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*Reputation for innovation on Millennials' consumer perceptions:
Case of Auto Insurance*

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Abstract

The purpose of this study is to understand how reputation for innovation influences the perceptions of co-created products. From a managerial standpoint this is an important topic given the growing importance of co-creation in the development of new products and because of the impact of corporate reputation on evaluation of co-created products.

As such we investigated how consumers that do not participate in the co-creation process, i.e, the broader market, perceive the product outcomes of co-creation. Our setting is the insurance industry and we particularly look at the result of co-creation with customers and sale agents vis-à-vis developed by firm professionals. We focus on perceptions of firm innovation ability, intentions to recommend the firm, purchase intention and willingness to pay.

Our finding show that firms that co-created are perceived with more innovation ability, display higher intentions to recommend and co-created products reveal higher purchase intentions. Interestingly, this highly innovative firms draw the least benefit from communicating co-creation. In these firms when the broad market learns that a product was cocreated innovation ability, intentions to recommend, purchase and willingness to pay decrease. As such the positive effect of communicating that consumers were involved in the development of the product is mainly beneficial for low innovative firms. In this instance, our finding indicate that co-creation enchances innovation ability as well as intentions to recommend and purchase. We then discuss implications for theory and practice.

Keywords: Reputation for innovation, Co-creation, Corporate Reputation; Innovation Ability; Intentions to recommend; Intentions to purchase; Willigness to pay

Resumo

O objectivo deste estudo é compreender como a reputação de inovação da empresa influencia as percepções de produtos cocriados, que da perspectiva da gestão, este tópico é crucial dada a crescente importância dos produtos co-criados e por causa do impacto que a reputação de uma empresa tem na avaliação dos produtos.

Deste modo, investigámos como os consumidores que não participam no processo de co-criação, ou seja, o mercado percebe os efeitos da co-criação nos produtos. O nosso estudo centrou-se na indústria seguradora e com especial atenção para os resultados da co-criação com clientes e mediadores em relação aos profissionais da empresa. Nós focámo-nos nas percepções dos clientes em termos de capacidade de inovação, intenções de recomendação, aquisição e disponibilidade de pagamento da empresa.

A nossa descoberta mostra que empresas que co-criaram são percebidas com maior capacidade de inovação, demonstram maiores intenções de recomendação e os produtos co-criados revelam maior intenções de aquisição.

Curiosamente, estas empresas inovadoras obtiveram o menor benefício de comunicar co-criação. Nestas empresas, quando o mercado descobre que o produto foi co-criado, a capacidade de inovação, intenções de recomendação e disponibilidade de pagamento diminuem. Assim sendo, o efeito positivo de comunicar aos consumidores envolvidos no desenvolvimento do produto é maioritariamente benéfico para empresas pouco inovadoras. Neste caso, a nossa descoberta indica que a co-criação melhora a capacidade de inovação, assim como intenções de recomendação e aquisição. Nós discutimos implicações teóricas e práticas destes resultados.

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1. Introduction

A service is delivered when the interaction between the customer and the provider takes place (Grönroos, 2008). The global spread of new communication and information technologies, the competitive and uncertain business environment, have dictated the capacity of a firm to innovate to be based on its ability to learn from external knowledge (Chesbrough, 2006). It is now common to have customers in the production of new services. In fact, firms are receiving customer input from the online user communities they create, so as to design new services more customer oriented (Qiu and Fan, 2015). For example, DHL a logistic service company, hosts workshops to co-create solutions with the customers in order to improve their service experience. Made.com, an e-retail furniture relies on its online user community, on which customers share photos of Made furniture in their homes to promote new furniture designs.

In fact, by knowing customers' needs and wants, firms are able not only to offer services/products more adequate to satisfy the customer's needs (Lilien, Morrison, Searls, Sonnack and Hippel, 2002; Poetz and Schreier, 2012) but also product acceptance increases (Cook, 2008; Ogawa and Piller, 2006).

A vast stream of literature, studied participating customers perceptions in the firm's innovation process (Kumar, Aksoy, Donkers, Venkatesanm Wiesel and Tillmanns, 2010; Doorn, Lemon, Mittal, Nass, Pick and Pimer, 2010) while studies focused on the non-participants customers are relatively fewer (Fuchs and Schreier, 2012; Dahl, Fuchs and Schreier, 2014). Therefore, from a economical perspective, is crucial to investigate how non involved customers in the innovation service production process will perceive co-creation, since they represent the largest share of the market.

Customer tend to use shortcuts, like corporate associations to evaluate the new products/services offered by the firm (Wansink, 1989). Corporate reputation was found to improve customer loyalty and willingness to pay (Rindova, Williamson, Petkova, and Sever, 2005; Weigelt and Camerer, 1988), it is also capable of attracting more investors, qualified workers and reduce clients' perceived risks (Bitektine, 2011; Davies, Chun and Kamins, 2010).

From a firm perspective, corporate reputation, as an intangible asset difficult to imitate and develop, can be a major source of competitive advantage. In fact, consumers without experimenting the service, there is an incentive for firm's to explore their reputations (Nayyar, 1990), specially

for services firms as customer build their service evaluations on the information available (Dick, Chakravarti, and Biehal, 1990; Simmons and Lynch, 1991).

Therefore, firms strive to be considered innovative in order to influence consumer evaluations (Brown and Dacin, 1997; Keller, 2003), consumers will be more appealed and deposit more trust in the firm (Keller and Aaker, 1992).

In line with this topic, insurance companies should look forward to be considered innovative to attract more customers and improve customer loyalty. However a degree of conservatism was always present due to the organic nature of their business (e.g costs of uncertainty, legal barriers) (Pearson, 1997). It worsened with the most recent world financial crisis which imposed austere regulation and demanded more liquidity to face increasing risks, one of which are changing customer preferences (Njegomir and Rihter, 2013).

Millenials have different perspectives in what concerns, finance and insurance products (Schewe, Meredith and Noble, 2000), which for a generation reaching adulthood and holding the most assets soon (Sharf, 2014), demand insurance firms to innovate.

On one way, insurance firms could engage potential Millenials' customers in online user communities to design more customer centric services (Qiu and Fan, 2015). It would allow them not only to receive more customer input but also favourable attitudes towards the brand would be developed like higher connection, satisfaction and loyalty (Brodie, Ilic, Juric and Hollebeek, 2013).

On the other way, involving frontline employees could be determinant for the improvement and design of innovative insurance services. Being responsible for the sales or service delivery departments, Sale agents have a direct contact with the customer, which help them to recognize unsatisfied needs, discovering more opportunities for innovation (Brentani and Ragot, 1996).

Even though, there is a large body of the literature in innovation, studying the relationship of reputation for innovation on co-created service products is scarce and in particular for the Insurance Industry.

This study investigates whether attributes perceived in a user label are influenced by the firm *Reputation for Innovation* (RFI). A user design influences consumers' perceptions of firm ability to innovate (Schreier, Fuchs and Dahl, 2012) whereas firms' RFI influences consumers' responses to marketing strategies (Henard and Dacin, 2010). In a world of excess of supply, where purchasing is often separated from the augmented product experience (e.g. through online shopping,

catalogues or billboards), RFI can reduce the uncertainty and cognitive processing efforts associated with innovative offers (Erdem, Swait and Valenzuela, 2006).

As such, the goal of this study is to investigate how corporate reputation for innovation impacts the perceptions of co-created auto insurance products. By taking into consideration corporate reputation for innovation as a variable, so to explain the difference between three creators scenarios, an online user community, insurance sale agents and firm professionals. Those differences will be explained by willingness to pay, intention to recommend and intention to purchase variables. A survey was then conducted to address this question to university students.

The paper includes research about the concept of co-creation effects, corporate reputation and reputation for innovation.

