

# Consumer cooperatives: uncovering the value potential of customer ownership

Antti Talonen<sup>1</sup> · Iiro Jussila<sup>2,3</sup> · Hannu Saarijärvi<sup>1</sup> · Timo Rintamäki<sup>1</sup>

Received: 10 June 2015 / Accepted: 30 August 2016  
© Academy of Marketing Science 2016

**Abstract** The consumer cooperative enterprise is becoming an increasingly noteworthy company form. Various forms of sharing economy and recent initiatives in collaborative consumption further amplify the relevance of a company form wherein the members have a dual role, acting both as owners and as customers. Today, cooperatives that are based on customer ownership can be found in banking, insurance, and retailing, where they account for about a trillion US dollars in annual revenue. Notwithstanding the relevance of cooperatives and their unique characteristics, which are partly contradictory within the framework of investor-owned firms, this company form and customer ownership itself have remained under-explored in consumer marketing research. Customer ownership may hold major implications for how customers ultimately perceive value, which, in turn, influences the very foundations for companies' competitiveness: customer satisfaction, repurchase intention, and recommendation.

Consequently, the purpose of this conceptual study is to uncover the value potential of customer ownership. As a result, a conceptual framework that addresses the value potential of customer ownership is proposed. In addition, the work identifies what kind of value customers can perceive through customer ownership and how that value can be defined and created in consumer cooperatives. The paper concludes with a discussion of both theoretical and managerial implications emerging from the value potential of customer ownership.

**Keywords** Consumer cooperatives · Co-operatives · Customer value · Empowerment

## Introduction

The consumer cooperative is becoming an increasingly noteworthy form of organization and coordination of activities in many industries. While cooperatives are not new per se, they have started to enjoy popularity in the past few decades. Several forms of consumer cooperatives exist—for example, in banking (credit unions), the insurance industry (mutuals), and retail business—and together they generate around a trillion US dollars of revenue per year (International Co-operative 2011). Consumer cooperatives challenge the traditional investor-owned organizational structure: they are enterprises that are owned by consumers, managed democratically, and aimed at addressing the members' needs and aspirations (EuroCoop, p. 4); accordingly, they are based on customer ownership. Hence, the customer not only occupies the role of the consumer but also, through ownership, influences the way the firm is managed. In fact, consumer cooperatives can be regarded as a tool for the customer-owners themselves (Byrne et al. 2015), through which they can facilitate their own value creation. This may have major implications for

---

✉ Antti Talonen  
antti.talonen@staff.uta.fi

Iiro Jussila  
iio.jussila@lut.fi

Hannu Saarijärvi  
hannu.saarijarvi@staff.uta.fi

Timo Rintamäki  
timo.rintamaki@staff.uta.fi

<sup>1</sup> School of Management, University of Tampere, Tampere FI-33014, Finland

<sup>2</sup> Department of Management and International Business, School of Business, Lappeenranta University of Technology, P.O. Box 20, Lappeenranta FI-53851, Finland

<sup>3</sup> Pellervo Economic Research Institute (PTT), Eerikinkatu 28 A, 00180 Helsinki, Finland

how customers eventually perceive the firm's products and services, along with, in the end, the value emerging from the usage of those products and services. Earlier studies on cooperatives (e.g., Suter and Gmür 2013; Mazzarol et al. 2012) recognized that a cooperative's mission is to promote customer-owners' interests, but they have not addressed the implications of customer ownership in depth. Moreover, while studies of consumer cooperatives have been confined largely to the fields of economics, law, and management, increasing interest and potential can be seen at the intersection of marketing and cooperatives. Most importantly, prior studies have not explored how customer ownership can ultimately affect perceptions of value, even though perceived value forms the fundamental source of competitive advantage (Gale 1994; Woodruff 1997; Day and Moorman 2010) and is theoretically linked with key marketing indicators such as customer satisfaction, word of mouth, and repurchase intentions (Leroi-Werelds et al. 2014).

Customer value has attracted a vast amount of scholarly attention in the marketing discipline in recent decades, with the aim of uncovering the drivers of consumer behavior (Sheth et al. 1991; Babin et al. 1994; Smith and Colgate 2007). For research firmly rooted in cross-disciplinary approaches applying economics, psychology, sociology, anthropology, and philosophy, customer value can serve as a lens for customer insight that is relevant also from the managerial perspective: customer value is a key driver of consumer behavior and, therefore, a critical prerequisite to firms' success. However, to our knowledge, the mainstream understanding represented by the literature on customer value does not fully consider the implications of combining customer and owner roles, nor has it been applied to address the value potential of customer ownership. Moreover, on account of the combination of contemporary forms of collaborative consumption, sharing economy, and empowered consumers, coupled with recent discussion surrounding value co-creation (e.g., Vargo and Lusch 2004, 2008; Grönroos 2008, 2011; Saarijärvi et al. 2013) and shared value (Porter and Kramer 2011), the traditional boundaries between customers and firms are becoming fuzzier. This shift in theory and practice is drawing attention to alternative ways of organizing firms' fundamental activities. One of these is the handling of the ownership itself.

Consequently, the purpose of this conceptual paper is to uncover the value potential of customer ownership. We will lay the groundwork by building a conceptual framework for customer ownership through discussion of the role of cooperatives, the concept of empowerment, and the mechanisms through which customer-owners can influence cooperatives. After this, the literature on customer value is synthesized and examined, for exploring the value potential of customer ownership. Then, we explore and

discuss how value perceived by customer-owners can be defined and created. The article concludes with discussion of both theoretical and managerial implications of the value potential within customer ownership.

## A conceptual framework for customer ownership

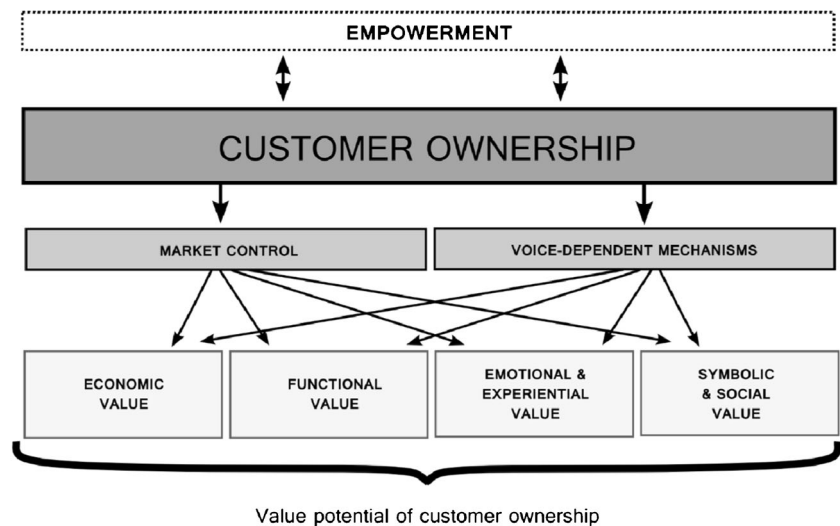
Understanding of the value potential of customer ownership can be achieved through consideration of four complementary perspectives. For this purpose, we discuss prior research on consumer cooperatives as a context for customer ownership. Secondly, the role of empowerment as a key theoretical perspective for understanding the value potential of customer ownership is explored. Thirdly, we present and discuss the means, namely market control and voice-dependent mechanisms, through which customer-owners can influence a cooperative and, thereby, perhaps facilitate their own value creation, which represents the fourth perspective (customer value) of the conceptual framework. Together, these perspectives provide the conceptual means for exploring the value potential of customer ownership (see Fig. 1).

## Consumer cooperatives as context for customer ownership

A consumer cooperative is a company that is owned by its customers. What differentiates cooperatives from investor-owned firms (IOFs) is the customer's role: customers become owners in order to receive benefits from consumption of the cooperative's products and services rather than to gain economic return on the money invested (i.e., their capital) as is the owners' interest in the IOF (Borgen 2004).

Consequently, the organization design constitutes a fundamental distinction between the cooperative's purpose and that of IOFs. By Byrne et al.'s (2015, p. 343) definition of a cooperative, it is the members' "mechanism for protecting their interests and meeting their needs in the market." In other words, a consumer cooperative is a tool for customer-owners' use to achieve desired outcomes, such as suitable products that meet their needs. Given the unique characteristics of cooperatives, the strategic emphases they apply often differ from IOFs'. In fact, some authors have noted that cooperatives have been found to change the *status quo* in the markets and even correct market failures, such as monopolistic markets (van Oorschot et al. 2013). Accordingly, consumer cooperatives' primary purpose is to maximize customer value for the customer-owner. Therefore, the value of a consumer cooperative is best measured not as the amount of dividends or in terms of increased value of the shares but in relation to customer-owners' satisfaction with the service provided by the cooperative (e.g., Peterson and Anderson 1996; Jussila et al. 2008).

