerable – Weak – position (de Certeau, 2005: 215) relative to their customer firms. In practice, this means that the small business has limited resources needed to develop products, which customers desire. In contrast, we observed that their customers own many of the resources Havana needs to serve the market. Havana's position of weakness in the partnership induces certain motives which shape the ways in which it approaches relationships with customers. These motives include accruing resources that allow 'victories of the Weak over the Strong' (de Certeau 1984: xix), and to achieve 'strategic institutionalisation of control over consumers and markets' (Cova et al., 2011, pp. 232).

For Havana, co-creation activities are intended to ameliorate the implications of its vulnerable position in the partnership as well as the implications of resource constraints on its performance. Havana relied on the customers to create value. Employees, for instance, suggested how relationships with customers are aimed at identifying good product ideas:

Long term, they're (customer requests for new software functionalities) probably for the greater good of many customers...So, we can be led...the creativity can be external. It doesn't have to be starting here (within Havana) at all (Hans, Support Services, Havana).

Clearly, Havana seems resigned to the fact that their creativity depends on their customer firms. Havana's position of disadvantage calls for strategic co-creation efforts to ride on the qualities of its partners. Figure 2 summarizes our findings regarding how Havana engages in co-creation toward harnessing the resources of the more resourced firms to its advantage. The details of these findings are presented next.

**[Figure 2 here: Summary of Main Findings]**

### 5.3. Evolving Tactics of the Weak

At first glance, our findings appear simply to be an unfolding process of stages of co-creation between a small business and its customer firms. The processes start from decisions to enter into a mutually beneficial business contract, through creating engagement platforms for resource transfer from the customer to the provider, and finally identifying actual activities that the parties engage to offer/receive resource for further product development. We demonstrate, however, that such ordinary co-creation processes are also breeding grounds for lead actors to action opportunistic motives and behaviours that disadvantage customers.

#### 5.3.1 Scouting and selecting qualified co-creators

In theory, customer firms would have control over decisions relating to which provider firms to partner, the extent to which they engage provider firms, and the type of resources they bring to the partnership (Grönroos & Voima, 2012). We found, however, that while producer firms may acquiesce to, and even endorse publicly the controlling role of their customers, they engage in subtle actions that reflect a different view on ownership and control of co-creation activities. Even in their weak position, Havana had the power to choose its “strong” co-creation partners. Its customer-seeking practices carefully target a defined set of customers, who demonstrate a strong potential to benefit Havana. Felicia, Havana’s Marketing Head notes what determines customer selection:

We actually want to make sure they’re *in it* before we sign them. Because we don’t want customers unless it actually works for them, it needs to work both ways really, otherwise it’s a problem for them and it becomes a problem for us.

Lange (2011) refers to this selectivity, where the under-resourced adeptly determines and chooses others with whom beneficial relationships can be built, as the inclusion (or exclusion) strategy of the Weak. Such extensive initial interrogation creates co-creation benefits that, though unarticulated, the parties expect, right from the beginning (Kingshott, 2006).

Beyond initial screening of customers, Havana demonstrated strong influence on the co-creation sphere in how it set different levels of engagement for customers towards developing products. This is despite the requirements of agile methods of software development Havana deploys, which require extensive involvement of all customers across product development. Specifically, after customer firms and Havana Software reach a partnership agreement, the extent of the former's actual involvement in co-creating a software depends on its potential to contribute 'resources' to Havana. Suprana from Havana's Support Team explained this as follows:

The bigger the fish [Customer], the more money they have, the more they influence what we do....There's smaller involvement with new and smaller customers.

At Havana, customers are targeted as worthy (or less so) 'players' within the shared site of value creation. After customer firms reach a partnership agreement, the extent of the firm's actual involvement depends on its potential to contribute 'resources' to Havana. That such a key decision is reserved exclusively for the firm is indicative of the subtle tactics that Havana exerts over its customers.