Literature Review and Hypothesis Development

2.1 Service Dominant Logic and Value co-creation

Co-creation between the firm and the customer has its origins from the service dominant-logic. Market oriented (Day, 1999) and customer centric (Sheth, Sisodia, and Sharma, 2000) the Service dominant logic treat the role of the firm and the customer in a new perspective. It implies collaboration and application of firms' and customers' knowledge to create value.

Under this approach, customers no longer buy goods or services (Gummesson, 1995) but the knowledge or skills effort embedded in the product instead (Vargo and Lusch, 2004). This shift from a producer perspective to utility and customer perspective lead to Prahalad and Ramaswamy (2004a) definition of value co-creation.

Since "*value is a function of human experiences*" and, "*experiences come from the interactions*" (Ramaswamy, 2011), the interactions between firm and customers become the locus of value creation. With cooperation from both parties, firm and customers, value-in-use is enabled (Vargo and Lusch, 2004).

This cooperation assumes many forms. Firms can use co-production, collaborative inventiveness or co-design as core-offerings, since they are components of co-creation. For example, the interactive nature in service activities, implies the customer to always be a co-producer of service, however value is created not due to the co-production but due to the benefits costumers get by using the service at the same it is being produced in service context (Grönroos, 2008). As a

consequence, co-production is different from, yet nested in, the process of value co-creation (Lusch and Vargo, 2006).

The role of the firm and customer is not distinct in the service dominant logic (Vargo and Lusch, 2008). In fact, firms can be resource providers to customers which create the value-in-use alone, in that case, the firms are value facilitators (Storbacka and Lehtinen, 2001).

However they could also explore the interaction opportunities in order to influence the value creation process, by co-creating value with their customers. (Grönroos and Ravald, 2011)

2.2 Service Value co-creation

As highlighted above, interaction between customer and producer is crucial for both sides ability to co-create value.

The value creation is becoming more a jointly interaction process between customer and firms, rather than solely by the firm (Prahalad and Ramaswamy, 2004b), and it is becoming a widely accepted strategy of designing new products.

Since, *“The most successful organizations co-create products and services with customers, and integrate customers into core processes.”*—IBM, *“Capitalizing on Complexity”*¹⁾, by allowing customers to heavily participate in the product development process, co-creation empowers value creation. The reason lies in customers’ input about the knowledge they have on their needs and product requirements for successful new product adoption (Henkel and Von Hippel, 2005). As a result, firms are proactively creating new forms of interactions with customers such as online communities to collect reviews and ideas which will then be produced increasing the likelihood of a market success. In fact, Nishikawa and colleagues (2012) compared user generated-products with designer-generated product, and found that the first performed better than the second, in terms of revenues, margins and product life expectancy (Nishikawa, Schreier and Ogawa, 2012).

As customers become more knowledgeable about what are their desires and expectations from the firm, the more they are able to compete with the firm in the value capture process. In case, companies continue to follow traditional models of the value creation process, the final result will be the customer see no differentiation among the different value propositions offered. (Prahalad and Ramaswamy, 2004a) Therefore, to be innovative and develop new sources of competitive advantage, firms can no longer act alone (Prahalad and Ramaswamy, 2004a), the value creation is

becoming more a jointly interaction process between customer and firms, rather than solely by the firm (Prahalad and Ramaswamy, 2004b).

At the same time, such value creation puts pressure in organizations. One concern is, hearing all voices from a large audience, the firms will most likely face an information selection challenge and not be able to induce a profound innovation (Tzeng, 2007).

One solution, could be to develop new products with only the lead users (Von Hippel, 2005). It is particular fruitful for the development of highly innovative products in which there is high demand uncertainty and for niche and heterogeneous market segments. (Ogawa and Piller, 2006)

Essentially, firms look forward to interact with their customers to create more value. However the effect can go beyond a revolution in the firm's internal new product development processes.

It may also influence how companies are perceived on the market by its customers (Brown, Dacin, Pratt and Whetten, 2006) as they will develop more favourable corporate attitudes towards with co-creation (Fuchs and Schreier, 2011)

The role of observing consumers

Even though plenty literature can be found about the effect of participating customers in new product development activities (Sheth et al., 2000; Sawhney, Verona and Prandelli 2005) little attention was given to customers who do not participate in those activities but observe the outcome of such activities (Fuchs and Schreier, 2011). Regarding the broader market, i.e. those that buy the services but are not part of the co creation activities research provides two lines of enquiry, one which identify its positive effects and the second stream that looks at the negative consequences on product perceptions.

On the arguments favouring communication that other consumers were involved in the process, the study of Schreier, Fuchs, and Dahl (2012) found co-creation can improve consumers' perceptions of a firm's innovation ability, which lead to higher purchasing intentions, willingness to pay and recommend the firm. The authors appointed this inference to be sustained by these characteristics found in the co-creators, a large pool of people with different backgrounds involved as designers of the product and as customers of the product created.

Furthermore, co-creation helps firms to be perceived as more customer oriented, as well as, develop more favourable perceptions about the firm and enhance behavioral intentions like positive word of mouth and loyalty to the brand (Fuchs and Schreier, 2011).

The downside of awareness co-creation activities was found by introducing product complexity as a moderator. Low complexity products saw positive innovation perceptions as well as purchasing intentions were supported, however, on high complexity products those effects were not validated. The cause lies on customers to attribute more expertise knowledge to firm professionals than customers which prevent them to provide valuable input to innovate (Schreier et al. 2012), this is specially relevant in the fashion industry.

The research from Fuchs, Prandelli, Schreier and Dahl (2013) showed that high luxury brands (eg. Prada and Burberry) suffered from communicating users participation in new product development. Specifically, in quality perceptions with decreasing product demand, while mainstream brands (eg. Replay and Lee) boosted perceptions of product quality, increasing product demand. Psychological literature on social distance and comparison (Locke 2003; Wood 1996) helps us to understand this effect. Simply, by being close to the customers, user-design comparing to highly qualified professionals will be ineffective signaling feelings of exclusivity, superiority and high status compared to others (Locke, 2003).

In all, co-creation constitutes an effective strategy to foster a sustainable competitive advantage though innovation (Fuchs and Schreier, 2011).

By co-creation with customers, observing consumers feel more empowered and demonstrate favourable behavioural intentions to the brand. Nevertheless, the complexity of the product can hamper the perceptions of co-creation strategies due to the suspicion customers have about their ability to design products. (Schreier et al., 2012; Fuchs et al, 2013)

As such there are multiple aspects which can influence positively or negatively customers perceive co-creation. In our study, reputation for innovation will be used in order to understand how it affects customers' product evaluations.

2.3 Corporate Reputation

The complex nature of Corporate Reputation (CR) is reflected in the several definitions the literature provides. Follow a list of the most definitions cited in the literature:

- *“A perceptual representation of a company’s past actions and future prospects that describes the firm’s overall appeal to key constituents compared to other leading rivals.” Fombrun (1996).*
- *“It is a reflection of stakeholder’s views about an organization over time” (Saxton, 1998).*

- *“A stakeholder's overall evaluation of a company over time.”(Gotsi and Wilson, 2001).*
- *“Lasting perception held of an organization by an individual, group or network that forms a collective system of beliefs and opinions that influences people’s actions with regards to an organization” (Balmer 2001).*

Despite no consensus regarding a Corporate Reputation definition, all agree on the dependence of the organization to build and develop it over time. It is one of the most important strategic resources (Flanagan and O’Shaughnessy, 2005), with several studies showing a positive relationship between Corporate Reputation and financial performance (Sánchez and Sotorrío, 2007; Roberts and Dowling, 1997, 2002). A strong positive reputation contributes to differentiation in corporations, keep customers loyal and charge a price premium (Rindova et al., 2005; Weigelt and Camerer, 1988).

