Academic Journal of Management and Social Sciences
ISSN: 2958-4396 | Vol. 11, No. 3, 2025

Analysis of Customer Value Co-creation and Individual Economy in the Digital Environment

-- Taking China's Consulting Services Industry as an Example

Haixia Du *

School of Business, Macau University of Science and Technology, Macau, China
*** Corresponding author Email:** happyduhaixia@163.com

Abstract: Taking consulting services as an example, this paper discusses the current challenges faced by knowledge service industries in the digital environment and demonstrates the rise of the individual economy alongside the process of customer value co-creation. The aim of this research is to analyze the evolving relationship between customers and service providers under the new paradigm and to identify emerging development opportunities for the knowledge service industry. The study primarily employs case analysis and qualitative research methods, concluding that customers play a leading role in value co-creation activities within the digital environment, while the emergence and supportive role of the individual economy must also be acknowledged. Future research could further focus on value co-creation from diverse perspectives, such as exploring the impact of digitalization on value co-creation or conducting studies across various industries using quantitative research methods. This paper provides a foundational framework for subsequent value co-creation research and offers practical insights for the operations of knowledge service enterprises.

Keywords: Customer Value co-creation; Customer Participation; Individual Economy.

1. Introduction

The digital economy is a mainstream form of the future global economy. According to the “Research Report on the Development of China's Digital Economy (2024)”, in 2023, China continued to make breakthroughs in new technologies, such as 5G and artificial intelligence. The scale of the digital economy reached 53.9 trillion yuan, accounting for 42.8% of GDP, showing a stable increase from the previous year. Since 2025, the digital economy has continued to integrate with and deepen its development within the real economy across various sectors, creating favorable conditions for the emergence of new business models. The digitalization of government, enterprises, and all kinds of social institutions has completed transformations in internal organizational structures, business processes, service modes, etc. In this context, what opportunities lie ahead in the second half of the digitalization journey? Take the knowledge service agency in China's tertiary industry as an example. Its traditional operation mode is to eliminate information asymmetry, integrate industrial chain resources, and form a powerful resource center to occupy market positions, such as the real estate agency “Lianjia”. However, in the digital era, knowledge-intensive industries are bound to face new challenges. The ubiquitous mobile Internet makes the acquisition of knowledge and information simpler. Moreover, the emergence of AI large models like DouBao, DeepSeek, and Manus provides every customer with a 7*24-hour “think tank”. Customer authority has been extremely amplified, coupled with the oversupply, making the buyer's market position more prominent. Therefore, today's customers should no longer be positioned as “information receivers” or “buyers”, but rather as “leaders” and “participants”. Relying on highly developed digital platforms, enterprises and customers have more opportunities to interact, and customers become an important resource and driving force for creating new value.

Value co-creation has long been the focus of discussion in both business and academic areas. It was first introduced in [1], which argued that the future competition of enterprises would depend on a new method of value creation—namely, individual-centered value creation—where consumers and enterprises jointly create value.

In the Internet wave of the past two decades, the core of value creation for platform enterprises, represented by technology giants, has been the products/services they provide. For instance, Apple offered smartphones and iPads, Alibaba provided e-commerce and online trading platforms, while Tencent delivered social media and online gaming services. A powerful platform economy once prevailed. However, in recent years, large Internet companies have experienced declining performance and ongoing layoffs. On the contrary, new media platforms such as TikTok, Bilibili (Bilibili: A big online video Internet website in China, which is also a culture community for the young.), and Xiaohongshu (Xiaohongshu (the Redbook): An Internet social media platform in China. It allows users to share their lives by writing notes and is very popular among young people.), which emphasize customer-centricity and support the development of individual economies, have developed rapidly. All these phenomena indicate that the focus of value creation is shifting to customers, with customer participation and interaction becoming a critical component of emerging business models.