**Fig. 1** A conceptual framework for uncovering the value potential of customer ownership



Previous research on consumer cooperatives has addressed the dual role of customer-owners and its implications from various perspectives. For example, scholars have highlighted the issue that many cooperatives actually struggle to maintain the commitment of their customer-owners (Fulton and Adamowicz 1993; Birhcall and Simmons 2004). In their quest for increased commitment, cooperatives should strive to motivate the customer-owners to participate in the governance of the cooperative, by, for example, emphasizing a collective-level sense of community, shared goals, and values (Birhcall and Simmons 2004). In fact, recent interest in international principles and values of cooperatives (see <http://ica.coop/>) have been addressed, for example, in terms of economic, managerial, and social functions (Novkovic 2008) and for purposes of conceptualizing cooperative identity (see Somerville 2007). That identity also has been viewed as the basis of social capital (Tuominen et al. 2013 a). Fulton (1999) stresses that, in general, cooperatives' competitive advantage, especially in relation to IOFs, may lie in their ability to develop deeper relationships with customers in terms of member commitment. Furthermore, building on the theory of psychological ownership (e.g., Jussila and Tuominen 2010; Jussila et al. 2015), researchers have posited that cooperatives potentially represent superior opportunities for supporting members' sense of ownership of the business entity. Moreover, agency theory and transaction costs have constituted an extensive research topic that has attracted scholarly interest in the context of consumer cooperatives. While consumer cooperatives remove the sort of conflict seen between IOFs' and customers' divergent interests, there remain agency costs that stem from the interaction among customer-owners themselves and between customer-owners and managers of the cooperative (e.g., Fama and Jensen 1983; Pottier and Sommer 1997; Syrjä

et al. 2012; Hansmann 1999; Neto et al. 2012). In addition, there has been interest in failure or demutualization of consumer cooperatives (e.g., Chaddad and Cook 2004) and the broader role of these entities in society (e.g., Schneiberg 2011; Schneiberg et al. 2008; Johnstad 2000).

### Empowerment as a theoretical perspective for customer ownership

The discussion surrounding empowerment provides an important theoretical perspective for uncovering the value potential of customer ownership. Empowerment has received increasing attention in diverse domains, marketing among them. In general, empowerment refers to various mechanisms or strategies that a firm uses to give customers a "sense of control over its product selection process, allowing them to collectively select the final products the company will later sell to the broader market" (Fuchs et al. 2010, p. 66). According to Prentice et al. (2016), customers perceive empowerment in the presence of more product options (greater service choice), a channel for sharing the consumption experience (information attainment), and a possibility of influencing the delivery channel (impact).

While clearly relevant, recent conceptualizations of empowerment have been criticized for their narrow and limited focus on the consumer's opportunity to choose among products, delivery channels, or price levels (e.g., Shankar et al. 2006; McShane and Sabadoz 2015). In the end, consumers' options for choosing and participating are determined by corporations. According to McShane and Sabadoz (2015), this stems partly from the institutionalized definition of corporations as profit-seeking and profit-maximizing entities and individuals as consumers attempting to maximize utility for themselves. The difference, in turn, maintains a conflict of interest between these two parties. Scholars have called for an extended and redefined role for the consumer as an

individual whose basic function is to act as a citizen, not solely as a consumer (*ibid.*). This creates a push for re-conceptualizing empowerment in a way that involves individuals, or citizens, gaining an authentic opportunity to steer society and markets without restrictions, bringing together the interests of corporations and consumers. Thus, pressure is exerted to extend contemporary conceptualizations of empowerment. In that respect, McShane and Sabadoz (*ibid.*, p. 548) define consumer empowerment as “a state of being whereby consumers are free to enact and even privilege citizenship roles in the market place in such a way that they are cognitively able to pursue both economic/rational interests as well as broader human interests in terms of their consumer citizenship.” This re-conceptualization highlights the importance of identifying new ways to combine consumer and citizenship roles (*ibid.*) and thereby goes beyond existing conceptualizations, which tend to approach empowerment as relational (designed empowerment processes), as psychological (creation of a perceived sense of empowerment) (e.g., van Raaij and Pruyn 1998; Wright et al. 2006; Prentice et al. 2016), or as “broader freedom of choice and expanded information capabilities” (Broniarczyk and Griffin 2014, p. 3). Consequently, on account of the merged roles of customer and owner, customer ownership in general and consumer cooperatives in particular could have leverage potential to carry the discussion surrounding empowerment to a new level.

### **Market control and voice-dependent mechanisms as vehicles for customer ownership**

Customer-owners of consumer cooperatives have opportunities to influence the company through their buying behavior (the “market control” mechanism) and by exercising their owner’s rights in decision-making and giving direct feedback (“voice-dependent” mechanisms) (Tuominen et al. 2009). Market control refers traditionally to the possibility of switching service provider (Hirschman 1970): dissatisfied customers can always turn to another company. However, market control can act in the opposite direction as well (see Tuominen et al. 2009). Customer-owners may want to continue purchasing from the cooperative and be willing to participate in improving the company’s operations and processes via their consumption behavior. For instance, the more products customer-owners purchase, the more efficient the cooperative can become. In addition, it has been noted that when dissatisfied with the offering of the cooperative, a committed customer-owner will most likely not change service provider but turn to his or her voice as a channel of influence (e.g., Vierheller 1994; Cook 1994). Voice-dependent mechanisms constitute a means by which members can influence the company without switching service provider (Hirschman 1970). These can be divided into direct and indirect means of influence. Hirschman (*ibid.*) defines direct influence in this context

as a customer’s immediate feedback to management and other personnel. Digitalization and online platforms have created new means of direct influence. Overall, customer-owners should have greater incentive for direct influence and feedback since they are motivated to steer the cooperative in a direction that satisfies their needs (e.g., Cook 1994; Tuominen et al. 2009).

Indirect influence, on the other hand, involves the customer-owner’s ability to participate or get elected to administrative bodies of the cooperative. In some smaller cooperatives, all of the members participate via general meetings (e.g., Chaves et al. 2008), but in larger ones, it is rational to implement member democracy via representative bodies (Jensen and Meckling 1976). In addition, cooperatives may have supervisory and administrative boards (Hansmann 1996). Participating in the administrative bodies gives customer-owners an opportunity to take part in determining the strategy and direction of the cooperative and in monitoring the managers as owners do in any other company. Other company forms do not provide this opportunity (for customers at least).

These categories can be summarized as intrinsic to the dual role of customer and owner in relation to cooperatives: the idea of market control characterizes the role of customer of the cooperative, whereas the role of owner is expressed in voice-dependent mechanisms. Clearly, these means give consumer cooperatives unique capabilities for both practicing empowerment and creating value that emerges inherently from the company form. Therefore, these mechanisms offer potential for differentiation from IOFs.

As Fig. 1 illustrates, we can conclude from this that market control and voice-dependent mechanisms in consumer cooperatives may have significant implications for the creation and perception of value. Next, these implications are discussed in more detail.

### **Exploring the value of customer ownership**

The concept of customer value has been refined by scholars and practitioners for the last 30 years, but researchers’ well-presented attention to theoretical and conceptual development notwithstanding (Gallarza et al. 2011), there is little evidence of consensus. The discussion and debate have suffered from conceptual obstacles, methodology problems, and shortcomings related to the measurement options (*ibid.*), all of which have impeded use of the concept, by scholars and practitioners alike, and led to conceptual imprecision (see Saarijärvi et al. 2013). However, the existing literature nonetheless provides a strong basis for understanding potential drivers of consumer behavior that can be examined in efforts to reveal the value potential of customer ownership.

This is achieved by understanding how the value of customer ownership is defined and created. Defining customer



value refers to understanding the potential value dimensions in the cooperatives context. Creating customer value is represented by the mechanisms available for customer owners of cooperatives, which render this value potential along the relevant dimensions. Earlier literature on consumer cooperatives are summarized in Table 2. It describes the definition (column 3) and creation (column 4) of customer value in different value dimensions. Furthermore, Table 3 amplifies how different influence mechanisms are applied in different value dimensions.

### Defining customer value

Existing literature features extensive discussion of the structure, nature, and dimensions of customer value; for a review, see, for example, the work of Holbrook (1999), Khalifa (2004), and Woodall (2003). In general, value can be approached through the classification synthesized by Khalifa (2004), which offers three broad categories of value. Firstly, value-components models emphasize product/service attributes while paying relatively little attention to the outcomes – the relevant benefits etc. Secondly, cost/benefit-ratio models focus on addressing customer value as a result of customer-perceived sacrifices (e.g., time, effort, and stress) and benefits (e.g., convenience, affordable prices, and experiential elements). Thirdly, means–end models envisage customer value in terms of the customer acquiring and using a firm’s offerings to accomplish favorable and predefined ends (*ibid.*; see also Zeithaml 1988; Woodruff 1997; Huber et al. 2001). These categorizations are not mutually exclusive or contradictory; they offer complementary approaches to the concept of customer value.