### 5.3.2 Creating Openings for La Perreque

To tap customer firm resources, Havana creates 'openings' (Brownlie & Hewer, 2008) or 'spaces' (de Certeau, 1984; Hjorth, 2005) to increase interactions with clients. In the co-creation literature, these openings are referred to as engagement platforms (Ramaswamy and Guillard,

2010; Frow et al., 2015), giving an impression of a ‘democratized space of joyful collaboration’ between enterprises and their customers (Bonsu and Darmody, 2008: 357). However, these are carefully crafted spaces that the Weak creates to support constant access to inputs and resources of their more well-resourced, stronger counterparts (de Certeau 1984). To this end, Havana has trained its staff to respond quickly and efficiently to client needs by electronic and other means.

Recognizing the need for corporeal interactions as a means to access latent – ‘uncodified, socially situated, and organisationally embedded’ – resources (Operti & Carnabuci, 2014:1043), Havana developed spaces for personal interactions with clients. Felicia (Head of Marketing at Havana) noted the limitations of electronic communications thus: [telephone, email and other electronic communication modes are useful but can make it *‘easy to be a bit dismissive of customers...but when you meet someone, they’re a person, and they actually come alive’*. Havana representatives also hold regular visits to customer firms’ sites to monitor and discuss product performance. This is usually an opportunity for customers to share ideas on how the product could meet their specific needs completely. One customer firm representative, Adele, explained in her interview that these visits provided opportunities for her firm, to share their knowledge of the industry and ideas on how Havana could best respond to their needs. Havana’s monthly ‘Community Centre’ programme also invites a customer to share its experiences of using Havana products. This initiative seems to generate a feeling of being taken seriously by Havana, especially regarding their need for bespoke and competitive products. Havana uses this platform as an opening to elicit fresh ideas for products.

These co-creation openings have become avenues for tapping free resources, sometimes including ready-made diagnosis of identified challenges in the relevant software. Using customer resources through co-creation grants Havana significant savings that would have gone into market

research, perhaps justifying Havana's lack of R&D department. With these 'openings', Havana presents itself as a listening provider, valuing customers for the resources they bring to develop products. In other words, Havana pays allegiance to the 'power'/strength that the customer resources allow them to wield. Such seeming acquiescence increases the firm's chances of gaining their customers' support. Havana also uses these 'openings' to momentarily silence the inherent 'power' customers have, and instead give way to regular interactions that can be used to retrieve relevant inputs for creating improved software functionalities. Both parties benefit: Havana gains resources it lacks and the customer firms gets excellent solutions to its problems. Following Hjorth, we describe these 'openings' as 'spaces for play' (Hjorth, 2004), which reflect the exploratory and experimentative nature of activities that the Weak employ towards its goals.

#### 5.3.4 'Play' Channels for Exploiting Customer Resources

**Funding.** Activities that characterise the Weak's "la perruque" are necessary because resources remain latent if not engaged deliberately (Mainela & Puhakka, 2011). Extant literature suggests that small businesses are mostly constrained when it comes to financial resources needed to engage in actions that can support novel products development (Berends et al., 2014). Such financial pressures, according to Steen et al. (2018), is a driving force behind small-sized providers engagement of customer's financial resources. In this context, Havana shifts funding responsibility for new products to its customers. Kwaushik (Development Services, Havana) mentioned that:

So, like we have this software, we sell this to ABC Ltd. And ABC says 'that's fine, but what if we add these two bolts to this software you've sold to us? We say 'ok, if you're paying for them'... and so, the whole thing (improvement to the software) continues to grow and grow off the back of just that one request.

This is traditional co-creation at work, whereby the customer is driving the process of development. However, Havana takes advantage of the situation by saving its resources and

deploying those of the customer. In so doing, Havana minimizes its costs of development. In fact, many informant customer firms regularly pay large sums of money to Havana to develop and adjust software to suit their evolving needs. *'We've had to spend quite a lot of money to get the contracts up to a stage where it is more workable'* (Alexandria, Crawling Limited). Customers went as far as to suggest that Havana may have avoided coming up with their own novel solutions just to avoid having to fund those ideas themselves. For Rick (Neptune Limited), maybe Havana was capable of developing the ideas his company needed. But maybe, *'Havana does not always come forward with ideas because obviously if they did, it's a cost to them'*.