2. The Dilemma in Knowledge Services

The traditional consulting service industry mainly relies on human resources and intellectual output, with a strong dependence on skilled consultants and the company's overall strength in areas such as industry reputation, talent

development, and knowledge management. The primary challenges faced by consulting service firms include the following:

2.1. Decline of the Company's Brand Effect

More than a decade ago, McKinsey & Company sold a series of consulting reports for millions of dollars. The consulting firm has since lost its former appeal and requires repositioning. In today's increasingly complex business environment, enterprises are less likely to invest substantial sums in pursuit of comprehensive solutions. Instead, they prefer targeted and specialized consulting services. Within the digital economy, customers are no longer misled by information asymmetry and do not pay consulting firms solely due to their size or strong brand reputation. Rather, they gather information from diverse sources, seek more precisely matched services, and focus on the background, expertise, and experience of consultants within relevant professional domains, aiming to achieve collaborations that generate excess value.

2.2. Challenges of Paid Knowledge Services

Consulting services are a knowledge-intensive industry with a relatively high entry threshold. Consultants must undergo extensive knowledge acquisition and case-based practice to become experts in a specific domain, which also imposes significant training and employment costs on consulting firms. But at the same time, in the digital economy, customer expectations have risen, and they seek not merely fancy PowerPoint presentations, but the implementation effect of the plans. When customers find there is a substantial gap between the planning and implementation, their satisfaction declines. As a result, it is harder for consulting firms to make money.

2.3. Lack of Customer Participation

The conduct of a consulting project is mainly based on the work of the consultants. Through interviews, questionnaires, field visits, data analysis, and other methods, consultants identify the client's current situation, diagnose issues, set objectives, analyze gaps, develop plans, and ultimately produce a consulting report, which is delivered to the client. During this process, client involvement is often minimal, with some enterprise executives delegating the entire problem-solving process to the consultants and only engaging once the final report is presented. This lack of in-depth participation from clients not only makes it challenging for them to take ownership of the project outcomes but also jeopardizes the effectiveness of subsequent implementation efforts.

2.4. Impact of Digital Technology

The rapid advancement of the digital economy has significantly enhanced people's lives by providing greater convenience and more efficient means of acquiring knowledge. In traditional knowledge-intensive services, such as seeking an information technology solution or consulting on a specialized problem, customers can now access a wealth of information via the Internet. It is no longer feasible for enterprises to use the advantages of information asymmetry to earn high profits. The highly advanced digitalization, Internet, and artificial intelligence have brought significant challenges to the consulting industry.

3. New Opportunities of Individual Economy

In China, we have carried out comprehensive digital transformation within organizations, built a core growth engine driven by digital capabilities, and reconstructed the management approach, operation system, and organizational structure of the enterprise. Today, a new round of externally-focused digital revolution has quietly taken place. Meanwhile, recently, HR managers at large companies have begun to evolve the "5Ps" of HRM: People, Position, Payment, Power, and Intellectual Property. Evidently, the power of individual influence has caught the attention of human resource managers at large companies. The new labor market is no longer a single, uniform "screw", but a young generation focused on personality development and personal branding. In the individual economy, notable figures such as Internet influencers Dong Yuhui, Luo Yonghao, and Zhang Xuefang exemplify this trend, alongside ordinary individuals like food delivery workers, online taxi drivers, and direct sellers who also contribute to this evolving landscape. The traditional organizational structure of "company + employee" is gradually being dismantled, giving way to new forms of organization such as partnership systems and communities of shared interests.

There exists a fertile ground for the growth of individual economies in the domestic consulting service industry. Most consulting firms operate as partnerships, with work modes that are autonomous and adaptable. Consultants are not entirely bound to their companies, allowing them to maintain a relatively high degree of personal independence, which in turn creates opportunities for the development of individual economies. On the Internet, roles such as lawyers, psychological counselors, risk managers, and family education consultants have emerged. They establish their own personal brands on major new media platforms, connect and interact with customers through the Internet, enabling rapid fulfillment of diverse and personalized customer needs while achieving more precise supply-demand matching. Obviously, the individual economy has changed the original production mode and benefit distribution, granting customers a more equal status in interacting with service providers. This operational model can affect the service production process and service quality, thereby enhancing customer value.

In China, the recent rise of influencer marketing is a typical practice of individual economy. Influencers choose an appropriate persona to gain wide visibility and followers on social media and promote their brands or products to the target audience [2]. This trend facilitates the emergence of a significant number of influencers who operate as individual economies on the network. Similarly, such development opportunities also exist in the field of professional consulting services. Knowledge service workers only need to be specialized enough in a certain area to meet customer demands and become influencers, thereby occupying a place in the market.