A widely acknowledged definition tackling the conceptual nature of value was introduced by Holbrook (1999): value is interactive, relativistic, experiential, and preferential. Echoing this, Lusch and Vargo (2011, p. 1304) state that the phenomenological nature of customer value points to value as being “idiosyncratic, experiential, contextual and meaning laden.” Furthermore, Vargo and Lusch (2008, p. 7) emphasize the subjective nature of customer value: it is “determined by the beneficiary.” Accordingly, customer value is often approached through its utilitarian and hedonic dimensions. From the utilitarian perspective, customers are rational problem-solvers and consumption is regarded as a way to reach customers’ predefined ends, with the emphasis being on instrumental and task-related characteristics (Babin et al. 1994; Holbrook 1999). The hedonic approach, on the other hand, directs all attention to the act of consumption itself: consumption is an end in its own right. It captures the worth of consumption activities such as shopping as an emotional and entertainment activity and is non-instrumental, experiential, and affective (Babin et al. 1994; Holbrook 1999).

For balance, customer value can be regarded as a multidimensional construct (Sánchez-Fernández and Iniesta-Bonillo 2007) on a continuum between utilitarian and hedonic dimensions (see Table 1). On the utilitarian end of the continuum, the notion of price-based customer value, both objective and subjective, was developed in economics and represents one of the most widely used definitions (Smith and Nagle 2005; Gale 1994). For instance, Zeithaml (1988) recognizes simply low price and the ratio between quality and price as a source of value for some customers. In addition to low price, the term “economic value” has been used to capture the multitude of

**Table 1** A synthesis of customer value

Perspective on consumption	Dimension of customer value	Characteristics	Implications for companies
Utilitarian aspects of consumption	Economic value dimension	Monetary savings, value for money, and finding the lowest price or the best tradeoff between price and quality	Minimizing consumers’ monetary sacrifices and offering low prices or a good balance between monetary sacrifices and benefits
	Functional value dimension	Quality, convenience, quality/performance; and finding the right offering at the right time and in the right place	Emphasizing support for customers’ processes, an increase in convenience for customers, and provision of solutions that entails minimal time and effort from consumers
Hedonic aspects of consumption	Emotional and experiential value dimension	Exploration, entertainment, aesthetics, playfulness, escapism and enjoyment, pleasure, and the emotional experience of the consumption process itself	Arousing affective states and feelings in consumers, with the consumption experience as an end in itself, where the focus is on experiential elements and building a unique customer experience
	Symbolic and social value dimension	Status and self-esteem, social value, and self-expression through consumption of offerings associated with favorable meanings	Building positive meanings for consumers, with focus on consumers’ self-expression and attaching favorable meanings to consumers’ consumption

ways one can help customers save on monetary costs at the point of purchase or over the lifetime of the products used (Anderson et al. 2006; Rintamäki et al. 2007). Hence, economic value is, in essence, about decreasing customers' monetary sacrifice. From a company's point of view, facilitation of economic value may include increasing purchasing volume, developing efficiency, and applying information technology (Tong and Tong 2006; Rintamäki et al. 2007).

Replacing price with other inputs, such as time or physical or cognitive effort, leads to definitions of customer value that have been given the label "functional" (Sheth et al. 1991; Rintamäki et al. 2007), "efficiency" (Holbrook 1999), "convenience" (Seiders et al. 2000) and "performance" (Diep and Sweeney 2008). In all these definitions, the goal is to provide smooth and hassle-free service or user experience. As Babin et al. (1994) emphasize, minimizing utilitarian sacrifices is essential to task-related consumption. According to Smith and Colgate (2007), sacrifice value involves monetary and non-monetary costs and risks that may be related to purchasing, ownership, and use of products.

As we move towards the hedonic end of the customer value continuum, numerous definitions take emotion and/or experience as a starting point. Here, emotional value (e.g., Sheth et al. 1991; Sweeney and Soutar 2001; Rintamäki et al. 2007) and experiential value (Mathwick et al. 2001; Kim & Lee 2014) have been widely used in the literature. With both concepts, the definitions take positive emotion as a starting point and stress the subjective interpretation of interacting with products and services. For more passive or low-intensity interaction, terms such as "aesthetics" (Holbrook 1999), "entertainment" (Rintamäki et al. 2006), and "pleasure" (Jung Choo et al. 2012) have been used to describe the resulting customer value, while the value of more active experience has been characterized as lying in play (Holbrook 1999), adventure (Arnold and Reynolds 2003), exploration (Rintamäki et al. 2006), and epistemic elements (Sheth et al. 1991). Importantly, social/relational aspects and pride of ownership too have been identified as sources of experiential value (Smith and Colgate 2007). Hence, emotional value can be understood from one standpoint as a deeper and long-lasting mental state, as in a psychological feeling of ownership (Jussila et al. 2015). All in all, the emotional and experiential sources of value are truly hedonic in the sense Babin et al. (1994) describe, because they are self-purposeful (instead of instrumental) and embedded in the act of consumption.

Adding social meaning to experience means adjusting the definition of customer value. Sheth et al. (1991) discuss social value, which is determined by other factors than the intended function of the product, factors appreciated by the relevant reference groups. In Holbrook's (1999) terms, status would be about purposeful and active use of products and services to communicate an ideal identity to others, and esteem would

be others' response of appreciation for one's consumption choices. In addition, the ideas of symbolic (Rintamäki et al. 2007; Jung Choo et al. 2012) and symbolic/expressive value (Smith and Colgate 2007) have been used to emphasize the potency of products, services, and company/brand image to communicate meanings to others, whether these are reflections of the actual or an ideal self.

Taken in combination, the dimensions of value discussed above provide complementary and partly overlapping conceptualizations of the value gained by the customer. This discussion can be taken further via categorization to characterize the differences between individual dimensions of value. In the context of our study, the four resulting dimensions together provide a theoretical basis and solid framework for uncovering the value potential of customer ownership.

### Creating customer value in cooperatives

More recently, research attention has shifted from ascertaining the structure, nature, and dimensions of value to understanding how customer value is created. In other words, a shift is evident from approaching customer value as an outcome toward treating it as a process—the process of customer value being actualized as "value-in-use" in customer processes wherein the resources provided by the firm are integrated with others' resources and skills (Grönroos 2008; Grönroos and Helle 2010). Consequently, customer value is viewed as composed through various processes, resources, and practices that customers employ to manage their activities (Payne et al. 2008). Accordingly, Vargo and Lusch (2015) conclude that value creation should not be viewed as restricted to taking place through the activities of a single actor and ought to be seen instead as carried out among a whole host of actors: value "is created through the integration of resources, provided by many sources, including a full range of market-facing, private and public actors" (p. 5). Recently, various perspectives, such as service-dominant logic, service logic, customer-dominant logic, service science, many-to-many marketing, and the viable system approach, have brought the question of how customers create value in their everyday activities to widespread debate (see Vargo and Lusch 2004, 2008; Grönroos 2008; Grönroos and Ravald 2011; Maglio and Spohrer 2008; Spohrer et al. 2008; Heinonen et al. 2013; Heinonen et al. 2010; Gummesson 2007, 2008; Barile and Polese 2010; Badinelli et al. 2012).

### Creating economic value

Consumer cooperatives are owned by their customers (Jussila et al. 2012a), so any surplus (i.e., "profit") generated by the cooperative belongs to the customers as a democratic community of owners (Tuominen et al. 2013b). Unlike in the traditional model of company ownership, the means by which

individuals benefit in cooperative ownership is not dividends but lower prices. Furthermore, this encompasses not just immediate price but potentially also price adjustments after an accounting period. Consequently, members can affect the economic benefit through their own consumption behavior as customers. In other words, if the cooperation is successful, the members may get additional “discounts” in such forms as patronage refunds. In retail, this can encourage high levels of member participation and increasing volumes that foster efficiency, while members of a mutual insurance company might receive a patronage refund if the volume of claims is favorable. The latter approach could encourage policyholder-owners to pay more attention to their safety than they would otherwise. Moreover, this has led researchers to suggest that the mutual form of company could serve as a tool to prevent moral hazard and adverse selection (e.g., Smith and Stutzer 1995; Ligon and Thistle 2005). Given this participative value mechanism, one may assume that cooperatives are able to offer lower prices and better terms of trade overall to their customer-owners than the owners would receive if they chose to be customers of competing IOFs. This idea is supported by the traditional view of cooperation, wherein the surplus from “overpriced” products should be returned to members of the cooperative (Nilsson 2001; Mills 2001). However, cooperatives often balance between investing profits, on one hand, in lowering prices and, on the other, in expanding and securing business opportunities (see Syrjä et al. 2012).