Being a source of sustainable advantage, due to its intangible nature which difficults imitation (Boyd, Bergh and Ketchen, 2010; Fuertes-Callen and Cuellar-Fernandez, 2014), in today’s world, where most of the market value come from intangible assets (Eccles, Newquist and Schatz, 2007) it is not surprising managers put a lot of effort to construct favourable reputation in their corporations (Van Riel, Stroecker and Maathuis, 1998) as well as to be a topic increasingly researched by scholars over the last years (Barnett, Jermier, and Lafferty, 2006).

The construction of Reputation depends on the information available about the corporation and the past experiences consumers have with the company’s products (Yoon, Guffey and Kijewski, 1993). Without information asymmetries consumer would not need to rely on previous production evaluations to make purchase decisions.

As such, reputation building can be seen as a signaling activity (Saphiro, 1983). By signaling the advantages and characteristics of their activities and products/services, corporations *“by design or accident, alter the beliefs of, or convey information to, other individuals in the market”* (Spence, 1974, p.1), facilitating consumer to make rational purchase decisions (Rao, 1994). Heavy promotions can be a form of high quality firms to communicate with their consumers because the advertising expenses it will incur will have to be covered by future sales, which in the case of low quality firms, customer loyalty is less frequent leading to advertising expenses not be fully repaid. (Rao, Qu and Ruckert, 1999).

Reputation in the financial services industry is a fundamental source of differentiation. Companies can emit signals in order to simplify the decision purchasing process which helps consumers to form perceptions about their products/services (Fombrun and Van Riel, 2004).

2.4 Reputation for innovation and value co-creation

De Quevedo (2003) considers the existence of two main dimensions of corporate reputation: internal and external reputation. The first includes stakeholders which are closely related to the business activities and processes, while the second, aggregates external stakeholders which are not directly related to organization.

Nevertheless, the elements and relations which construct corporate reputation for both dimensions are : (i) managerial quality; (ii) financial strength; (iii) product and service quality; (iv) innovation; (v) use of corporate assets/efficiency; (vi) capability to gather, develop, and retain talented people; (vii) social responsibility among the community; and (viii) value of long term investments. (Fombrun, 1996; Fombrun and Shanley, 1990).

Reputation for Innovation is part of the comprehensive Corporation Reputation concept. It is the expectations stakeholders have in the capability of the corporation to innovate given its past success and failures actions (Yoon et al., 1993).

Co-creation can be one innovation strategy which companies can pursue in order to achieve better innovation outcomes. The involvement of other groups besides the firm professionals in the new product development process may impact perceptions of the firms ability to come up with new products, i.e. its reputation for innovation.

Companies innovate through different strategies, by choosing co-creation they are signaling to consumers that, other individuals besides company professionals were involved in the new product development process. Consumers trust in companies with high reputation for innovation is higher (Henard and Dacin 2010) and believe that they are associated with higher expertise and manufacturing capability (Keller 2012).

2.5 Millennials attitudes towards insurance industry

Millennials disruptive consumer preferences are demanding industries to innovate. With their high level of purchasing power, (Wolburg and Pokrywczynski 2001) and as the largest generation in the US. Labor Force, expecting to hold seven trillion dollars in liquid assets by the end of 2010's (Sharf,2014), they represent a top priority for the financial service marketers. (Newlands and Williams, 2016). However for an industry accused of being conservative, these new type of consumer is challenging the traditional form of doing business.

Young adults have significant differences attitudes toward saving (Meredith and Schewe, 1994) , finance, and insurance products, (Schewe, Meredith, and Noble 2000) comparing with previous generations.

The environment millennials were raised in was critical for the attitudes they have towards financial matters. Being born during the most pacific time in history, Millenials received protection from their parents and at the same time, pressure to be successful which resulted in struggles at making decisions and assuming risks. (Howe and Strauss, 2003).

Financial traumatic events, like The Great Recession, tech bubbles and housing bubbles made Millenials to share similar traits in terms of conservativeness at valuing money and investments (Zick, Mayer, and Glaubitz 2012) with the generation silent, i.e born during the great depression (Schewe, Meredith, and Noble 2000).

Besides being financially risk averse and conservative investors, millennials also combine a low level of financial knowledge (Debevec, Schewe, Madden and Diamond, 2013; Lusardi, Mitchell, and Curto, 2010).

To summarize, taking into consideration Millenials behavior towards the financial topic, attract and influence them will be challenging task for the insurance firms. Nevertheless, the potential benefit of insuring their assets is more than enough incentive to be worthwhile pursuit. As a starting point, co-creation with millennials should be at the agenda of insurance firms.

2.6 Hypothesis Development

Under the topic of service innovation, choosing between co-innovation or a traditional new service development may create different perceptions for the customers who did not engage in the firms' co-innovation process (Fuchs and Schreier, 2011). However before making further advances, it is important to highlight the difference between customers and professionals as well as its variations in relation.

Considering the customers involved in co-innovation, they are a representative sample of the mass of potential customers with a unique knowledge about their needs (Poetz and Scheier, 2012), which becomes useful information to develop service innovation.

Despite, being informative about their needs the average customer do not have the expertise of a firm professional to design a service. Furthermore, customers will tend to focus on their needs and disregard common needs (Van der Panne, Van Beers and Kleinknecht, 2003; Brockhoff, 2003). These are the main difference between customers and professionals.

The relation between customers and professionals also changes with co-creation because being involved in the innovation process, customers will feel empowered and develop more favourable corporate attitudes (Fuchs and Schreier, 2011). However being innovative is not the as being perceive innovative (Brown et al, 2006). How customers will perceive firms that are co-creating? In terms of innovation ability the studies of Shreier and its colleagues (2012) concluded that user involvement in designing new products improved customers' perceptions of a firms' inovability ability. Compared with products that are fully developed by companies, products that are developed with users are better perceived resulting in higher willingness to purchase, willingness to pay and willingness to recommend. Also labeling products as co-created enhances consumer perceptions about a company's innovation capability (Schreier et al 2012).

Hence our first hypothesis is:

H1a: Firms that use Co-creation as an innovation strategy will be perceived with more ability to innovate

Corporate ability associations are most likely to be the source of information for the customers (Wansink, 1989) for services, since new service reliability and quality can only be evaluated

afterwards. The customer build a perception based on the information available (Dick, Chakravarti, and Biehal 1990; Simmons and Lynch 1991).

Thus, there is a stimulus for firm's to explore their reputations in the context of information asymmetry between provider and buyer (Nayyar, 1990). Studies have shown consumer evaluations are affected by reputation for innovation (Brown and Dacin, 1997; Keller, 2003) and are associated with investments in R&D, the expertise and its manufacturing capabilities. (Keller, 2003).

Besides, an innovative firm reputation can have other impacts on customers perceptions. They are found to be captivating, trustworthy and associated with expertise, (Keller and Aaker, 1992) employing innovative and creative professionals (Crawford and Di Benedetto, 2003).

From the customer standpoint, involving other customers, in the new product development process, the expertise could be diluted. Even worse, it might harm customers perception of the firm's innovation ability (Argo, Dahl, & Morales, 2006).

Therefore, we expect for firms with high reputation for innovation to have a negative impact on its innovation ability perceptions by adopting co-innovation as it can be perceived by customers to damage the new service development process due to the perceptions of lower expertise (more),. In contrast, co-creation for firms with low reputation may be seen as a new source of innovation to complement the internal capabilities. So we posited:

H1b: The innovation effect of co-creation (professionally developed) is higher in firms with low (high) reputation for innovation.

