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Creative and Cultural Entrepreneurship
in the New Era

Scientific Council

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**The Indonesia International Conference on
Innovation, Entrepreneurship, and Small Business**

**Bandung Indonesia
July 26-28, 2011**

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Scientific Council

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Preface

Dear IICIES 2011 Participants,

Welcome to the 3rd Annual IICIES Conference! Welcome to Bandung, Indonesia!

In a constantly evolving world and today's challenging economic climate, leadership through innovation and creativity are no longer optional, but essential. The growth of small businesses through innovation and the growing number of entrepreneurs are critical in gaining prosperity of a society. Indonesia, with a very limited number of growing entrepreneurs and a very large number of not-growing small businesses, is in poor shape in shaping its prosperity. It must be stopped and solved! Without the ability to take risks, innovation and progress cannot happen.

This year the theme of the conference is creative industry. Creative industries are becoming increasingly important components of modern post-industrial knowledge-based economies. Not only are they thought to account for higher than average growth and job creation, they are also vehicles of cultural identity that play an important role in fostering cultural diversity. During the last decade a number of governments around the world have recognized this fact and started to develop specific policies to promote them.

The Indonesia International Conference on Innovation, Entrepreneurship, and Small Business (IICIES) was initiated by the Center for Innovation, Entrepreneurship, and Leadership (CIEL), the School of Business and Management (SBM) at Institut Teknologi Bandung (ITB) back in 2009. Throughout the years, we constantly challenge ourselves to learn, study, and create local knowledge with global mindset to provide some lights in the development of new entrepreneurs and small businesses. This Conference provides a venue for Indonesian scholars and a network with international experts to collaborate. Programs in the Conference include Workshop, *Mengembang Layar* (a New Business Expo), Master & Doctoral Consortium, Gala Dinner, Seminar, and Parallel Session.

This 3rd IICIES has attracted more than 300 abstract submissions and about 150 reviewed and invited papers will be presented with the topics ranging from entrepreneurship theory to creativity and innovation, to entrepreneurship education, from social entrepreneurship to corporate entrepreneurship, from small /business to family business, to growing business. Authors come from various institutions in Indonesia and from several other countries. At least 250 researchers and participants from many universities and several countries are attending to this Conference.

In this occasion, I am honored to thank all contributors to the Conference including all Authors and Reviewers, all Key Speakers and Program Facilitators, Participants and Prominent Guests, all Sponsors Including Academic Institutions, Small-to-Large Businesses, Governmental Institutions, and Communities. Also, I have been blessed to work with a dedicated Organizing Committee. Thank you.

Theres an old saying, "*Cling to your imperfections, they are what make you unique.*" Mistakes are a part of being human, and we do apologize for any imperfections and inconveniences that may happen before, during, and after the conference. I hope all of you will enjoy the Conference, look forward to hearing your sharing and seeing Indonesia in a better place: entrepreneurial and prosperous!

Dwi Larso, Ph.D.

Conference Chair

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Valuable Craft: A Co-Creation as a Factor of Success in Zocha Vetiver Root Industry

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Abstract

The vetiver roots (Vetivera zizanioides) are raw materials for perfume manufacture in a way taken its oil, while the root itself is usually discarded as waste. Vetiver roots producing fragrant only exist in three places in the world, namely in Haiti (Central America), Bourbonnais (French colony), and Garut (Indonesia). Exploit the vetiver roots waste, now, the Garut small creative industry named Zocha producing the roots into crafts and there is almost entirely made by hands. By using Non Machine Woven Tool, the vetiver roots become wools and then become valuable arts and scented crafts. Today, Zocha exports its products to overseas, and tries to develop cooperation with tourism industry both local and national. Using qualitative approach, this paper tries to utilize five activities of co-creation (customer engagement, self-service, customer involvement, problem solving and co-design) to explore how value co-creation occurs in the context of small creative industry. The findings display a comprehensive framework to help small creative industry operate the value co-creation process by showing that Zocha not only a value facilitator but also a value co-creator.

Keywords: vetiver root, Zocha, value co-creation

1. Introduction

West Java has a lot of agroindustry and agribusiness products. Although most of the products have not well-known yet, but some of them growth very fast and have over demanded.