This is in line with realisations that co-creation activities are often done at the expense of customer firms (Cova et al., 2011). Havana's approach narrows its focus onto what the customer identifies as challenges, leaving the firm restricted in the pursuit of new ideas. That Havana itself does not invest in product development means that its offering will be narrow and restricted in terms of scope. Havana, like many small businesses (Berends et al., 2014), was operating as *'quite a lean company in terms of ...activities where they 'develop their system and somebody else pays for the development'* (Lemeul, 5 Star Limited). In this sense, creativity is limited to only what the customer firms identify, rather than the wider variety of options that could be available through Havana's experimentation. Thus, for the benefit of Havana, the customer firm is denied opportunities for potentially better software, except that which it perceives and is willing to fund.

***Product Knowledge and New Ideas.*** Access to knowledge remains one of the main reasons for which small businesses seek networking opportunities with others in their external environment (Inkpen & Tsang, 2005). All representatives of customer firms who took part in our study demonstrated excellent knowledge of their industry. For instance, they could perceive future trends of their markets, knew their company requirements first-

hand and anticipated new ways Havana's products could help address those needs. In our interviews, customers were quick to identify ways in which their knowledge had contributed to Havana's product. For instance, Lemeul (5 Star Ltd) explained:

When we do meet them [Havana], we talk about our customers and what they want and what they do. I guess what we think we need for our customers. We'll go to them and say 'we need the system to do this'. We'll say, our customers are tending to buy this sort of product or they are behaving in that way.

Havana accessed these ideas by offering basic versions of its software to the customer firms, in anticipation of ideas, requests, complaints and challenges that would lead to improved versions of the product. Thus, rather than hire a team of experts to check all dimensions of a system, Havana relies on customer firm research and other input, at the firm's expense. Many customer firms mentioned this tactic as a problem for them because it bordered on exploitation by Havana. It was emphasised in our second interview with Alexandria, whose company had been using Havana's products for years. She noted: '*there are a lot of areas that do not work for us, and there are a lot of areas that we have to do development on*'. She further noted:

We've had lots of discussions with Havana that maybe we were *misled* at the time of sale regarding what we were getting when we were buying the product. Most of the systems that we require weren't included in the product itself.

At the time of purchase, Crawling Limited, Alexandria's company, had planned to use Havana's product to offer specialised services to premium customers. However, after a year they could only use it for pricing because it was not yet a good fit for their bespoke needs. Instances such as these appeared to abound, and present Havana the opportunity to refine its products to suit the needs of new customer firms, using the clients' resources. In essence, the small business exploits the problems presented by its 'stronger' customers. To tap relevant knowledge from customer firms, Havana encouraged direct contact with their employees. Lemeul, who supervises the use of

Havana's products in his company explained how direct employee contact with Havana created a problem and called for streamlining within his company:

Initially they [Havana] wanted our staff to contact them directly with challenges, you know. Because they wanted lots of feedback coming in. When we had twenty people having the same issue it could be that five people will all talk to Havana Software. Things are more controlled now. They all report internally and one of our guys will then go and work it with Havana Software.

The streamlining had positive benefits for the customer firm, but it worked even better for Havana who received all the relevant information it needed for product enhancements, at virtually no cost.

One informant, Lemeul explained how his company (% Star) tested the products they received from Havana, and by so doing used their own resources to contribute to better products. He noted they had "Learned a lesson" from the experience, suggesting a feeling of exploitation. By testing the product in their own environment as many times as possible to ensure that it was working to their unique expectations, Lemeul's example shows how his company and other customer firms, had invested their time in developing the product. The benefit of the time spent by customer firms offered was that, unlike their software provider who appeared to be struggling to create such time resources internally, customer firms' regular use of the product naturally led to the availability of these resources. Employing tactics to secure such knowledge from 5-Star would be part of Havana's effort to minimize its R&D costs through taking advantage of resources that would be owned by 5-Star.



## 6. Discussions

de Certeau's (1984) outline of the tensions that naturally emerge from the resource imbalance between two actors has allowed us to articulate the not-so-obvious "dark side" of co-creation, whereby the seemingly weaker firm will employ specific tactics to gain an upper hand in the relationship. Within the co-creation process, customers own and provide the resources needed for improving the software functionality, or product that is being developed. At first glance, the consumer firms appear 'in charge' (Grönroos & Voima, 2012: 137) of the shared platforms between themselves and their providers. However, the producer firm is able to secure balance in the relationship – if not control it in reality – by reason of the tactics used to keep the power of the larger customer firms at bay. While ascribing the role of the 'Strong' to customers, it is this small provider that 'determines' customers' roles and what resources they bring to the co-creation relationship. It is also the small provider which creates openings, or engagement platforms, and through their deliberate action or inaction, ensures that customers' latent resources are unleashed to contribute towards the final product. Appearing to 'even consent to their subjection' (de Certeau, 1984: xiii), small resource-constrained businesses engage in actions that allow them to achieve significant victories, at the expense of customer firms. Thus, their seeming acquiescence of the Weak is merely a tactic to ensure that it has continuous access to the Strong's resources.