Extant literature found a positive association between corporate attitudes and customer behavioural intentions. (Schreier et al., 2012; Fuchs and Schreier, 2011; Brown and Dacin 1997). In the new service development, the benefits a higher customer involvement can bring it may affect the customers' perception leading to consider the firm to be more customer oriented (Fuchs and Schreier, 2011). The effect of being more customer centric was found to increase intentions to recommend as well as higher commitment to the firm by (re-)purchasing products (Brady and Cronin, 2001; Zeithaml, Berry and Parasuraman, 1996; Brown and Dacin 1997).

The uncertainty is generally high, when a novel service is launched in the market which makes the customers perceptions of risk to increase. The perceived risk is a critical factor that influences consumer behavior (Bettman, 1973). So the more risk is involved the more likely for customers to evaluate other service alternatives, experiment trials of such service (Dowling and Staelin, 1994) or trust on various sources of information like corporate reputation for innovation (Gürhan-Canli and Batra, 2004). As such, firms with high level of reputation for innovation, the services will be perceived as more reliable (Gürhan-Canli and Batra, 2004) and they will develop more positive behavioural attitudes towards the brand like loyalty and trust (Henard and Dacin, 2010).

However, adopting co-creation for firms with high levels of reputation for innovation, might damage the innovative associations they have about the company (Keller, 2003) because the uncertainty in new service developments will increase. This assumption is constructed on the basis, non-involved customers perceive innovative firms to have creative employees and experts which do not require help during the product development process.

In contrast, firms with low levels of reputation for innovation are perceived to lack expertise (Moreau and Herd, 2010), so involving customers in the service development will provide a positive effect as they will likely be considered more customer centric.

In the literature, it was proven beneficial to be perceived more customer oriented in what concerns purchase and recommend intentions (Brown and Dacin 1997; Schreier et al. , 2012). Therefore we postulate:

H2a: Products labeled as Co-creation will have higher purchase intentions.

H2b: Products labeled as Co-creation (vs professional developed) will have higher purchase intentions in firms with low (high) reputation for innovation.

H3a: Co Products labeled as Co-creation will have higher recommendation intentions.

H3b: Products labeled as Co-creation (vs professional developed) will have on recommendation intentions is higher in firms with low (high) reputation for

Collaboration with users pays for the firms. In the studies conducted by Schreier (2012) consumers are willing to pay up to fifty percent premium to use this products. Another example following similar results, appointed the variety of capabilities used in the innovation process as well as the diversity of intervening agents to lead consumers value up to thirty three percent more a product, if they knew the product was co-innovated (Kazadi, Lievens and Mahr, 2015). As such, we expect:

H4a: Co-creation will have a positive effect on willingness to pay.

We argued, co-creation to be more beneficial for innovation ability, intentions to purchase and recommend for firms with low level of reputation for innovation. This is manly due to the lack of expertise from professionals associated to those type of firms (Keller, 2003).

The involvement of customers would be challenging for firms with high reputation for innovation due to an increase in risk, which would lead customers willing to pay less for the co-created product, ceteris paribus. However in the case of firms with low reputation for innovation, co-innovation pays-off, as the risk of involving a new source in the service development is less than the potential benefit, since will be able to address the customers' needs more effectively (Nishikawa et al., 2012; Schreier et al., 2012)

H4b: The effect of products co-created (professionally developed) on willingness to pay is higher in firms with low (high) reputation for innovation.

3.1 Methodology

The context: Insurance industry

Despite benefited from growth and efficiency brought by innovation (Garth, 2011), insurance companies demonstrated a degree of conservativeness, in which innovations were mainly counter-cyclical and not dynamical (Pearson, 1997).

This degree of conservatism was associated to technological opportunity, conservatism of the “corporate culture” in leading firms, costs associated with uncertainty, legal barriers and market structures (Pearson, 1997). This factors were enhanced after the world financial crisis, where stricter regulation such as solvency II in Europe required more liquidity to face new risks. Those risks can be terrorism, changes in climate, politics, technology, economy and in customer preferences (Njegomir and Rihter, 2013).

For insurance companies the predominant non-distribution model distances the customer from the firm, as the interaction mainly take place by the sales agent, an independent person or organization that acts as a broker. This prevents the insurances from learning, because of the low interaction they have during the pre-sale phase, as well as, ignoring the overall customer experience from searching for more information until the product is acquired (Schaerer, Wanner and Grinyer, 2011). However, as S-D logic suggests, interactions are the basis of value creation, it is of utmost importance to have regular, value-added interactions. Those will depend on who will integrate the process of co-creation.

While investigating the impact of perceived innovation ability in the Insurance Industry, and important changes have taken place in the market (AXA merged with AGEAS Group), we created a context of high and low innovation to assess differences in the effect of different degrees of perceived innovation ability in three outcome variables: a) intention to recommend the firm; b) intention to purchase the insurance solution, c) Willingness to pay. To this end we developed a survey that was then randomly distributed to participants where different cocreation scenarios were presented: customers and sale agents vs. professionals,.

3.2 Procedure and Stimuli

Under the context of Insurance Solutions Innovation, the study was between subjects study 2 (perceived innovation ability: High and Low Contexts) × 3 (development product methods: Consumer, Sale Agents and Firm Professionals). The survey designed, randomly assigned participants to one of the six groups.

The survey was available in English only. For this study 243 participants started the survey but only 197 finish it. From the 197 participants, 50,8% were female and the average age was 22 years. One hundred and thirty two were Portuguese (67%) and sixty five were non Portuguese (33%).

At the beginning, all participants received information about the purpose of the study. (“This survey is part of my master thesis and aims to test how consumers perceive firm ability to come up with new products.”), then participants then read standardized information about the company which was used for the study, PROINS. Next participants were randomly assigned to their innovation scenario (either, Low and High nnovation reputation). For the High Innovationn Context, two logos of innovation awards were presented.

3.3 Scenarios

In the low Innovation Context, participants read:

“Since its foundation, PROINS has a well-established position in the Insurance Industry. PROINS Top Managers attribute the development of insurance solutions to be the most important success factor in this Industry.

Every year at least, one insurance product is launched. In most markets, PROINS imitates successful insurance solutions from competitors. Design of the product is given great importance. So far, its products are being well received by customers. Recently, PROINS specialized in the Auto Insurance Market due to its high return potential.”

High Innovation Context

Alternatively those that saw the high innovation scenario read:

“Since its foundation, PROINS has a well-established position in the Insurance Industry. PROINS Top Managers attribute the development of insurance solutions to be the most important success factor in this Industry.

Every year at least, one insurance product is launched. In most markets, PROINS has been a pioneer in the development of insurance solutions. Design of the product is given great importance. So far, its products are being well received by customers. Recently, PROINS specialized in the Auto Insurance Market due to its high return potential. This allowed them to receive awards from Insurance Times and Business Insurance. Below, is the rewards recently received.”



After presented the low or high innovation ability contexts, the participants were asked to complete a manipulation check regarding PROINS’ innovation ability. The purpose of this manipulation check was to assess if the participant understood the scenario provided, so as to check if the reputation effect is being studied.

Therefore, before the co-creation treatment participants were subject to identical stimuli. The group-specific treatment was then applied, participants receive information about one of the three possible methods used by the company in the development of a new insurance plan for the auto segment that was going to be launched in the market. So, for each scenario, one of three possible development methods was assigned to each participant, internal development by professionals or co-creation, by sales agents or customers.

Since the term co-creation is unfamiliar to most of the sample interviewed, during the presentation of scenarios, we have not communicated the word co-creation, but instead just described the process. it was not used in the message and used only one time in the product image stimuli presented.

Internal Development Scenario

Firm

“At this moment, PROINS is considering to enter in a new niche market for the auto segment, those that drive less than 40Km per day. The idea was to develop a new insurance plan for the auto insurance segment.

Professionals at PROINS developed the new product. Thereby, professionals produced the ideas for the coverages, the product name, and the design of the logo. The best concept was awarded and implemented by PROINS”

Co-creation Scenarios

Agents

“At this moment, PROINS is considering to enter in a new niche market for the auto segment, those that drive less than 40Km per day. The idea was to develop a new insurance plan for the auto insurance segment.