Vetiver root is one of the potential leading commodities in West Java particularly in Garut regency. Basic benefit of this root is taking the root's oil as catalyst fragrant for perfume. Every year about 2400 Ha of community vetiver plantations produce of 72 tons of vetiver root oil.

But there are problems arise regarding the development of that commodity, lack of cooperation between refiners, limited capital, limited mastery of technology that results lower quality of oil, and track trade system that does not benefit the farmers and distillers.

Those conditions made the development of vetiver oil were sluggish, but since Zocha, a craft industry which makes use of vetiver root in different ways established in 1998, the vetiver root agriculture is going ahead.

Zocha enrich and encourage the utilization of vetiver root agriculture in Garut. The development of Zocha is increasing rapidly from year to year. In conducting its business, Zocha not only give value to the vetiver root itself, but also on the craft in general. Joana, the Zocha's owner did some researches in years realized that consumers would be happy if they bought multifunction crafts, not only as an ordinary

display, but also could be used as daily tools producing aromatherapy. The longer the products become more varied.

The company continues to grow from strength to strength. There has been an average increase about 150% per year in profits over the last 3 years, and since 2010 Zocha have over demanded.

Customers mostly passive in value creating process rather than active (Vargo & Lusch, 2008). Traditionally, costumers but products they need without thinking that they can be involve in the process of added value of the product they need. Zocha has thus followed conventional "good-dominant logic" whereby industry services only seen as logistic good and customers are passive. But the development of that concept, make a different in a way of how costumers' act, namely "service-dominant logic".

In this concept, customers act actively, the facilitator (a shop) focus on the quality of provider-consumer interaction, the provision of innovative experience environments and the development of experience networks (Gebauer, Johnson, & Bo, 2010). This empirical setting provides to prove the applicability of the key construct of Service-dominant logic (value co-creation) in the small creative industry.

In 2011, carried put a six month long research project to investigate relations between the implementation of five activities of co-

creation (customer engagement, self-service, customer involvement, problem solving and co-design) and the success of small creative industry. Observation and interviewing were undertaken in Garut Regency.

2. Literature Review

2.1 The Development of Vetiver Root in Garut

Vetiver cultivations in Garut are based on the decision of the Regent of Garut Regency Number: 520/SK.196-HUK/96 dated August 6 1996, some of which were set vetiver plantation area and its development by community about 2400 hectares and is spread across four districts, in Samarang about 750 ha, 210 ha in Bayongbong, in Cilawu about 240 ha, and 750 ha in Leles. Every year, the productive areas produce 54 tons (Pemkab Garut, 2010).

2.2 Vetiver Root Crafts

As one of the biggest producer of vetiver root, Garut community has effort to maximize the utility of potential natural resources with making vetiver root crafts. The crafts can be form as vase, candleholder, sajadah, decoration, and other creative crafts. The uniqueness of vetiver root crafts has certain function (such as tissue case), have interesting characteristics (because made from rare material), and also can be room fragrance.

Demand toward vetiver root crafts from Garut regency has been increasing year by year local, national and international levels (Pemkab, 2010).

2.3 Zocha Vetiver Root Shop

Graha Zocha Griya is a Garut Handicraft Center. It is a group of young people of Garut is engaged in handicrafts, art, promotion, and tourism. Its main merchandise is sold “all about Garut” and its main product is vetiver roots in the form of crafts that are only exist in Garut.

2.4 Five Activities of Co-Creation

For the purposes of the present study, these strategic options are categorized in accordance with Prahalad’s (2004) five activities of value co-creation:

- (1) Customer engagement;
- (2) Self-service;
- (3) Customer experience;
- (4) Problem-solving; and
- (5) Co-designing.

Each of these is explored in more detail below.

- Customer engagement. Customer engagement is a form of marketing that involves co-creation with customers. The term “customer engagement” refers to providers seeking to persuade customers through advertising and promotions that involve and activate the recipients of the promotional message (Prahalad, 2004).
- Self-service. Self-service has become a more prominent aspect of value co-creation between providers and their consumers as a result of the rapid emergence of such technological innovations as the internet, mobile phones, and personal computer terminals (Peppard & Rylander, 2006; Meuter *et al.*, 2000).
- Customer experience. Services can create memorable experiences and events for customers (Prahalad, 2004; Pine & Gilmore, 1998).
- Problem-solving. Providers often combine self-service opportunities with assistance to customers who are seeking to solve problems for themselves.
- Co-designing. Co-designing occurs when the customer work collaboratively with the service provider to create a new service or product that is appropriate to the customer’s needs and wishes (Prahalad, 2004)

3. Research Methodology

Using survey and qualitative methodology, this research involved:

- Data collected from interviews with costumers and owner
- Secondary data from Zocha

To improve internal and external validity of the data, utilizing multiple data sources are used. For example, quotations or specific comments in the communication to stakeholders were validated by data from personal interviews with owner, data collected from Zocha documentation of its service offerings and service-delivery systems.