Overall, the literature suggests that there are various possible ways to use the surplus and deliver economic benefits to customer-owners (e.g., offering the lowest prices vs. investing in resilience). Furthermore, these are the fruits of strategic decisions and consequently can be influenced by the customer-owners through the use of formal voice mechanisms as an administrative tool (e.g., Chaves et al. 2008; Vierheller 1994).

### *Creating functional value*

The functional value of consumer cooperatives stems particularly from their locally influenced ways of doing business (Jussila et al. 2007a; b; Tuominen et al. 2006). A local nature can be seen as a built-in feature because of the ownership structure, wherein customer-owners tend to inhabit an area that provides clear boundaries to the geographic reach of the cooperative also (Tuominen et al. 2006). Consequently, consumer cooperatives find local presence an important element when serving customer-owners, and it is in line with their daily social activities. Examining Irish credit unions, Power and colleagues (Power et al. 2014) reported that efficiency in loan-application processes stemming from a local way of organizing business operations created authentic utilitarian value for customers. According to these authors, the

independence and localized nature of credit unions facilitate reduced hierarchy, thereby leading to efficient operations. Furthermore, customers in their study valued the fact that the credit unions were able to offer more flexible repayment schedules, without hidden fees or transaction charges. Similar ideas have been put forward by Rosas et al. (2012), who found that “shared leadership” in multiple levels of cooperative banks contributes to solving the members’ problems.

Additionally, local cooperatives are needed in some regions to safeguard service provision in the long run. Tuominen et al. (2013b) emphasize the important role of a cooperative in non-competitive markets where services are not offered by other market players. It is not sensible for IOFs to serve consumers in a region whose markets are too narrow to generate sufficient profit (Tuominen et al. 2013a). As Saarijärvi et al. (2014) point out, the cooperative business model “has been useful for people living in the countryside where services are increasingly limited” (p. 670). Consequently, to safeguard service provision, it is wise for customer-owners to let the cooperative accumulate capital even if doing so runs counter to delivering the lowest possible prices (e.g., Tuominen et al. 2013b).

Being local and locally owned can also confer an information advantage and aid in creating services that are meaningful. According to Fulton and Hammond-Ketilson (1992), cooperatives are able to enhance their knowledge of local conditions through the customer-owners, who serve as a resource for making decisions that improve the customer-owners’ welfare. Tuominen et al. (2006) advance similar ideas. Furthermore, the transparency and open, honest, and active conversation in a flatter organization are thought to improve the quality of knowledge and, thereby, lead to better decisions—i.e., decisions better suited to the relevant functions (Rosas et al. 2012). Moreover, since a cooperative is owned by its customers, also the customer data generated should be literally understood as being owned by the customers. This enables new venues for providing additional service to customer-owners; i.e., customer data could be converted into information that is potentially useful to the customers themselves in, for example, the context of retailing (Saarijärvi et al. 2016). Toward that end, this type of customer data usage could serve the traditional cooperative principle of sharing information and enlightening the members (e.g., Madane 2006), about, for instance, food healthfulness issues. This idea is referred to in the *International Cooperative Alliance’s* principles in the following words, “[C]o-operatives provide education and training for their members [...] so that they can contribute effectively to the development of their co-operatives” (see <http://ica.coop/>). Thus the interaction between customer-owners and the

cooperative may create knowledge-based functional value such that the member becomes a more skillful service participant and user of the products.

#### *Creating emotional and experiential value*

Jussila and Tuominen (2010) emphasize customer-owners' psychological feelings of ownership (e.g., "I feel this cooperative is ours, or a part of it is mine") as a way to increase value among members and create competitive advantage. Saarijärvi et al. (2014) agree, stating that "being a customer-owner inspires a feeling of personal empowerment and influence over the decision making of the company as well as a sense of shared ownership of the co-operative" (p. 672). Accordingly, also the sense of empowerment in its own right generates emotional value for the customer-owner. Furthermore, this may have an effect on customer-owners' willingness to participate. As Cook (1994) notes, commitment increases a member's willingness to use his or her voice instead of exit.

Many companies seek to generate a sense of ownership among their customers, but there is potentially an advantage for those companies that are organized as cooperatively owned by the customers themselves (Jussila et al. 2015). In other words, cooperatives may have certain inherent features that strengthen the emotional bond with customer-owners.

According to Power et al. (2014), the member-based ownership structure and local nature of credit unions create a good service atmosphere. In their research, the idea of providing member-owners with quality service influenced the paid personnel and volunteers, and customers described them as "friendly, approachable and helpful, demonstrating empathy for members and their circumstances" (p. 60). It seems that in this context there is an opportunity for transfer of positive emotions from the service personnel to the members and vice versa. In addition, Power et al. (ibid.) characterized credit unions as providers that offer more personalized service than others and that listen to the customer. Furthermore, credit unions were found to build a positive and engaged "relationship experience" with members (p. 60). Members also trusted the credit unions more than the major banks and described the cooperatives as taking care of their finances; credit unions were perceived as taking care of the members during bad times and turmoil.

Furthermore, individuals may feel emotional value when noticing the impact the cooperative has on their local community. In this service context, it is likely that the cooperative provides its customer-owners with a sense of familiarity, home, and security and is, through this, a source of emotional value (Jussila and Tuominen 2010). In addition, participation in the administration and running of the cooperative make customer-owners even more aware of the characteristics of the company and its impact on the community.

#### *Creating symbolic and social value*

Having a local nature, or "localism," can be used to create symbolic value in cooperatives. As a local service provider, a cooperative supports the local economy and community. Hence, through it, customer-owners support their own community's development and future. One cooperative described by Saarijärvi et al. (2014) promoted and supported region-level youth sports activities and initiatives. In addition to giving such support, cooperatives tend to prefer regional suppliers when making investment decisions and handling procurements (Jussila et al. 2007b). This supports the wider business landscape in the region and potentially other activities of customer-owners.

Also, members can create meanings and perceive value through belonging to a group of peers, or they may perceive symbolic value in being elected to the administration of a cooperative. In the article by Power and colleagues (2014), credit unions are described as a place for normal people, whereas banks are for the wealthy. Furthermore, family values and recommendations have a clear influence on the choice to be a member of a credit union. All in all, it seems that members do not evaluate merely certain "episodes" or technical value; they assess the longitudinal relationship with the credit union, which encompasses "past, present and potential future experiences" (Byrne and McCarthy 2014, p. 581).

Furthermore, cooperatives' values and principles have been described as able to generate trust and social ties between customer-owners and the cooperative (Spear 2000; Valentinov 2004; Davis and Burt 2007; Fulton and Hammond-Ketilson 1992; Normark 1996; Novkovic 2008; Tuominen et al. 2013a). In addition to this, Jussila et al. (2007a) recognize that a cooperative's presence and interaction with the community may increase the cooperative's social legitimacy as a market player in the eyes of consumers. In other words, cooperatives are likely to arouse positive rather than negative emotions among consumers.

In an extension from the ideas expressed above, it might be that purchasing goods from or using the services of a cooperative, or being one of the owners, renders it possible for a consumer to make a statement by demonstrating support for the company's principles and values and, in so doing, strengthens and supports that consumer's identity (Saarijärvi et al. 2014). As Jussila, Tuominen, and Tuominen (2012b, p. 195) put it, "the co-operative is experienced by the member as part of her/his extended self." On the other hand, while a cooperative is an association of people, the behavior of individual customer-owners influences the identity of the cooperative. As with other dimensions of value, customer-owners can influence the cooperative's development in keeping with the desired values and meanings by participating in running the company via administrative positions.



## Implications of the proposed framework

As is summarized in Table 2, customer ownership has potential to contribute to how customer value is defined and created in various dimensions. As our conceptual framework (in Fig. 1) suggests, empowerment is a key concept for understanding the drivers of customer ownership and the features unique to consumer cooperatives—customer-owners can influence the cooperative and its offering through two distinct classes of mechanism: market control and voice-dependent mechanisms. Table 3 presents the ways in which these mechanisms are applied on each of the individual dimensions of value. With this background, we can now discuss two important issues emerging from the above discussion.

### Mechanisms and outcomes of customer ownership: defining and creating value in consumer cooperatives

In the domain of market control (see Fig. 2), customer value is defined in terms of the usage of products and services (i.e., the current offering). In this domain, one can compare the value perceived between customers of consumer cooperatives and those of IOFs. However, the value creation process differs between the two: the customer in the former case is also an owner, so the perceived value is influenced by consumption behavior. This pattern encompasses co-creative processes involving additional monetary rewards paid on the basis of the amount of consumption in the retail context or the frequency of accidents in insurance, incentives to share personal data with the cooperative to facilitate development of better services, and an impetus – created by education and training—to become a more efficient consumer. Here, it becomes important to note that these mechanisms go further than initiatives offered by IOFs (such as frequent-buyer programs). This is due to the fundamental, built-in features rooted in ownership rights and the governance model applied in consumer cooperative. Again, the realization of value is partly dependent on the customer-owner's own consumption behavior.