Agents at PROINS developed the new product. Thereby, agents produced the ideas for the coverages, the product name, and the design of the logo. The best concept was awarded and implemented by PROINS.”

Online User Community

“At this moment, PROINS is considering to enter in a new niche market for the auto segment, those that drive less than 40Km per day. The idea was to develop a new insurance plan for the auto insurance segment.

PROINS used its online user community, to develop the new product. Thereby, online user community produced the ideas for the coverages, the product name, and the design of the logo. The best concept was awarded and implemented by PROINS”

After reading the scenario of the development process of the new insurance solution, a new manipulation check regarding the development mode, was asked to the participant.

It is crucial this manipulation check to be validated. As it will confirm that the participants understood well the development process, which is often not the case as respondents tend to

uncomprehend the co-creation communication (Dijk, Anthonides and Schillewaert, 2014). Besides, participants are asked about the perception of the innovation ability of the company.

Right after, a universal description is used to demonstrate the final result of the innovation strategy.

“Now we are going to show you the result of the innovation strategy from PROINS”

A picture of the new insurance solution campaign is presented (see appendix), which also incorporates the development process used.

Lastly, with the picture of the stimuli presented, the participants are asked to evaluate the product in terms of, intention to recommend, to purchase and willingness to pay. The survey ends with demographic questions (preference of interactions in the insurance plan, age, gender and nationality).

Survey Diagram



3.4 Measures

Table	
Innovation Firm Perception Manipulation check	How Innovative do you consider PROINS? [1] Not very Innovative... [7] Very Innovative
Product Involvement (Alpha= 0.831)	(1) How much do you like this type of product?; (2) How frequently do you buy this type of product?; (3) How interesting do you think this type of product is?; (4) How important this type of product is for you?; (5) What is your overall satisfaction with insurance solutions?; (6) What is your knowledge about insurance solutions? [1. Not at all, 4= Neither/Nor, 7 =Very] (Zaichkowsky, 1985)
Co-Creation Manipulation Check	Who was involved in the development process of the product? [1= Online User Community, 4= Sale Agents, 7= Professionals]
Innovation Ability (Alpha = 0.962)	What do you think about the firm's innovation ability? I think this company's ability to innovate is... [1] Not very high... [7] Very high, [1] Not very strong... [7] Very strong, [1] Not excellent... [7] Excellent
Intention to recommend (Alpha = 0.937)	(1) I would recommend the firm PROINS; (2) I would talk up the firm PROINS to my friends [1] Strongly Disagree... [7] Strongly Agree
Intention to purchase (Alpha = 0.961)	(3) To me purchasing a product from this firm is [1] Very Unlikely...[7] Very Likely (4) What would be the future purchase probability of products for this firm? [0] No Chance, would never buy, [10] Certain, practically certain would definitely buy
Willingness to Pay	(5) Assuming that you wished to purchase KM AUTO plan, what do you think would be the most you would pay for this insurance plan? A similar insurance plan in the market cost 100€ [1] 0-24€, [2] 25-49€, [3] 50-74€, [4] 75-99€, [5] 100-124€, [6] 125-149€, [7] 150-174€, [8] 175-199€, [9] Above 200€

4. Results

4.1 Manipulation Checks

Manipulation checks show that participants perceived correctly the intended scenarios. For the high/low innovation scenarios, participants successfully understood whether the firm was highly innovative or not ($M_{\text{low-inno}}=3.07$, $M_{\text{high-inno}}=5.53$, $p<0.01$).

For the co-creation scenarios, participants also identified correctly the specific design mode: firms professionals' responsibility or co-created with sales agents or consumers' ($M_{\text{professionals}}=5.77$, $M_{\text{sales-agents}}=3.98$, $M_{\text{online-user-community}}=1.84$, $p<0.05$). Since we have more than two groups, a one-way anova, post hoc multiple comparison tukey test was used to validate this manipulation check.

	Low Innovation	High Innovation	t-value
Manipulation Check	3.07	5.53	13.826 , $p<0.01$
N	99	98	

Multiple comparison tukey test

	Firm Professionals	Co-Creation Sale Agents	Co-Creation Online User Community
Firm Professionals	0	1.785 (<0.001)	3.933 (<0.001)
Co-Creation Sale Agents	-1.785 (<0.001)	0	2.149 (<0.001)
Co-Creation Online User Community	-3.933 (<0.001)	-2.149 (<0.001)	0

	Firm Professionals	Co-Creation Sale Agents	Co-Creation Online User Community
Manipulation Check	5.77	3.98	1.84
N	65	65	67

4.2 Control Variable

Product Involvement was used as control variable. The high innovation scenario yielded significantly higher levels of product involvement than the low scenario. ($M_{\text{Low Innovation}}=3.35$, $M_{\text{High Innovation}}=3.66$, $p<0.05$).

	Low Innovation	High Innovation	t-statistic
Product Involvement	3.35	3.66	$t=2.15$, $p<.05$

4.3 Co-Creation Main Effect

Concerning the main effect of development mode, an analysis of variance (ANOVA) revealed differences between cocreated products and professional created products along dimension of Innovation Ability ($F_{(197, 2)} = 11.888, p < .05$), Recommend ($F_{(197, 2)} = 6.548, p < .05$) and Purchase Intentions ($F_{(197, 2)} = 8.175, p < .05$). As for Willingness to pay no statistical evidence was found ($F_{(197, 2)} = 0.524, p > .05$).

In line with (H1a) Co-creation has positive effect on innovation ability perceptions. $F_{(197,2)} = 11.888$ $p < 0,05$. In order to try to understand fully this effect we conducted pos-hoc tests to understand fully the differences. Products co-created with Sale agents ($M_{agents} = 5.39$) are perceived as to contribute more to than customers ($M_{commun} = 4.73$) and professionals ($M_{Prof.} = 4.54$) the firm's innovation ability to come up with new products ($M_{agents} = 5.39; M_{commun} = 4.73; M_{Prof.} = 4.54, p < .05$). Interestingly online community was not perceived with increase the firm's perceived ability to innovate than ($M_{commun} = 4.73, M_{Prof.} = 4.54, p > .05$). Therefore we H1a was confirmed.

In H2a we posited that consumers' recommend intentions would be higher for co-creation scenarios. Our findings did show support for this hypotheses at significance level of 5%. However when we conducted the post-hoc tests, it is interesting to note, again the difference between professionals and sale agents co-created product ($M_{agents} = 5.031, M_{Prof.} = 4.45, M_{commun} = 4.2, p < .05$), whereas the online community ($M_{commun} = 4.2, p > .05$) failed to show a statistical significant difference in intentions to recommend over professionals ($M_{Prof.} = 4.45, p > .05$). H2a was confirmed

In H3a we proposed that purchasing intentions of products communicated as co-created would be higher than firm designed products. Our results show a positive effect in the case of sale agents over those of professionals ($M_{agents} = 5.092, M_{Prof.} = 4.362, p < .05$). Interestingly, products that results from the interaction with sales agents display higher purchase intentions than those developed by the firm's online community ($M_{agents} = 5.092, M_{commun} = 4.388, p < .05$). Thus, our results confirm H3a.

(H4a) The result shows that communicating that products were co-created does not influence willingness to pay of the consumers. No statistical evidence was found so the hypothesis does not hold ($M_{Prof.} = 99.69, M_{agents} = 105.08, M_{commun} = 98.19, p > .05$).