Our observations suggest that customer firms are aware of the potential exploitation that endure. Given customers recognition of the presence of a dark side that disadvantages them, why do they remain in such relationships? Our findings suggest that, providers' continuous access to customers (and their resources), is perpetuated by customers' themselves, who are often reluctant to end the relationship. This is because of considerable investments they would have made into their providers' activities, right from initial socialisation stages of co-creation relationships, as seen

in Alexandria's example. In this situation, one might perceive a commitment bias – an escalation of commitment (Staw 1976), whereby customer firms continue to invest further into the relationship in anticipation of a better product emerging in the future that fits their needs. The commitment bias explains that we tend towards being consistent with our prior commitments, actions, thoughts, and dispositions, even when it is against our own interests. In a co-creation sphere, this leads to decisions that benefits the marketer but not so much the customer.

Another key point worth raising from our findings is the value of commitments and expectations, that are built in the initial/socialisation stages in co-creation relationships, to actors' actions and satisfaction as the relationship unfolds. Similar to Kingshott (2006), our findings suggest that certain expectations for relational returns are created in the minds of parties in the co-creation marketplace, which when breached, could heavily affect the ways certain parties, particularly customers perceive the relationship. While unarticulated, these expectations are potent in determining the success of the outcomes of such relationships. Very closely linked to this point is the ways in which customers' perceptions of Havana's 'play' and la perruque strategies are of a deliberate attempt to not only deceive them, but also to valorise their time, knowledge, and financial resources. Here, it would appear that ensuring that all parties understand 'the rules of the game' from the start is essential (Ahmed and Jones, 2007; Järvi et al., 2018).

A number of antecedents have been identified in the literature on the dark side of co-creation, usually focusing on customer actions (Järvi et al., 2018). Our observations lead us to consider an additional antecedent – the unique characteristics of producer firms. Small businesses are often sorely lacking in resources needed to provide competitive solutions to their customers (Valaei et al., 2016). While co-creation offers a beneficial strategy to access resources and inputs they need, but lack, to build competitive products (Godmundson, 2003; Partanen et al., 2008; Zahra

& Nambisan, 2012), it also places them in a vulnerable position, relative to their customer-partners, who have the resources their small providers need (Plé et al., 2016). Thus, for small businesses, and in fact other resource-constrained providers of goods and services, co-creation may be initiated as part of a broader strategy of controlling resources belonging to others (Manimala, 2008), and at the expense of the co-creation partner.

In sum, it is the smaller firm, constrained by its limited resources, that is able to take advantage of the bigger and powerful co-creation partner. In line with de Certeau's (1984) perspectives, the Weak in any context seeks means of surviving the pressures of the Strong and will continually explore avenues to convert its weak position into areas of strength. Customer firms in the IT sector tend to be larger and stronger than their production firms. Our observed view of the customer being exploited here – regardless of size – suggests a structural outline of capital markets that is seemingly unfavourable to the customer. This is in line with the argument that although the position of customers may appear powerful in the customer-is-king mantra that dominates contemporary business rhetoric, the reality is very different (e.g., Bonsu and Darmody 2008; Cova et al., 2011; Zwick et al., 2008). This dark side of co-creation whereby the customer is constantly the underdog needs to be understood to allow relevant redress to be pursued.

