

VALUE CO-CREATION WITH CUSTOMERS BY FACEBOOK COMMUNITY: A SUCCESSFUL EXAMPLE OF PKT LOGISTICS

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This case was written by H. M. Belal, Alminnourliza Noordin, Quamrul Hasan and Mohamad Faizal Ahmad Zaidi, Universiti Utara Malaysia. It is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation.

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Prologue

Value co-creation is an emerging subject in the practical field. Companies are very familiar to practice value creation of goods innovation rather than value co-creation by adding service concept. Meaning, value is created not only by what firms do, but also by getting the consumer to engage with firm for new knowledge as well as experience in terms of adding service-based value, which is co-creation (Prahalad and Ramaswamy, 2004).

Some companies are practicing well in co-creating value with customers with the view of service. For example, Nike Inc., collaborating with Apple Inc., the Nike has innovated a new product as a service called Nike+ shoes (i.e., Nike+iPod Sport Kit). The Nike+ shoes co-creation platform exploits the link between running and listening of music. Users can select their exercise from a personal training list, including foot movements, rhythms, times, distances covered, and calories burned.

Cisco company is providing an on-line service for giving its customers open access to Cisco's resources, information and systems, thereby Cisco and its customers can get involved with each other and make user community (Prahalad and Ramaswamy, 2004). This community works as a platform of dialogue between company-consumer for new knowledge creation in terms of problem solving and designing services as a solution. Hence, the value creation is adding value to their product and offer 'value packages' (Wise and Baumgartner, 2000) to customer by practicing service activities within the business. That sounds great. Now, how PKT Logistics applied this Value Co-creation with Customers by Facebook Community?

Initial State of Pkt Logistics

In 1974, Dato' Tio Sook Keo founded a trading company called Port Klang Trading in Shah Alam, Malaysia. The company was renamed and is operating today as PKT Logistics Group Sdn Bhd. Their motto is "We serve... with passion." PKT is currently considered a leading logistics company not only in Malaysia but also in the Asia Pacific region. To reach this position, PKT had to differentiate itself by changing its business philosophy from the standard to the service concept perspective.

In doing this, they are strongly committed to providing a total logistics service-based solution to customers through mutual cooperation among stakeholders. The services include end-to-end design, implementation, and operation of logistics solutions in freight forwarding, customs brokering, contract logistics, haulage, and distribution management for large and medium-sized national and multinational companies (Business Times, Oct 25, 2016). The leadership of Dato' Michael Tio (DMT), Group Chief Executive & MD of the company, was behind this change and the eventual success of PKT.

Business Partnership and Expansion

However, it was initially a partnership company whose customers thought PKT was a very small company because only small companies do a partnership. The turnover was only 2 million Malaysian ringgit (MYR) per annum. Now, PKT is a limited company (Sdn. Bhd.) and ranked fifth in Malaysia in the logistics service industry with the turnover 300 times what it was before. PKT has created its own brand image, and it has the top ten licenses for costumed brokerage including other services. PKT has expanded its business with international collaborators.

PKT has already formed a venture business with Japanese company Utoc Express (whose name changed from Utoc Corporation). Utoc Logistics is a subsidiary of Mitsui groups (e.g., Mitsui Sumitomo,

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