	Main Effect	Interaction effect	
	Development mode	Reputation for Innovation	Development mode*Reputation for Innovation
Innovation Ability	F(197, 2) =11.888, p=0.013	F (197, 1)=6.241 , P < 0.001	F(197, 4)=23.448, p<0.001
Recommend Intentions	F(197, 2)= 6.548, p=0.002	F (197, 1)=5.164, p = 0.024	F(197, 4)=23.742, p<0.001
Purchase Intentions	F(197, 2)=8.175, p<0.001	F(197, 1)=3.148, p > 0.05	F(197, 4)=21,198, p<0.001
Willingness to Pay	F(197, 2)=.524, p > 0.05	F(197, 1)=5.914, p=0.016	F(197, 4)=4.393, p=0.014

4.4 Co-Creation interacted with reputation for innovation

Regarding our hypotheses H1b;H2b;H3b;H4b that looked how reputation for innovation would influence perception about the worth of development mode. Evidence shows supports statistical significance of an influence on perceptions of Innovation Ability ($F_{(197, 4)}=23.448, p<0.05$), intentions to recommend ($F_{(197, 4)}=23.742, p<0.05$) and Purchase ($F_{(197, 4)}=21,198, p<0.05$), as well as Willigness to Pay ($F_{(197, 4)}=4.393, p<0.05$). Even controlling with product involvement the interaction effects still holds for $p < .05$ (see appendix),

This is in line with (H1b) we postulated that firms with low (high) reputation for innovation would have stronger inovability perceptions for co-created products (professionally developed). Our findings support for low reputation for innovation firms whose services are developed by professionals to be perceived with lower innovation abilities than those firms who co-create (either with sale agents or online community) ($M_{agents}=5.58, M_{commun}= 4.7 M_{prof}=3.49, p < .05$). Therefore these firms are perceived as more innovative when using outside knowledge to co-create. It is interesting to note, for low innovation reputation who is co-creating matters as agents are perceived as more able but also the online community is perceived as more able than professionals ($M_{commun}= 4.7, M_{prof}=3.49, p < .05$) co-creation scenarios found statiscal significance for low innovation scenario ($M_{agents}=5.58, M_{commun}= 4.7, p < .05$).

Conversely, in firms with high reputation for innovation , firms who develop services with professionals are perceived with higher innovation abilities than firm who co-create with sale

agents or online community ($M_{\text{prof.}}=5.57$, $M_{\text{agents}}=5.02$, $M_{\text{commun}}= 4.27$, $p < .05$). Hence, the hypothesis is confirmed.

Regarding (H2b) we posited that the effect of co-created products (professionally developed) on purchase intentions is stronger in firms with low (high) reputation for innovation. Our results show that for low innovative firms observing consumers display higher intentions to purchase the product ($M_{\text{prof.}}=3.42$, $M_{\text{commun}}= 4.62$, $M_{\text{agents}}=5.33$, $p < .05$). Alternatively, firms with high reputation for innovation the effect of products developed by professionals is stronger on purchasing intentions ($M_{\text{prof.}}=5.37$, $M_{\text{agents}}=4.74$, $M_{\text{commun}}= 4.15$, $p < .05$). Trying to understand where the difference lies we found no statistical significance between purchase intentions of products developed by sales agents and those created by the online community ($M_{\text{agents}}=5.33$, $M_{\text{commun}}= 4.62$, $p > .05$), whereas for firms highly innovative the effect of purchasing intentions is higher for sales agents ($M_{\text{agents}}=4.74$, $M_{\text{commun}}= 4.15$, $p < .1$).

These results are in line with H2b

H3b was also confirmed. We hypothesized that co-created (professionally developed) products on intentions to recommend is stronger with low (high) reputation for innovation. In case of low reputation for innovation firms the co-creation effect is manifested in higher intentions to recommend intentions ($M_{\text{agents}}=5.11$, $M_{\text{commun}}= 4.75$, $M_{\text{prof.}}=3.55$, $p < .05$).

In contrast, firms with high reputation for innovation the effect of products developed by professionals is stronger on recommend intentions ($M_{\text{prof.}}=5.35$, $M_{\text{agents}}=4.75$, $M_{\text{commun}}= 4.14$, $p < .05$). If we take into consideration differences between co-creation scenarios we found no statistical evidence of effect in the low innovation scenario ($M_{\text{agents}}=5.11$, $M_{\text{commun}}= 4.75$, $p > .05$) and a higher positive effect on intentions to recommend for sales agents in the high innovation scenario ($M_{\text{agents}}=4.75$, $M_{\text{commun}}= 4.14$, $p < .05$).

Finally H4b proposed the effect of co-created products (professionally developed) on willingness to pay is stronger in firms with low (high) reputation for innovation. Considering firms with low levels of reputation for innovation no statistical significance was found ($M_{\text{prof.}}=89.21$, $M_{\text{agents}}=88.52$, $M_{\text{commun}}= 104.19$, $p > .05$).

On the other hand, firms with high levels of reputation for innovation the effect of products developed by professionals is stronger on willingness to pay ($M_{\text{prof.}}= 122.16$, $M_{\text{agents}}=107.45$, $M_{\text{commun}}= 95.33$, $p < .05$). This hypothesis is partially supported.

As for differences between co-creation scenarios no statistical evidence was found for highly innovative firms ($M_{\text{agents}}=107.45$, $M_{\text{commun}}=95.33$, $p > .05$).

Our findings suggest differences in co-creation results taking into consideration the firm reputation for innovation. Low innovative firms are more likely to benefit from co-creation in terms of innovation ability, purchase and intentions to recommend the product. Contrasting with highly innovative firms where professionals should be more successful at enhancing firms perceptions alone than involving sales agents or customers in co-creation initiatives.

Besides, it was found significant perceptual differences with whom the firm is co-creating. The results point out sales agents to leverage more innovation ability perceptions, purchase and recommendation intentions than customers.

	High RFI			F tests
	Co-creation		Professionals (N=33)	
	Users (N=33)	Agents (N=34)		
Innovation Ability(S)	4.27	5.02	5.57	F(98,2) =9.639 , p<0.001
Purchase Intentions(S)	4.15	4.74	5.37	F(98,2) =6.191, p<0.001
Recommend Intentions	4.14	4.75	5.35	F(98,2) = 10.925, p<0.001
Willingness to pay	95.33	107.45	122.16	F(98,2) =3.71 , p=0.028
	Low RFI			F tests
	Co-creation		Professionals (N=32)	
	Users (N=32)	Agents (N=33)		
Innovation Ability	4.7	5.58	3.49	F(99,2) =26,714 , p<0.001
Purchase Intentions	4.62	5.33	3.42	F(99,2) =19.38 , p<0.001
Recommend Intentions	4.75	5.11	3.55	F(99,2) =27.941 , p<0.001
Willingness to pay	89.21	88.52	104.19	F(99,2) =1.379 , p=0.257

5. Conclusions

Results of our study show that co-creation is able to change customer perceptions, in the insurance industry. While this is important given the perceived image and challenges the sector is facing our results show that an important context needs to be considered: the firm reputation for innovation. A significant relationship was found between co-creation and reputation for innovation, even after controlling with product involvement.

According to our expectations, co-creation alone did affect significantly innovation ability, intentions to recommend and purchase with exception willingness to pay. However our findings suggest, only low innovative companies, to benefit from the positive effects of co-creation demonstrated by others scholars (Brown and Dacin 1997; Schreier et al. , 2012; Canli and Batra 2004; Henard and Dacin, 2010).

A possible explanation for the co-creation not be considered resourceful in highly innovative environments, from the customer point of view, might be associated to the complexity of the product. In the the study of Schreier and colleagues (2012), the expertise attributed to professionals to be the cause of positive effects of co-creation being invalidated when customer evaluate complex products. With less expertise on average by involving customers, they will perceive the new service development process to be inefficient (Moreau and Herd 2010). Our results seem to point in this direction as sales agents were seen as more able than online communities.