4. Customer Value Co-creation in Digital Environment

With the development of digitalization, customers play an increasingly important role in value co-creation. Existing value co-creation theories are mainly derived from two schools: Service-Dominant Logic [3-4] and Customer-

Dominant Logic [5], both of which diverge from the traditional Goods-Dominant Logic [3]. The proposition of Service-Dominant Logic makes enterprises and customers move from two relatively closed systems to interaction and integration. In contrast, Customer-Dominant Logic analyzes value co-creation from the perspective of customers, and believes that value is generated in the process of personalized creation related to customer experience. Consequently, the goal orientation of enterprises has shifted from "providing customers with products or services" to "how customers use products or services to achieve their own purposes". The focus of enterprise operations now centers on customer consumption practices, experiences, and contexts [6].

In the digital environment, enterprises interact with customers through various digital platforms, identify and meet their needs to achieve value co-creation. Digital technology enhances the diversity, freedom, and flexibility of interactions between customers and enterprises, making the customer-led experience context a fundamental basis for value creation.

4.1. Characteristics of Customer Participation in Digital Environment

To implement customer participation in value co-creation, enterprises should first segment and identify customers and select the right customers. The well-known "80/20 Rule" states that the top 20% of customers typically generate more than 80% of a company's revenue, while the "worst" customers may cause losses to the company [7]. The selection of customers determines the value that the enterprise can obtain in the present and future [8]. Therefore, enterprises need to identify the "right" customers, invest their limited resources in them, and guide customers to participate in interactions and co-create value.

Customer engagement reflects the dynamic and interactive characteristics of the contemporary business environment, serving as a critical strategy for manufacturers to drive sales growth, enhance competitive advantages, and improve profitability [9]. Despite the widespread acceptance of customer participation, there are variations in the willingness, capability, and actions among different customers. Therefore, enterprises must strategically select customers based on the distinct features of their participation to maximize value co-creation. Taking Datong Company, the leading institute of the third-party insurance service in China, as an example, it has been observed that customer participation in the digital environment has the following characteristics when acquiring customers through Internet channels.

1. Customers have well-defined needs.

Customers actively search the Internet for insurance information that interests them and strive to acquire the desired services. Before obtaining these services, customers are willing to clearly articulate their requirements.

2. Customers are willing to interact.

Customers are willing to leave their contact information on the digital platform so that professional consultants can reach out to them for further communication. Compared with offline meetings, answering the phone and other forms, customers feel less pressure when participating in the interaction on the Internet and interact more frequently.

3. Customers have the capacity for participation.

In the digital environment, customers are generally under 45 years old, often active on the Internet social media, have a high acceptance of new concepts, possess the ability to type and chat, use online tools, and have a certain level of education, knowledge, and cognitive ability, which provides conditions for customers to carry out online participation activities.

4. Customers show participation behavior.

In the early stage of cooperation, customers leave digital traces on the internet, such as browsing web pages or video content, posting comments, sending private messages, or transitioning to other channels to continue engaging in the service process. As cooperation progresses, customers are willing to invest their effort, knowledge, and experience to contribute to the consulting service.

4.2. Analysis of Customer Value Co-creation

Based on the content above, this section discusses the process mechanism of customer participation in value co-creation in the digital environment from the perspective of "premise-process-outcome" [6].

4.2.1. The Premise of Value Co-creation

Value co-creation requires service providers to exert subjective initiative. However, when service providers, as employees, lack the autonomy to independently determine the time, location, work format, and content of their service delivery, it becomes challenging for them to fully leverage their subjective initiative and innovation capabilities. This is particularly true in situations where there is a mismatch between roles and personnel or when individuals have little interest in their assigned tasks. In such cases, achieving a breakthrough in value creation compared to traditional work modes becomes significantly more difficult.

Value co-creation requires a high degree of customer participation. For example, in some knowledge-intensive industries, one of the primary challenges in project implementation is the lack of collaborative effort between the service provider and the customer. When customers are not actively engaged, they may fail to understand the work processes or provide timely feedback on issues within the service, ultimately leading to dissatisfaction with the final outcomes. In contrast, service teams that emphasize customer participation often invite customers to collaborate, solicit their input, and maintain both formal and informal communication channels. This approach enables customers to recognize their contributions to the work results and, consequently, perceive the value created for them.