When one turns to the realm of voice-dependent mechanisms (see Fig. 2, above), the definition of customer value is no longer about evaluating the current offering (through market control). It is considered in terms of envisioning future value expected by the customer-owners. Industry norms are not a suitable benchmark for determining customer value in this connection; consideration of the voice dependent-mechanisms should truly reflect the change in customers' value expectations. Originally not only business entities but movements with a cause (Mills 2008; Birchall 1994), consumer cooperatives are about bringing change that enhances the lives of their customer-owners (e.g., van Oorschot et al. 2013). To assess the customer value created on the basis of voice-dependent mechanisms, we have to look at the potential that customers possess as a managerial resource: consumer

cooperatives are able to put their customers behind the steering wheel, in figurative terms, via governance practices that IOFs do not possess. These ways of utilizing customers as a managerial resource include both the indirect and direct ways of using one's voice. The latter mechanisms give customer-owners the possibility, for example, of participating in strategic-decision making related to such issues as pricing and surplus-distribution policy or ways to address local service needs. Furthermore, administrative posts can be a viable channel for steering managers' and other personnel's mindset towards understanding the idea and purpose of the cooperative. The other mechanisms entail exercising individual-level opportunities to influence the development of services. While the nature of direct action may seem obvious, earlier research has not been able to pinpoint how direct ways to use one's voice can facilitate perception of value on its individual dimensions. In general terms, this shortcoming has been pointed to by Tuominen et al. (2009), who have stated that, while there is an extensive body of literature concentrating on indirect ways of using one's voice, more focus should be put on the direct means of influence.

These ways of actualizing customers' potential as a managerial resource might be enhanced as digital developments advance. For example, taking part in joint decision-making may benefit from digital platforms that could further amplify the democratic nature of the cooperative form of organization. Furthermore, channels for individual-level direct influence could be enhanced by offering customer-owners an opportunity to personalize the service experience (as in choosing how and for what purposes their personal data are used; cf. the discussion of data cooperatives at <http://thegooddata.org/>).

### Building a basis for customer ownership: the role of empowerment

Empowerment lies at the heart of customer ownership. Existing literature supports the idea that there is a link between empowerment and demand (Fuchs et al. 2010). When customer-owners are able to influence the future development of the cooperative and are empowered, they experience a psychological sense of ownership and thereby perceive value (Thaler 1980; see also Pierce and Jussila 2011; Karahanna et al. 2015). Furthermore, customers who experience this feeling of ownership develop a stronger desire for the products and services of the relevant company (Fuchs et al. 2010).

At the same time, greater sense of psychological ownership may influence a member's willingness to increase his or her participation also. Jussila et al. (2015) state that if feeling that personal, human motives behind psychological ownership are satisfied by consuming, the customer will most likely remain a customer of the company in question. That said, as Vierheller (1994) and Cook (1994) note, committed members tend to participate and use their voice instead of switching service

**Table 2** Definition and creation of value in consumer cooperatives

Perspective on consumption	Dimension of customer value	Defining value	Creating value	
Utilitarian aspect of consumption	Economic value dimension	Low pricing, determined by the cooperative mission to offer products and services at competitive prices  Additional monetary rewards based on patronage refunds from the surplus (profit) that belongs to the customer-owners	Participatory strategic decision-making related to pricing policy, accumulation of capital, and distribution of the surplus  Behaviors aimed at maximizing economic benefits – e.g., larger buying volumes in retailing and prevention of accidents in insurance (cf. moral hazard)	
	Functional value dimension	Enhanced match between distinctive customer needs and service provision (i.e., solutions) due to the strong connection of the cooperative to the local community  Increased learning about the subject matter, resulting from the cooperative's mission to educate and train customer-owners  More personalized service in those cooperatives where usage data are shared for service development	Participatory strategic decision-making related to local practices and ways of responding to special communal needs  Organizing and participating in education and training within the cooperative  Sharing consumption-related and personal data in order for the cooperative to develop better services	
	Hedonic aspects of consumption	Emotional and experiential value dimension	The psychological feeling of ownership forming an emotional tie between the cooperative and the customer-owner  Increased trust in the cooperative, stemming from its mission to promote customers' interests  A sense of familiarity, home, and security on account of the cooperative's local nature	Development of a psychological feeling of ownership through getting familiar with the cooperative, having a sense of control, and investing one's personal resources in the development of the cooperative  Through the idea and purpose of the cooperative, greater engagement of the staff and contribution to a superior service experience, with the voice of customer-owners heard via administrative posts influencing managers' and staff understanding of that idea and purpose  Participatory strategic decision-making bringing increased familiarity and understanding of cooperative's local nature
		Symbolic and social value dimension	A sense of belonging to the cooperative and the associated community, and of sharing in the potential success of the cooperative  Cooperative's distinguishing principles and values as sources of favorable meanings and social legitimacy in the eyes of customer-owners  The customer-owners' convergent interests as sources of favorable meanings related to belonging to a group of peers	Participatory strategic decision-making related to the favored principles, values, and meanings, along with the relevant local interests and impact  Incentive to maintain and act in accordance with the collective-level motivators as shared goals and values when one is interacting with the cooperative community

**Table 3** The process of creating value via market control and voice-dependent mechanisms

	CUSTOMER OWNERSHIP	
	MARKET CONTROL Actions customer-owners can take through their consumption	VOICE-DEPENDENT MECHANISMS Direct feedback or indirect influence through administrative structure
ECONOMIC VALUE	Customer ownership allows customer-owners to steer the cooperative through consumption and behave so as to maximize economic benefits (as with higher buying volumes in retailing and prevention of accidents (cf. moral hazard) in insurance	The cooperative form allows customer-owners to participate in strategic decision-making related to pricing policy, accumulation of capital, and distribution of the surplus/profit
FUNCTIONAL VALUE	Customer ownership increases customer-owners' willingness to share personal and consumption-related data for the purpose of developing better services  Organizing and participating in education and training provide customer-owners with a tools that help them become better consumers of the cooperative's services	Customer-owners' participation in administrative bodies provides an opportunity to steer the cooperative in a manner supporting both local practices and finding of ways to serve special communal needs
EMOTIONAL AND EXPERIENTIAL VALUE	Understanding the implications and role of individual-level participation through consuming increases the psychological sense of ownership  Meaningful interaction with staff is created in serving of customer-owners  Trading with the cooperative increases familiarity with the local nature of the cooperative and understanding of it	Investing personal resources (such as time and intellectual energy) in the development of the cooperative via administrative posts and direct channels of influence increases the psychological sense of ownership  Participation in administrative duties enhances awareness of the characteristics of the cooperative and its impact on the community  Exerting an influence on managers' understanding of the purpose and idea via administrative posts enhances the engagement of the staff and personnel Participation in administrative duties allows customer-owners to steer the cooperative in line with local interests
SYMBOLIC AND SOCIAL VALUE	Belonging to the cooperative community and acting in line with and maintaining the democratically defined collective-level motivators as shared goals and values is an important contributing factor in interaction with the cooperative community	Participation in administrative duties allows customer-owners to steer the cooperative in accordance with the favored principles, values, meanings, and impact

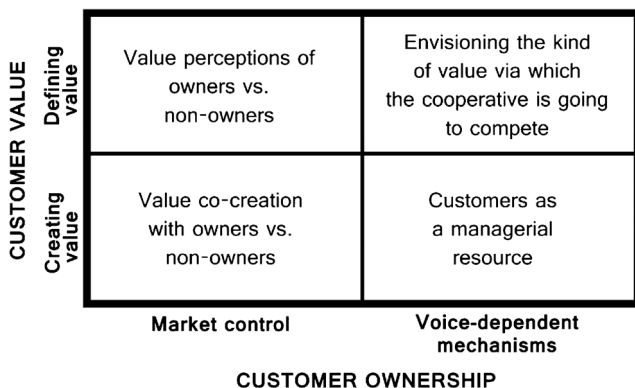
provider even when not satisfied with the perceived value. In other words, if market control does not facilitate perception of high value with the current processes, it becomes topical to employ voice-dependent mechanisms to envision and develop or revise the processes.

In general, consumer cooperatives and customer ownership could have major implications with respect to recent discussions in the field marketing too, since the role of the consumer has expanded significantly over the years. Consumers have

become engaged more in companies' processes, and the power of consumers in those processes has grown significantly (e.g., Denegri-Knott et al. 2006). This change has led researchers to emphasize the potential of consumers as resources and competencies for companies (Plé et al. 2010).