Managerial Implication

From a managerial standpoint, advertising co-created products should be take into consideration firm's reputation for innovation as it can influence the effects of co-creation.

On one hand, highly innovative firms co-creation had a negative impact on innovation ability, intentions to recommend and purchase as well as willingness to pay. Therefore, in case of pursuing a co-creation strategy managers should not stress that the product was co-created.

On the other hand, low innovative firms will be able to enhance their innovation ability, intention to purchase and recommend perceptions by adopting co-creation strategies. However, this effect is not felt at the willingness to pay for the product as customers are not willing to pay more for co-created products.

In line with the expertise topic, low innovative firms lack in successful innovations fail to be associated with professionalism (Keller and Aaker, 1992) and dearth of innovative and creative professionals (Crawford & Di Benedetto, 2003) passing these negative associations to the products. By involving customers, co-creation allows, more people with different capabilities to work together to develop better products, passing the positive associations to the co-created products.

Theoretical Implications

The study found a new boundary condition. Co-creation yields different effects if we consider reputation for innovation in which, highly innovative firms do not benefit from co-creation as much as low innovative firms. The complexity of the product (Schreier et al, 2012) as well as, the expertise a firm is associated (Keller and Aaker, 1992) should be taken into account when opting for co-creation.

Our results suggest insurance policies are in the domain of high complexity products and therefore require expertise to develop. Firms associated with low expertise should pursue co-creation initiatives as it is perceived as a innovative source to complement internal capabilities.

The way the study was performed it illustrates the importance of reputation under the context of a new product. Since customers evaluate the products based on the current available information (Dick et al., 1991). Reputation displays a prominent role at influencing customer evaluations of the products (Brown and Dacin, 1997; Keller, 2003), specially for service firms which customers cannot have a reliable appreciation of the service before contracting it.

Finally, co-creation effect alone was found to be significantly different taking into consideration with whom the firm is co-creating. Again, we argue that specific characteristics associated with a co-creator have in abundance the other cannot have it. Expertise is our line of reasoning, which reflects Millennials attribute more knowledge about the insurance topic to Sales agents than to an online user community filled with other Millennials.

Therefore, our study reveals the source of co-creating is crucial in order to meet the expertise standards of high complexity products.

6. Limitations and Further Development

The limitations our study have may motivate future investigations. Firstly, the car insurance was chosen because it is the product most likely participants to be familiar with, however for people who do not own a car or do not manage their insurance policies, it would be difficult to evaluate such product, given the knowledge they currently have about it. Besides this study only takes into account a visual stimulus which for a clear assessment of the product will not be enough. Consequently, the measures might not be completely accurate. It would be interesting for participants to actually experience the product instead of reviewing it in a survey.

In line with experience the product, mediating if it was satisfactory or not and relating to customers perceptions have towards co-creation could be a future investigation.

Secondly, even though insurance is present in our lives we have no evidences our results will be able to replicate at other industries or products, so our findings might be limited to the insurance industry.

Other important dimensions of reputation like financial performance, reliability and emotional appeal could also be studied as well. All these dimensions will give us a more comprehensive understanding about customers perceptions on customer co-creation.

Notes

1. “Capitalizing on Complexity: Insights from the Global Chief Executive Officer Study,” IBM Global Business Services, May 2010. Research based on 1,541 face-to-face interviews with CEOs worldwide between September 2009 and January 2010.

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Appendix

Table 1.1 - Co-Creation Main effect

	Main Effect – Co-Creation			F tests
	Co-creation		Professionals (N=65)	
	Users (N=65)	Agents (N=67)		
Innovation Ability	4.49	5.39	4.54	F(197, 2)= 11.888 , p<0.001
Purchase Intentions	4.388	5.092	4.362	F(197, 2) = 6.612 , p=0.002
Recommend Intentions	4.45	5.031	4.45	F(197, 2)= 5.082, p=0.007
Willingness to pay	99.69	105.08	98.19	F(197,2) =0.865 , p=0.423

Table 1.2 - Reputation for Innovation Main Effect

	Main Effect - RFI		F tests
	High RFI (N=98)	Low RFI (N=99)	
Innovation Ability	5.01	4.6	F(197, 1)=4.352 , p=0.013
Purchase Intentions	4.755	4.47	F(197, 1)=2.251 , p=0.135
Recommend Intentions	4.811	4.48	F(197, 1)=3.699 , p=0.056
Willingness to pay	101.65	92.61	F(197, 1)=2.353 , p=0.127

Univariate Analysis of Innovation Ability Perceptions

Tests of Between-Subjects Effects

Dependent Variable: In_ab_me

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	108,761 ^a	5	21,752	15,269	,000
Intercept	4536,182	1	4536,182	3184,232	,000
sc_hi_lo	8,890	1	8,890	6,241	,013
sc_f_a_o	33,870	2	16,935	11,888	,000
sc_hi_lo * sc_f_a_o	66,808	2	33,404	23,448	,000
Error	272,094	191	1,425		
Total	4926,778	197			
Corrected Total	380,855	196			

a. R Squared = ,286 (Adjusted R Squared = ,267)

Tests of Between-Subjects Effects

Dependent Variable: In_ab_me

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	114,341 ^a	6	19,057	13,586	,000
Intercept	363,496	1	363,496	259,139	,000
Prod_inv	5,580	1	5,580	3,978	,048
sc_hi_lo	6,192	1	6,192	4,414	,037
sc_f_a_o	33,374	2	16,687	11,896	,000
sc_hi_lo * sc_f_a_o	71,459	2	35,730	25,472	,000
Error	266,514	190	1,403		
Total	4926,778	197			
Corrected Total	380,855	196			

a. R Squared = ,300 (Adjusted R Squared = ,278)

Univariate Analysis of Intentions to Purchase Perceptions

Tests of Between-Subjects Effects

Dependent Variable: In_pu_me

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	85,619 ^a	5	17,124	12,299	,000
Intercept	4179,044	1	4179,044	3001,599	,000
sc_hi_lo	4,383	1	4,383	3,148	,078
sc_f_a_o	22,764	2	11,382	8,175	,000
sc_hi_lo * sc_f_a_o	59,028	2	29,514	21,198	,000
Error	265,924	191	1,392		
Total	4541,250	197			
Corrected Total	351,543	196			

a. R Squared = ,244 (Adjusted R Squared = ,224)

Tests of Between-Subjects Effects

Dependent Variable: In_pu_me

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	98,214 ^a	6	16,369	12,277	,000
Intercept	381,849	1	381,849	286,392	,000
Prod_inv	12,595	1	12,595	9,447	,002
sc_hi_lo	1,944	1	1,944	1,458	,229
sc_f_a_o	21,826	2	10,913	8,185	,000
sc_hi_lo * sc_f_a_o	66,650	2	33,325	24,994	,000
Error	253,329	190	1,333		
Total	4541,250	197			
Corrected Total	351,543	196			

a. R Squared = ,279 (Adjusted R Squared = ,257)

Univariate Analysis of Recommend Intentions

Tests of Between-Subjects Effects

Dependent Variable: In_re_me

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	73,885 ^a	5	14,777	13,022	,000
Intercept	4239,758	1	4239,758	3736,212	,000
sc_hi_lo	5,860	1	5,860	5,164	,024
sc_f_a_o	14,861	2	7,431	6,548	,002
sc_hi_lo * sc_f_a_o	53,883	2	26,941	23,742	,000
Error	216,742	191	1,135		
Total	4540,500	197			
Corrected Total	290,627	196			

a. R Squared = ,254 (Adjusted R Squared = ,235)