## **7. Implications and Conclusion**

Power and advantage oscillate between businesses and customers in the co-creation process over time (Ertimur & Venkatesh, 2010). However, we have situated our discussions alongside critical co-creation researchers who emphasise the ways in which customers in particular, are in the long run; disadvantaged in the marketplace (Bonsu & Darmody, 2008; Cova et al., 2011; Zwick et al., 2008). We consider that this stance is necessary to shift focus from mainstream co-creation literature, which typically justifies co-creation through discourses of ‘customer empowerment’ in the value creation process (O’Hern & Rindfleisch, 2010), towards one that illuminates how it may just exacerbate inequalities, and ‘channel’ resources into the hands of powerful providers and enterprises. This awareness is indispensable for any provider business seeking to genuinely engage with customers in mutually beneficial ways.

Our analysis has implications for co-creation literature, mainly stemming from our unique development of a dark side analysis of co-creation that connects the co-creation literature to a broader awareness of the opportunistic and tension-filled nature of B2B relationships (Tóth et al., 2018). The topic of the dark side of co-creation relationships is considered a necessary one to consider in ongoing research conversations (Chowdhury et al., 2016). However, theoretical perspectives to drive this purpose have been sparse till date (Abosag et al., 2016; Chung et al., 2016), and there is very little known on how it manifests in practice. Our engagement of de Certeau’s concept of tactics of the Weak to withstand powerful market forces should contribute to practitioners and researchers alike with at least one other means of conceptualizing co-creation relationships. This theoretical lens that is sensitive to the tensions and challenging behaviours that naturally characterise B2B co-creation relationships. Specifically, de Certeau’s (1984) seminal ideas, relating to the tactical ways the Weak relates with the Strong, has offered fresh insights to

clearly articulate not just the ‘why’ but also the ‘how’ the dark sides of co-creation unfold. By using these labels in our paper, we sought to expand the vocabulary available to identify and analyse various actors in co-creation relationships and to highlight the imbalances in such partnerships often to the detriment of the consumer.

Our research on the co-creation processes small businesses initiate in B2B relationships also provides a useful platform from which further research aimed at seeking better engagement from customers can proceed. The study provides some indications of the perceptions customers may hold. Even though we found out that customers may remain in their relationships with provider businesses due to sunk costs, our study challenges researchers to deeply pay attention to how customers respond to co-creation behaviours, if more fruitful outcomes are to be achieved. Furthermore, by drawing on perspectives from both customer firms and provider businesses, our study brings together contested viewpoints of different actors in the co-creation marketplace and enables more holistic and relevant strategies to manage their shared sphere of creating value.

In terms of practice, the findings suggest that firms wishing to adopt a relational orientation with customer firms need to be aware and respond to signals they send during early-stage interaction and socialization, as these will result in future expectations and obligations within the relationship (Kingshott, 2006). Customer firms come to the business relationship with psychological contracts created during socialisation stages, which businesses need to recognise and treat as an important factor that shapes their satisfaction in the lifecycle of the relationship (Duncan and Moriety 1998; Kingshott, 2006). Even in the ‘empowered customer’ era, customers still expect their providers to be wholly responsible for meeting certain obligations, perhaps due partly to perceptions of independence the latter creates.

Given that their limited resources are often not enough to meet these obligations, providers may benefit from being clear in the initial stages of the relationship what customers' roles will be in meeting mutual goals, and regularly communicate new levels of involvement that are required as the relationship unfolds. In fact, businesses may need to institutionalise clear strategies for such communication and reliance on customers to be documented and treated as an important part of product and service development, where customers are explicitly appreciated for their contributions. Our suggestions here are in line with marketing and consumer research perspectives that co-creation can only achieve expected benefits of customer participation, innovation and improved services if initiators clearly consider and manage expectations of customers relating to their engagement, involvement and empowerment (Galvagno and Dalli, 2014).

There is a bright side of the dark side of co-creation. Our choice of Havana, as already mentioned, was partly a result of their success in their industry for coming up with impactful software solutions for customers. Given their resource limitations, their success can be attributed to their co-creation relationships with customer firms. Like Chowdhury et al. (2016), we note that even where the process of B2B co-creation is at the expense of particular actors, outcomes on the value that is created is not always negative. In fact, businesses who engage their customers in co-creation activities have demonstrated consistent successes. Thus, while we have pointed out the dark sides, we are by no means arguing against the value of co-creation relationships.