## Conclusion

In this paper, we have argued that customer ownership contributes to the definition and creation of customer value through both market control and voice-dependent mechanisms. Even though these mechanisms are a rather traditional way to construe customer-owners' opportunities to influence a cooperative, previous discussion of customer value has not addressed them yet. Accordingly, while Suter and Gmür (2013) consider the importance of examining the member angle (perceived value) and the company perspective (processes) jointly in research into cooperatives, we take this idea further, by identifying mechanisms by which the two may be considered in combination (market control and voice-dependent mechanisms). Furthermore, we synthesize the two in a manner that clarifies the role of customer-owners in



**Fig. 2** Harnessing the potential of market control and voice-dependent mechanisms for creating and defining value in consumer cooperatives

facilitating the value creation process, and we stress that co-operatives are a tool by which customer-owners can look after their interests and needs in the market themselves.

As Fig. 2 suggests, the two sets of mechanisms differ in their implications for the definition and creation of value. Under market control, value is defined through the usage of the products and services (the current offering). Accordingly, the realization of value is partly dependent on the co-creative processes that are built-in features of the cooperative model. Where voice-dependent mechanisms come into play, the determination of the value moves beyond evaluation of the current offering (by means of market control) in an evolution to envisioning the future value expected by the customer-owners. This envisioning can be realized by customer-owners through use of their voice via administrative posts or directly through individual-level feedback etc.

The elements depicted in Fig. 2 can be thought of as interlinked in a self-reinforcing cycle. In the event that customer-owners are dissatisfied with the current perceived value of the offering subject to market control, they have the ability to exercise voice-dependent mechanisms such that the cooperative and its offering may develop in a manner allowing the desired value later to be perceived in conditions of market control. Consequently, by creating and defining value, and via market control and voice-dependent mechanisms, consumer cooperatives hold potential to build a value-creating system that is based directly on the actual needs of the customer-owners; they are able to use their customer-owners as a managerial resource; and accordingly, are agile in its response to changes in the marketplace in general and in the needs of customer-owners in particular. Therefore, cooperatives should have an information advantage with respect to meeting their customer-owners' needs.

Finally, as the role of consumers expands and interest in alternative company forms and business models increases, it becomes justifiable to ask whether the dominant assumptions about the relationship between ownership and consumership (conceived of as separate, independent functions) provide us with adequate understanding of the social realities. In light of the discussion above, we argue that they do not. This is due to the differing owner interests between cooperatives and IOFs: the interest of cooperatives' customer-owners lies in maximizing their benefits and value as consumers of the offering. As our study has shown, the value creation potential of consumer cooperatives is based on the customer-owners' dual role in value creation processes. This role integrates the perspectives of owner and consumer.

### Managerial and policy implications

The element that constitutes the difference between a consumer cooperative and an IOF is customer ownership itself. To build on this foundation, the management should put great

emphasis on encouraging customer-owners to participate, in several ways. Firstly, it is important to make visible to customer-owners how they influence the benefits accrued and the perceived value through the market control mechanism. Therein lies potential to increase customer-owners' loyalty significantly, through fuller understanding of their actions' importance (cf. routes to psychological ownership e.g. Pierce and Jussila 2011). Secondly, to harness the agility and proactiveness of the cooperative, it is important to evoke customer-owners' will to participate in developing their company through voice-dependent mechanisms. All in all, this is a matter of fundamental strategy and the core of managers' role in the cooperative – is the creation of customer value by the cooperative determined by managers, or does it stem from the community? If it is determined by the managers, the cooperative's focus will be on building rather short-term competitive advantage and the organization will be led in the same way as IOFs. In contrast, when the community constitutes the roots, managers' role shifts more toward building community and facilitating its cooperation.

In consumer cooperatives, the owners' interest stems from gaining maximum benefits and value as a customer (e.g., Borgen 2004). This shifts the attention from optimizing return on invested money to optimizing customer value. Accordingly, customer value should be the central issue in the company's operations and strategy and also be the pivotal element in the boardroom. Moreover, the owners' interest in this company form should affect how the performance of the firm and its managers is measured: while the traditional way is to focus on rather short-term financial metrics, consumer cooperatives should focus on measurements that capture the facilitation and creation of customer value. Although more traditional measures can be part of the picture, they should be planned in a manner that is consistent with the customer-owners' interests. For instance, profit should be seen as a tool for customer-owners' investment or capitalizing the company not as an end in itself but so as to create customer value in the future.

Finally, the aforementioned ideas of change and the self-reinforcing cycle have important implications for legislation and politics. Our study indicates that, when led well, cooperatives can act as a true agent for change in the markets by putting pressure on IOFs to ensure that the game remains fair from the perspective of the consumer. Hence, the benefits of cooperatives are not limited to customer-owners but can be extended to consumers and society as a whole. Therefore, there could be great possibilities for cooperatives and consumer communities in various domains, such as services that have usually been handled by public-sector organizations.

### Future research

Customer value in the context of cooperatives is certainly an under-explored area. There is clearly room for conceptual



studies producing impactful theory. However, the conceptual nature of our study should be taken into account in evaluation of the scope of its results. This work is situated in the realm of discovery rather than of justification and is focused on the conception of new ideas (e.g., new constructs) or, perhaps more accurately, on the creative synthesis of existing ideas (e.g., “new relationships between well-accepted constructs”) (Yadav 2010, p. 2; see also Yadav 2014). Empirical studies that concentrate on measuring customer value creation on the various dimensions in the context of consumer cooperatives could validate the findings of our study. This is consistent with the ideas of critical and inductive realism (see, for example, Hunt 1990; 2012). Furthermore, exploring customer value’s dimensions in various cooperative contexts, such as banking, insurance, and retailing, would contribute to a more comprehensive understanding of the ways in which customers as members of cooperatives perceive value.

Specifically, more attention should be paid to the various mechanisms of empowerment and influence; for example, research into direct ways to use one’s voice could point to an important way forward (cf. data cooperatives). In addition, future research could investigate the implications of psychological ownership on individual dimensions of value in greater detail. In addition, the consumer cooperative is, by its very nature, a company form that challenges the traditional ways in which the performance of managers and firms is measured and further emphasizes the need for new and innovative measures (cf. Bharadwaj 2015). We certainly hope that our work will encourage other scholars and practitioners to join in efforts to uncover the potential and implications of customer value in contexts of customer-owned business operations.

**Acknowledgments** The authors would like to thank the editor and the reviewers for their insightful comments, which were valuable in developing the paper.

## References

- Anderson, J. C., Narus, J. A., & Van Rossum, W. (2006). Customer value propositions in business markets. *Harvard Business Review*, 84(3), 91–99.
- Arnold, M. J., & Reynolds, K. E. (2003). Hedonic shopping motivations. *Journal of Retailing*, 79(2), 77–95.
- Babin, B. J., Darden, W. R., & Griffin, M. (1994). Work and/or fun: measuring hedonic and utilitarian shopping value. *Journal of Consumer Research*, 20(4), 644–656.
- Badinelli, R., Barile, S., Ng, I., Polese, F., Saviano, M., & Di Nauta, P. (2012). Viable service systems and decision making in service management. *Journal of Service Management*, 23(4), 498–526.
- Barile, S., & Polese, F. (2010). Linking the viable system and many-to-many network approaches to service-dominant logic and service science. *International Journal of Quality and Service Sciences*, 2(1), 23–42.
- Bharadwaj, S. (2015). Developing new marketing strategy: addressing the limitations of a singular focus on firm financial performance. *AMS Review*, 5(3), 98–102.
- Birchall, J. (1994). *Co-op: The people’s business*. Manchester University Press.
- Birchall, J., & Simm’ons, R. (2004). What motivates members to participate in co-operative and mutual businesses? a theoretical model and some findings. *Annals of Public and Cooperative Economics*, 75(3), 465–495.
- Borgen, S. (2004). Rethinking incentive problems in cooperative organizations. *Journal of Socio-Economics*, 33(4), 383–393.
- Broniarczyk, S. M., & Griffin, J. G. (2014). Decision difficulty in the age of consumer empowerment. *Journal of Consumer Psychology*, 24(4), 608–625.
- Byrne, N., & McCarthy, O. (2014). Value proposition preferences of credit union members and patronage activity. *International Journal of Bank Marketing*, 32(6), 567–589.
- Byrne, N., Heinonen, K., & Jussila, I. (2015). The role of proximity in value preferences: a study of consumer co-operatives. *Annals of Public and Cooperative Economics*, 86(2), 339–361.
- Chaddad, F. R., & Cook, M. L. (2004). The economics of organization structure changes: a US perspective on demutualization. *Annals of Public and Cooperative Economics*, 75(4), 575–594.
- Chaves, R., Soler, F., & Sajardo, A. (2008). Co-operative governance: the case of Spanish credit co-operatives. *Journal of Co-operative Studies*, 41(2), 30–37.
- Cook, M. L. (1994). The role of management behavior in agricultural cooperatives. *Journal of Agricultural Cooperation*, 9, 42–58.
- Davis, K., & Burt, S. (2007). Consumer co-operatives and retail internationalization: problems and prospects. *International Journal of Retail & Distribution Management*, 35(2), 156–177.
- Day, G. S., & Moorman, C. (2010). *Strategy from the outside in: Profiting from customer value*. New York: McGraw–Hill.
- Denegri-Knott, J., Zwick, D., & Schroeder, J. E. (2006). Mapping consumer power: An integrative framework for marketing and consumer research. *European Journal of Marketing*, 40(9/10), 950–971.
- Diep, V. C. S., & Sweeney, J. C. (2008). Shopping trip value: do stores and products matter? *Journal of Retailing and Consumer Services*, 15(5), 399–409.
- EuroCoop. Consumer co-operatives: democracy – development – employment. Retrieved March 15, 2016, from [http://www.eurocoop.org/dmdocuments/publication\\_report/ConsumerCooperatives08.pdf](http://www.eurocoop.org/dmdocuments/publication_report/ConsumerCooperatives08.pdf).
- Fama, E. F., & Jensen, C. M. (1983). Agency problems and residual claims. *Journal of Law and Economics*, 26(2), 327–349.
- Fuchs, C., Prandelli, E., & Schreier, M. (2010). The psychological effects of empowerment strategies on consumers’ product demand. *Journal of Marketing*, 74(1), 65–79.
- Fulton, M. (1999). Cooperatives and member commitment. *The Finnish Journal of Business Economics*, 4, 418–437.
- Fulton, J. R., & Adamowicz, W. L. (1993). Factors that influence the commitment of members to their cooperative organization. *Journal of Agricultural Cooperation*, 8, 39–53.
- Fulton, M., & Hammond-Ketilson, L. (1992). The role of co-operatives in communities: examples from Saskatchewan. *Journal of Agricultural Cooperation*, 7, 15–42.
- Gale, B. T. (1994). *Managing customer value: Creating quality and service that customers can see*. New York: The Free Press.
- Gallarza, M. G., Gil-Saura, I., & Holbrook, M. B. (2011). The value of value: further excursions on the meaning and role of customer value. *Journal of Consumer Behaviour*, 10(4), 179–191.
- Grönroos, C. (2008). Service logic revisited: who creates value? and who co-creates? *European Business Review*, 20(4), 298–314.
- Grönroos, C. (2011). Value co-creation in service logic: a critical analysis. *Marketing Theory*, 11(3), 297–301.