4.2.2. The Process of Value Co-creation

First, individual economies differ significantly from traditional companies that hire employees. Individual economies take full responsibility for their initiatives and fully leverage individual subjective initiative. Within a digital context, they maximize the use of available resources, such as digital platforms, customer participation, and feedback. Simultaneously, they enjoy the autonomy to design and organize their work without being constrained by corporate regulations, thereby enabling them to be both innovative and adaptable.

Secondly, customers' consumption experiences can assist service providers in enhancing their products/services. Customer experience serves as genuine market feedback, and the energy, intelligence, and experiential input from customers constitute a critical resource element in value creation.

Third, customers and service providers collaboratively create value. In the digital environment, individual economies advertise their personal brands, highlight the value they offer,

and share relevant cases via the Internet and social media. Individuals with needs or interests engage with these personal brands by providing attention, sending messages, and offering recommendations to acquire services. Service providers use digital technologies to deliver services efficiently without the need for physical travel or in-person meetings. It not only achieves cost savings but also avoids issues such as long service processes and a lack of accountability among service personnel in large companies, thereby generating direct economic benefits.

4.2.3. The Outcome of Value Co-creation

In the existing research, the major evaluation metric for value creation effect is customer satisfaction. Customer satisfaction is caused by the difference between expectation and perceived performance [10]. High levels of customer satisfaction can enhance customers' perception and recognition of products/services, thereby motivating them to engage more in the process of value co-creation. Consequently, while pursuing performance improvements, it is essential to effectively manage customer expectations and avoid blindly exaggerating them, particularly in the early stages of marketing.

Digitalization provides convenience for customers to participate in value co-creation. Customers can continuously monitor who is providing the service, how it is progressing, and its quality. Service providers should shift their focus from technology and products to customer experience and value perception, determining whether both parties should continue collaborating to create additional value.

5. Conclusion

Based on the consulting service industry in the digital environment, this paper identifies existing problems within the industry, qualitatively analyzes the value co-creation process involving customer participation and individual economies, and offers insights for both theoretical research on value co-creation and practical applications for service enterprises.

However, future research could be extended in the following areas: further refining the research perspectives of value co-creation (e.g., from customer, enterprise, or other stakeholder perspectives), conducting relevant quantitative studies; investigating the impact of digitalization on value co-creation; expanding research to cover more industries.

References

[1] Prahalad C K, Ramaswamy V. Co-creating unique value with customers[J]. Strategy & Leadership, 2004, 32(3): 4-9.

[2] Lou C, Yuan S. Influencer marketing: How message value and credibility affect consumer trust of branded content on social media[J]. Journal of Interactive Advertising, 2019, 19(1): 58-73.

[3] Vargo S L, Lusch R F. "Evolving to a New Dominant Logic for marketing". Journal of Marketing, No.1, Vol.68, (2004), pp.1-17.

[4] Vargo S L, Lusch R F. Why "service"?[J]. Journal of the Academy of Marketing Science, 2008, 36: 25-38.

[5] Heinonen K, Strandvik T, Mickelsson K J, et al. A customer-dominant logic of service[J]. Journal of Service Management, 2010, 21(4): 531-548.

[6] Yiyong Yu, Zhong Yang. Review on the connotation and internal mechanism of value co-creation. Academia Bimestris. 2019 (2): 165-172.

[7] Kotler, P., & Keller, K. L. Marketing Management (15th ed.). Translated by Jiaxun He et al. Shanghai: Gezhi Publishing House & Shanghai People's Publishing House, 2016.

[8] Kumar V. A theory of customer valuation: Concepts, metrics, strategy, and implementation[J]. Journal of Marketing, 2018, 82 (1): 1-19.

[9] Kumar V, Pansari A. Competitive advantage through engagement[J]. Journal of Marketing Research, 2016, 53 (4): 497-514.

[10] Heidenreich S, Wittkowski K, Handrich M, et al. The dark side of customer co-creation: exploring the consequences of failed co-created services[J]. Journal of the Academy of Marketing Science, 2015, 43: 279-296.