Our in-depth study of creative processes of Havana, a small UK software business and four of its client companies has opened the way for future research to explore the dynamics of cocreation in the B2B context, focusing on the not so obvious negative impacts. That we focused on one case study limits the generalizability of our findings. The conclusions drawn, thus, remain provocative insights rather than objective claims due to the exploratory nature of the study. Future

research may consider a multi-case study, or the development of a measurement scale that allows objective categorisation of Weak and Strong actors. That small software businesses are ‘usually’ delineated by their need to constantly engage in external relationships aimed at potential generation of imaginative solutions (Carlo et al., 2012), means that the processes described here to possibly facilitate certain outcomes is likely to be unique to such businesses. Future research on the dark side will clearly benefit from choosing empirical contexts within larger, better-resourced organisations.

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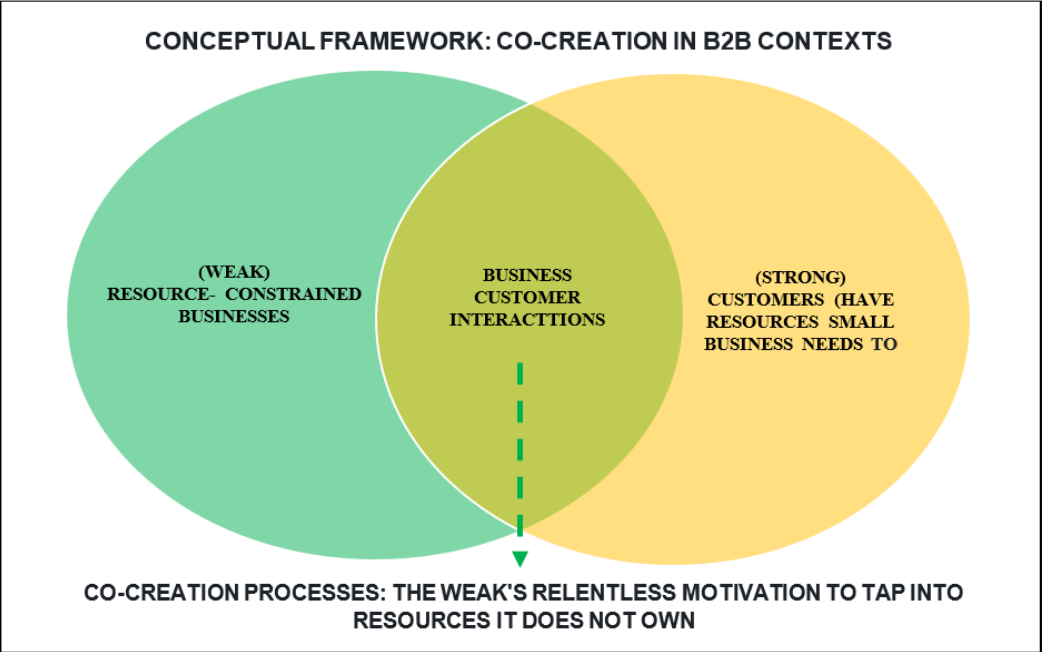
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**Figure 1: Conceptualizing the Dark Side of Co-Creation**



**Table 1: Biographical sketch of research participants and data collected**

<b>No.</b>	<b>Pseudonym</b>	<b>Gender</b>	<b>Department</b>	<b>Position</b>	<b>Interviews</b>
1	Bright	Male	Development services	Head of development	2
2	Felicia	Female	Sales Unit	Head of Sales	1
3	Sanda	Male	IT personnel	Employee	1
4	Mark	Male	Support services	Employee	1
5	Jeff	Male	Human Resources	Head of Human Resources	1
6	Kena	Male	Executive Team	Managing Director	2
7	Kwaushik	Male	Development services	Employee	4
8	Hans	Male	Support Team	Head of Support	2
9	Myke	Male	Development services	Employee	2
10	Suprana	Female	Support Team	Employee	1
11	Enoch	Male	Support Team	Head of IT, Support and Training	1

<b>Customer firms of Havana software product</b>					
<b>No.</b>		<b>Gender</b>	<b>Sector</b>	<b>Position</b>	<b>Interviews</b>
1	Rick	Male	Recreation	Sales Director	2
2	Lemeul	Male	Concierge	Principal Director	1
3	Adele	Female	Transport	Head of Finance	1
4	Alexandria	Female	Catering	Software manager	1

**Figure 2: Summary of Main Findings**