- Grönroos, C., & Helle, P. (2010). Adopting a service logic in manufacturing: conceptual foundation and metrics for mutual value creation. *Journal of Service Management*, 21(5), 564–590.
- Grönroos, C., & Ravald, A. (2011). Service as business logic: implications for value creation and marketing. *Journal of Service Management*, 22(1), 5–12.
- Gummesson, E. (2007). Exit services marketing – enter service marketing. *Journal of Customer Behaviour*, 6(2), 113–141.
- Gummesson, E. (2008). Quality, service-dominant logic and many-to-many marketing. *The TQM Journal*, 20(2), 143–153.
- Hansmann, H. (1996). *The ownership of enterprise*. London: The Belknap Press of Harvard University Press.
- Hansmann, H. (1999). Cooperative firms in theory and practice. *Finnish Journal of Business Economics*, 4, 387–403.
- Heinonen, K., Strandvik, T., Mickelsson, K. J., Edvardsson, B., Dunström, E., & Andersson, P. (2010). A customer-dominant logic of service. *Journal of Service Management*, 21(4), 531–548.
- Heinonen, K., Strandvik, T., & Voima, P. (2013). Customer dominant value formation in service. *European Business Review*, 25(2), 104–123.
- Hirschman, A. (1970). *Exit, voice and loyalty: Responses to decline in firms*. London: Harvard University Press.
- Holbrook, M. B. (1999). *Consumer value: A framework for analysis and research*. New York: Routledge.
- Huber, F., Herrmann, A., & Morgan, R. E. (2001). Gaining competitive advantage through customer value oriented management. *The Journal of Consumer Marketing*, 18(1), 41–53.
- Hunt, S. D. (1990). Truth in marketing theory and research. *Journal of Marketing*, 54(3), 1–15.
- Hunt, S. D. (2012). Explaining empirically successful marketing theories: the inductive realist model, approximate truth, and market orientation. *AMS Review*, 2(1), 5–18.
- International Co-operative Alliance (2011). Global 300 report 2010. Retrieved June 1, 2015, via <http://ica.coop/en/global-300>.
- International Co-operative Alliance. Co-operative identity, values & principles. Retrieved April 16, 2016, from <http://ica.coop/en/whats-coop/co-operative-identity-values-principles>.
- Jensen, M., & Meckling, W. (1976). Theory of the firm: managerial behaviour, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360.
- Johnstad, T. (2000). Mutual maritime insurance clubs – cooperation and competition. *Annals of Public and Cooperative Economics*, 71(4), 525–555.
- Jung Choo, H., Moon, H., Kim, H., & Yoon, N. (2012). Luxury customer value. *Journal of Fashion Marketing and Management*, 16(1), 81–101.
- Jussila, I., & Tuominen, P. (2010). Exploring the consumer co-operative relationship with their members: an individual psychological perspective on ownership. *International Journal of Co-operative Management*, 5(1), 23–33.
- Jussila, I., Kotonen, U., & Tuominen, P. (2007a). Customer-owned firms and the concept of regional responsibility: qualitative evidence from Finnish co-operatives. *Social Responsibility Journal*, 3(3), 35–43.
- Jussila, I., Saksa, J.-M., & Tienari, J. (2007b). Dynamics and tensions in governance: evidence from Finnish co-operatives. *International Journal of Co-operative Management*, 3(2), 29–39.
- Jussila, I., Tuominen, P., & Saksa, J.-M. (2008). Following a different mission: where and how do consumer co-operatives compete? *Journal of Co-operative Studies*, 41(3), 28–39.
- Jussila, I., Byrne, N., & Tuominen, H. (2012a). Affective commitment in co-operative organizations: what makes members want to stay? *International Business Research*, 5(10), 1–9.
- Jussila, I., Tuominen, P., & Tuominen, T. (2012b). Are we owners or regular customers? the obscure meaning of ownership in consumer co-operatives. *International Business Research*, 5(12), 195–201.
- Jussila, I., Tarkiainen, A., Sarstedt, M., & Hair, J. F. (2015). Individual psychological ownership: concepts, evidence, and implications for research in marketing. *Journal of Marketing Theory and Practice*, 23(2), 121–139.
- Karahanna, E., Xin Xu, S., & Zhang, N. (2015). Psychological ownership motivation and use of social media. *Journal of Marketing Theory and Practice*, 23(2), 185–207.
- Khalifa, A. S. (2004). Customer value: a review of recent literature and an integrative configuration. *Management Decision*, 42(5), 645–666.
- Leroi-Werelds, S., Streukens, S., Brady, M. K., & Swinnen, G. (2014). Assessing the value of commonly used methods for measuring customer value: a multi-setting empirical study. *Journal of the Academy of Marketing Science*, 42(4), 430–451.
- Ligon, J. A., & Thistle, P. D. (2005). The formation of mutual insurers in markets with adverse selection. *The Journal of Business*, 78(2), 529–556.
- Lusch, R. F., & Vargo, S. F. (2011). Service-dominant logic: a necessary step. *European Journal of Marketing*, 45(7/8), 1298–1309.
- Madane, M. (2006). Co-operatives and community culture. *Review of International Co-operation*, 99(1), 12–19.
- Maglio, P. P., & Spohrer, J. (2008). Fundamentals of service science. *Journal of the Academy of Marketing Science*, 36(1), 18–20.
- Mathwick, C., Malhotra, N., & Rigdon, E. (2001). Experiential value: conceptualization, measurement and application in the catalog and internet shopping environment. *Journal of Retailing*, 77(1), 39–56.
- Mazzarol, T., Soutar, G. N., & Linnios, E. M. (2012). Member loyalty in co-operative enterprise: A preliminary assessment. Presented at the 26th ANZAM Conference: Managing for Volatility and Instability. Perth, Australia.
- McShane, L., & Sabadoz, C. (2015). Rethinking the concept of consumer empowerment: recognizing consumers as citizens. *International Journal of Consumer Studies*, 39(5), 544–551.
- Mills, C. (2001). Distributions, and what it means to be a co-operative. *Journal of Co-operative Studies*, 34(3), 173–181.
- Mills, C. (2008). Do large membership-based businesses have a future in the twenty first century? some reflections on UK retail co-operative societies. *Journal of Co-operative Studies*, 41(2), 17–29.
- Neto, S. B., Barroso, M. F. G., & Rezende, A. M. (2012). Co-operative governance and management control systems: an agency costs theoretical approach. *Brazilian Business Review*, 9(2), 68–87.
- Nilsson, J. (2001). Organizational principles for co-operative firms. *Scandinavian Journal of Management*, 17(3), 329–356.
- Normark, P. (1996). A role of cooperatives in the market economy. *Annals of Public and Cooperative Economics*, 67(3), 429–439.
- Novkovic, S. (2008). Defining the co-operative difference. *The Journal of Socio-Economics*, 37(6), 2168–2177.
- Payne, A. F., Storbacka, K., & Frow, P. (2008). Managing the co-creation of value. *Journal of the Academy of Marketing Science*, 36(1), 83–96.
- Peterson, H. C., & Anderson, B. L. (1996). Cooperative strategy: Theory and practice. *Agribusiness*, 12(4), 371–383.
- Pierce, J. L., & Jussila, I. (2011). *Psychological ownership and the organizational context*. Northampton: Edward Elgar.
- Plé, L., Lecocq, J., & Angot, J. (2010). Customer-integrated business models: a theoretical framework. *M@n@gement*, 13(4), 226–265.
- Porter, M., & Kramer, M. (2011). Creating shared value. *Harvard Business Review*, 89(1-2), 62–77.
- Pottier, S. W., & Sommer, D. W. (1997). Agency theory and life insurer ownership structure. *The Journal of Risk and Insurance*, 64(3), 529–543.
- Power, C., O'Connor, R., McCarthy, O., & Ward, M. (2014). Merging into the mainstream? an empirically based discussion of the potential erosion of competitive advantage in a restructured Irish credit union movement. *Journal of Co-Operative Organization and Management*, 2(2), 55–64.