4. Results

4.1 Customer Engagement

In response to such comments from its customers, Zocha has recently changed its strategy of emphasizing only benefits. The shop seeks to involve customers in active dialogue

about risk. After selling, Zocha asked the customer: What were your experiences? What bothered you? What could be improved?

The risks addressed in the open dialogue about package prices, broken crafts etc. For example, to reduce risk of customer getting broken crafts, the packaging is designed very well and fix with goods. And there is an announcement “defective goods can be exchanged”. The announcement makes customers feel safe. Zocha also received order all the time, weekdays and holiday. As a result, the significant increase in customer volume has been encouraging that, year by year, Zocha has increased the frequency of services on holiday. The positive response to this “all the time service” is evidence that it is possible for small creative industry to be successful in value co-creation by enhancing customer engagement.

4.2 Self-Service

Self-service technologies are playing an increasing role in direct crafts buying. Customers can buy the crafts via internet, by email or Facebook.

4.3 Customer Experience

Customer experience was enhanced with the “workshop” concept for the industry. Customers see the industry as a whole. In the shop, they can visit the workshop and the plantation if they want.

The goal of this innovation was to create a total experience in terms of shopping, and entertainment, creating memorable events for customers. In response, Zocha introduced integrated services called “shopping and tour”.



Figure 1. Watching the Workshop Activity

And, Zocha has a good link with some precious hotel for that service. The hotels invite their customer to visit Zocha, then the customers have value of experience in visiting Zocha, then Zocha received money from the hotel customers

buying. The benefit for hotels, their customer had satisfied with their experienced in visiting Zocha, and then the customer will loyal to the hotel.

4.4 Problem-Solving

Zocha co-creates value by working with costumers to solve their problem in several ways, for example customers can asked to report a delay of package via phone, internet, or in person. In same day, customers receive a report (by sms, email or phone) on the status of the search for their delay goods.

4.5 Co-Designing

Zocha do joint co-design project with customers, Zocha received many ideas from customers. The customers contribute in making Zocha’s market share larger. For example, there was a customer ordering “sajadah” (a praying rug) using vetiver-root. Then Zocha used the design to introduced vetiver-root sajadah to moslem community, and the moslem community received it well.

The value of co-creation at Zocha vetiver root shop could be summarized by following model:

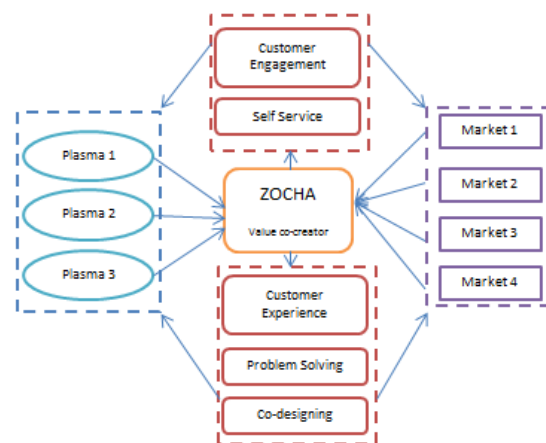


Figure 2. Model of Value Co-Creation at Zocha

5. Conclusion

The findings of this study extend thinking on the concept of value co-creation. Zocha had been historically driven by goods-dominant (G-D) logic. By addressing the five activities related to value co-creation (customer engagement, self-service, customer experience, problem solving, and co-design), Zocha began to move towards service-dominant logic. The concept of service-dominant logic has been

beneficial to both Zocha and its customers. This study is preliminary study of value co creation in small creative industry using survey toward Zocha Vetiver Root Shop. Future research would benefit from insight obtained quantitative data.

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