Tests of Between-Subjects Effects

Dependent Variable: In_re_me

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	81,874 ^a	6	13,646	12,420	,000
Intercept	359,395	1	359,395	327,108	,000
Prod_inv	7,989	1	7,989	7,271	,008
sc_hi_lo	3,425	1	3,425	3,117	,079
sc_f_a_o	14,618	2	7,309	6,652	,002
sc_hi_lo * sc_f_a_o	59,890	2	29,945	27,255	,000
Error	208,753	190	1,099		
Total	4540,500	197			
Corrected Total	290,627	196			

a. R Squared = ,282 (Adjusted R Squared = ,259)

Univariate Analysis of Willingness to pay

Tests of Between-Subjects Effects

Dependent Variable: wtp

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	26955,265 ^a	5	5391,053	3,147	,009
Intercept	2014377,150	1	2014377,150	1176,031	,000
sc_hi_lo	10130,477	1	10130,477	5,914	,016
sc_f_a_o	1796,368	2	898,184	,524	,593
sc_hi_lo * sc_f_a_o	15047,896	2	7523,948	4,393	,014
Error	327156,410	191	1712,861		
Total	2362093,000	197			
Corrected Total	354111,675	196			

a. R Squared = ,076 (Adjusted R Squared = ,052)

Tests of Between-Subjects Effects

Dependent Variable: wtp

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	27246,506 ^a	6	4541,084	2,640	,018
Intercept	136963,969	1	136963,969	79,614	,000
Prod_inv	291,241	1	291,241	,169	,681
sc_hi_lo	9157,813	1	9157,813	5,323	,022
sc_f_a_o	1841,211	2	920,606	,535	,586
sc_hi_lo * sc_f_a_o	14489,116	2	7244,558	4,211	,016
Error	326865,169	190	1720,343		
Total	2362093,000	197			
Corrected Total	354111,675	196			

a. R Squared = ,077 (Adjusted R Squared = ,048)

Survey Example

Introduction to Survey

▼ Introduction

0 This survey is part of my master thesis and aims to test how consumers perceive firms ability to come up with new products.



There are no wrong or right answers, so we expect you to answer honestly to all questions, as all the answers are anonymous and confidential.

The survey takes about 5 minutes to complete.
Thank you!

▼ Introduction to survey

0.1 First you will read about an insurance company that is considering developing new insurance solutions.



Please read all information provided and answer each question carefully.

PROINS company description Low Innovation Scenario

▼ Low Innovation - Description

1 Since its foundation, PROINS has a well-established position in the Insurance Industry. PROINS Top Managers attribute the development of insurance solutions to be the most important success factor in this Industry.



Every year at least, one insurance product is launched. In most markets, PROINS imitates successful insurance solutions from competitors. Design of the product is given great importance.

So far, its products are being well received by customers.

Recently, PROINS specialized in the Auto Insurance Market due to its high return potential.

PROINS company description High Innovation Scenario

▼ High Innovation - Description

□ 2



Since its foundation, PROINS has a well-established position in the Insurance Industry. PROINS Top Managers attribute the development of insurance solutions to be the most important success factor in this Industry.

Every year at least, one insurance product is launched. In most markets, PROINS has been a pioneer in the development of insurance solutions. Design of the product is given great importance.

So far, its products are being well received by customers.

Recently, PROINS specialized in the Auto Insurance Market due to its high return potential. This allowed them to receive awards from Insurance Times and Business Insurance. Below, is the rewards recently received.



Manipulation Check and Product Involvement

Please answer the following question

	1. Not very innovative	2.	3.	4. Neither/nor	5.	6.	7. Very Innovative
How Innovative do you consider PROINS?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please rate the following sentences regarding your attitude towards Insurance Solutions

	1. Not at all	2.	3.	4. Neither/nor	5.	6.	7. Very
How much do you like this type of product?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
How frequently do you buy this type of product?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
How interesting do you think this type of product is?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
How important this type of product is for you?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
What is your overall satisfaction with insurances solutions?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
What is your knowledge about insurance solutions?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

▼ Presentation of the new product

product
presentati
on

Now you are going to read about the new business opportunity discovered by PROINS and how they explored it.



Internally developement Scenario

At this moment, PROINS is considering to enter in a new niche market for the auto segment, those that drive less than 40Km per day. The idea was to develop a new insurance plan for the auto insurance segment.

Professionals at PROINS developed the new product. Thereby, professionals produced the ideas for the coverages, the product name, and the design of the logo. The best concept was awarded and implemented by PROINS

Co-creation Scenario – Sales Agents

At this moment, PROINS is considering to enter in a new niche market for the auto segment, those that drive less than 40Km per day. The idea was to develop a new insurance plan for the auto insurance segment.

Sale agents at PROINS developed the new product. Thereby, sale agents produced the ideas for the coverages, the product name, and the design of the logo. The best concept was awarded and implemented by PROINS

Co-creation Scenario – Online User Community

At this moment, PROINS is considering to enter in a new niche market for the auto segment, those that drive less than 40Km per day. The idea was to develop a new insurance plan for the auto insurance segment.

PROINS used its online user community, to develop the new product. Thereby, online user community produced the ideas for the coverages, the product name, and the design of the logo. The best concept was awarded and implemented by PROINS

Co-creation Manipulation Check

Please answer the following question

	1. Online User Community	2.	3.	4. Sale Agents	5.	6.	7. Professionals
Who was involved in the development process of the product?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Innovation Ability

What do you think about the firm's innovation ability? I think this company's ability to innovate is...

Not very high	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very high
Not very strong	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very strong
Not excellent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent

Product Stimuli- Firm



PROINS

The only Insurance company in which you save while not driving.
Always with premium coverage's.
Your decision.

KM AUTO

Coverages

- Bodily Injury
- Property Damage
- Collision
- Comprehensive
- Personal Injury protection /Medical
- Uninsured & Underinsured motorist coverage
- Emergency Roadside Assistance

Product Stimuli – Sale Agents



PROINS

The only Insurance company in which you save while not driving.
Always with premium coverage's.
Your decision.

KM AUTO

Coverages

- Bodily Injury
- Property Damage
- Collision
- Comprehensive
- Personal Injury protection /Medical
- Uninsured & Underinsured motorist coverage
- Emergency Roadside Assistance

Co-created by our sale agents

Product Stimuli – Online User Community

PROINS The only Insurance company in which you save while not driving.
Always with premium coverage's.
Your decision.

KM AUTO

Coverages

- Bodily Injury
- Property Damage
- Collision
- Comprehensive
- Personal Injury protection /Medical
- Uninsured & Underinsured motorist coverage
- Emergency Roadside Assistance

Co-created by our online user community

Intention to recommend

Please rate the following statements

	1. Strongly disagree	2.	3.	4. Neither/Nor	5.	6.	7. Strongly agree
I would recommend the firm PROINS	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would talk up the firm PROINS to my friends	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Intention to purchase

To me, purchasing a product from this firm is

Very Unlikely	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	Very Likely
Very Improbable	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	Very Probable

What would be the future purchase probability of products from this firm?

- 0. No chance, would never buy
- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10. Certain, practically certain, would definitely buy

Willingnes to pay

Assuming that you wished to purchase KM AUTO plan, what do you think would be the most you would pay for this insurance plan? A similar insurance plan in the market cost 100€

- 0-24 €
- 25-49 €
- 50-74 €
- 75-99 €
- 100-124 €
- 125-149 €
- 150-174€
- 175-199€
- Above 200€

Demographics

Imagine you have an insurance plan which let you choose the person you interact with for any explanation regarding your insurance plan. Rank by order of preference, from 1 (most preferred), to 3 (least preferred), the person you would like to interact

Consumer Expert

1

Agents

2

Firm Professionals

3

What is your Gender?

- Male
- Female

What is your current age? (If you are 22 years old, just write 22)

What is your nationality?

- American ▼
- American
- Austrian
- Belgian
- Danish
- Dutch
- English
- French
- German
- Irish
- Italian
- Portuguese
- Spanish
- Swedish
- Swiss
- Other