- Prentice, C., Han, X., & Li, Y. (2016). Customer empowerment to co-create service designs and delivery: scale development and validation. *Services Marketing Quarterly*, 37(1), 36–51.
- Rintamäki, T., Kanto, A., Kuusela, H., & Spence, M. T. (2006). Decomposing the value of department store shopping into utilitarian, hedonic, and social dimensions: evidence from Finland. *International Journal of Retail & Distribution Management*, 34(1), 6–24.
- Rintamäki, T., Kuusela, H., & Mitronen, L. (2007). Identifying competitive customer value propositions in retailing. *Managing Service Quality*, 17(6), 621–634.
- Rosas, S., Jussila, I., & Tuominen, P. (2012). Leading together for mutual benefit: shared leadership in the context of co-operative banking. *Business and Management Research*, 1(4), 99–108.
- Saarijärvi, H., Kannan, P. K., & Kuusela, H. (2013). Value co-creation: theoretical approaches and practical implications. *European Business Review*, 25(1), 6–19.
- Saarijärvi, H., Kuusela, H., Neilimo, K., & Närvänen, E. (2014). Disentangling customer orientation – executive perspective. *Business Process Management Journal*, 20(5), 663–677.
- Saarijärvi, H., Kuusela, H., Kannan, P. K., Kulkarni, G., & Rintamäki, T. (2016). Unlocking the transformative potential of customer data in retailing. *The International Review of Retail, Distribution and Consumer Research*, 26(3), 225–241.
- Sánchez-Fernández, R., & Iniesta-Bonillo, M. Á. (2007). The concept of perceived value: a systematic review of the research. *Marketing Theory*, 7(4), 427–451.
- Schneiberg, M. (2011). Toward an organizationally diverse American capitalism? cooperative, mutual, and local, state-owned enterprise. *Seattle University Law Review*, 34(4), 1409–1434.
- Schneiberg, M., King, M., & Smith, T. (2008). Social movements and organizational form: cooperative alternatives to corporations in the American insurance, dairy, and grain industries. *American Sociological Review*, 73(4), 635–667.
- Seiders, K., Berry, L. L., & Gresham, L. G. (2000). Attention, retailers! how convenient is your convenience strategy? *Sloan Management Review*, 41(3), 79–90.
- Shankar, A., Cherrier, H., & Canniford, R. (2006). Consumer empowerment: a Foucauldian interpretation. *European Journal of Marketing*, 40(9–10), 1013–1030.
- Sheth, J., Newman, B., & Gross, B. (1991). Why we buy what we buy: a theory of consumption values. *Journal of Business Research*, 22(2), 159–170.
- Smith, J. B., & Colgate, M. (2007). Customer value creation: A practical framework. *Journal of Marketing Theory and Practice*, 15(1), 2–23.
- Smith, G. E., & Nagle, T. T. (2005). A question of value. *Marketing Management*, 14(4), 28–43.
- Smith, B. D., & Stutzer, M. (1995). A theory of mutual formation and moral hazard with evidence from the history of the insurance industry. *The Review of Financial Studies*, 8(2), 545–577.
- Somerville, P. (2007). Co-operative identity. *Journal of Co-operative Studies*, 40(1), 5–17.
- Spear, R. (2000). The co-operative advantage. *Annals of Public and Cooperative Economics*, 71(4), 507–523.
- Spohrer, J., Anderson, L., Pass, N., & Ager, T. (2008). Service science and service-dominant logic. Presented at the Otago 2 Forum. Dunedin, New Zealand (December 9–12).
- Suter, P., & Gmür, M. (2013). Member value in co-operatives (Working Paper SES 10.2013 No. 444). Retrieved April 4, 2016, from [https://doc.rero.ch/record/200987/files/WP\\_SES\\_444.pdf](https://doc.rero.ch/record/200987/files/WP_SES_444.pdf).
- Sweeney, J., & Soutar, G. (2001). Consumer perceived value: the development of a multiple item scale. *Journal of Retailing*, 77(2), 203–220.
- Syrjä, P., Sjögren, H., & Tuominen, P. (2012). Financial performance and efficiency of consumer co-operatives and limited companies – agency theoretical approach. *Journal of Co-operative Accounting and Reporting*, 1(1), 53–69.
- Thaler, R. (1980). Toward a positive theory of consumer choice. *Journal of Economic Behaviour and Organization*, 1(1), 39–60.
- Tong, C. H., & Tong, L. I. (2006). Exploring the cornerstones of Walmart's success and competitiveness. *Competitiveness Review*, 16(2), 143–149.
- Tuominen, P., Jussila, I., & Saksa, J.-M. (2006). Locality and regionality in management of Finnish customer-owned co-operatives. *International Journal of Co-operative Management*, 3(1), 9–19.
- Tuominen, P., Jussila, I., & Kojonen, S. (2009). Overcoming challenges to governance of consumer co-operation: analysis reports of key representatives. *International Journal of Co-operative Management*, 4(2), 22–35.
- Tuominen, T., Tuominen, P., & Jussila, I. (2013a). A tool to be used deliberately: investigating the role of profit in consumer co-operatives. *International Business Research*, 6(11), 122–133.
- Tuominen, T., Tuominen, P., Tuominen, H., & Jussila, I. (2013b). Social capital: a source of sustained competitive advantage for consumer co-operatives. *International Business Research*, 6(12), 60–73.
- Valentinov, V. (2004). Towards a social capital theory of co-operative organization. *Journal of Co-operative Studies*, 37(3), 5–20.
- van Oorschot, K., de Hoog, J., van der Steen, M., & van Twist, M. (2013). The three pillars of the co-operative. *Journal of Co-operative Organization and Management*, 1(2), 64–69.
- van Raaij, W. F., & Pruyn, A. T. H. (1998). Customer control and evaluation of service validity and reliability. *Psychology & Marketing*, 15(8), 811–832.
- Vargo, S. L., & Lusch, R. F. (2004). Evolving to a new dominant logic for marketing. *Journal of Marketing*, 68(1), 1–17.
- Vargo, S. L., & Lusch, R. F. (2008). Service-dominant logic: Continuing the evolution. *Journal of the Academy of Marketing Science*, 36(2), 1–10.
- Vargo, S. L., & Lusch, R. F. (2015). Institutions and axioms: an extension and update of service-dominant logic. *Journal of the Academy of Marketing Science*, forthcoming.
- Vierheller, R. (1994). Oligarchy in co-operatives. In E. Dulfer & J. Laurinkari (Eds.), *International handbook of co-operative organizations*. Göttingen: Vandenhoeck & Ruprecht.
- Woodall, T. (2003). Conceptualizing “value for the customer”: an attributional, structural, and dispositional analysis. *Academy of Marketing Science Review*, 12(1), 1–42.
- Woodruff, R. B. (1997). Customer value: the next source for competitive advantage. *Journal of the Academy of Marketing Science*, 25(2), 139–153.
- Wright, L., Newman, A., & Dennis, C. (2006). Enhancing consumer empowerment. *European Journal of Marketing*, 40(9–10), 925–935.
- Yadav, M. S. (2010). The decline of conceptual articles and implications for knowledge development. *Journal of Marketing*, 74(1), 1–19.
- Yadav, M. S. (2014). Enhancing theory development in marketing. *AMS Review*, 4(1–2), 1–4.
- Zeithaml, V. A. (1988). Consumer perception of price, quality, and value: a means-end model and synthesis of evidence. *Journal of Marketing*, 52(3), 2–22.