The Business Value of Consumer Participation through Social Media

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ABSTRACT

Despite the growing enthusiasm about social media’s revolutionary potential, there is a lack of research on the possible business-side benefits. The authors maintain that in order to realize social media’s business potential, it is essential to identify the roles in which customers can participate in value co-creation. This study explores consumer participation enabled by social interaction technologies in the context of the newspaper and magazine industry. A qualitative analysis of 31 interviews with the publishers of the leading Finnish newspapers and magazines was conducted. A typology of six different roles of online consumer participation was developed: namely, agent, commentator, tester, debater, content producer, and messenger. The more company-driven types of participation (agent, commentator, and tester) can be integrated with product development support and learning from customers, the more consumer-driven types (debater, content producer, and messenger) are able to provide brand support and options for value co-creation.

Keywords: Continuous Product Development, Customer Engagement, Customer Roles, Online Consumer Participation, Social Media, Value Co-Creation

INTRODUCTION

With the emergence of online social interaction technologies and applications such as social networking sites, discussion forums, and blogs, value creation activities in business organisations are increasingly linked to the collaborative practices of various stakeholders. Correspondingly, the role of the company is shifting from a sole creator to a co-creator of value (Payne, Storbacka, Frow, & Knox, 2009; Prahalad & Ramaswamy, 2000, 2004a; Sawhney & Prandelli, 2000). Whereas previously customers used to play a limited and relatively passive role in value creation (Nambisan, 2002), recent advances in technology allow companies to establish direct relationships with customers to leverage new frontiers of value co-creation.

Web 2.0 and associated applications have catalysed an on-going collaboration between companies and various stakeholders, successfully transcending the limits of time and space (Fuchs, 2007; Wagner & Majchrzak, 2006). Users are now able to participate in the collaborative production and dissemination of information and creation of new knowledge.
Technology applications that facilitate this kind of behaviour are commonly referred to as social media. Social media thus comprise a generation of Internet-based applications that integrate user-generated content, or services in which such content plays a focal role in adding value. This could be seen as an umbrella concept incorporating content, communities and a set of new tools and technologies, piggybacking user-generated content. Among typical social media applications are social networks, blogs, wikis, podcasts, discussion forums, content communities, and microblogging (Mayfield, 2008).

Despite the growing enthusiasm about the revolutionary potential of social media for businesses, there is a relative lack of research on the business-side benefits of the various ways in which social media are currently employed. The authors maintain that in order to realize the benefits, it is first essential to identify the roles in which consumers can participate in the process of value co-creation. This will allow companies, firstly, to identify opportunities, and secondly, to align their social media strategies with different types of consumer participation in order to better reach their objectives. The study thus investigates (a) how consumers participate in value co-creation through social media, and (b) what business value relates to the different roles in which they participate.

This article explores the business value of consumer participation through social media in the context of operations of the magazine and newspaper industry. The discussions on magazine and newspaper websites do not focus on the media brand or product in the same way as they do in new product development (Sawhney, Verona, & Prandelli, 2005) or online brand communities (McAlexander, Schouten, & Koenig, 2002; Muniz & O’Guinn, 2001). On the contrary, they cover a large range of issues related to the current investigation. Further, online discussion forums and other social media applications are targeted at heterogeneous audiences and attract a large number of visitors, which makes the interaction different from communication in a virtual community setting. Therefore, a study of the leading Finnish newspapers and magazines provides a fruitful platform to examine social media participation in a broader setting, in comparison to tight brand communities focused only on a certain area of interest.

The paper is organised as follows. First, consumer participation in the creation of value in the light of prior research is discussed. This is followed by a description of the study setting, methods of data collection, and the results of the analysis. Finally, the findings are assessed and suggestions for future research are offered.

THEORETICAL BACKGROUND AND LITERATURE

In recent years, the role of consumers has shifted from that of passive consumers toward active producers of information and knowledge, i.e., from consumers to prosumers (Bruns, 2008; Fischer, 2009; Hemetsberger, 2003). For the most part, this shift has been enabled by the development of Internet-based social interaction technologies. There are various fields of interest in which user participation plays an increasing role, such as open-source software development (Bagozzi & Dholakia, 2006; Lakhani & von Hippel, 2003), information system design for co-evolutionary systems (Fischer, Jennings, Maher, Resnick, & Shneideman, 2009), community-based innovation (Sawhney & Prandelli, 2000), new product development (Füller, Bartl, Ernst, & Mühlbacher, 2006; Füller & Matzler, 2007; Kozinets, Hemetsberger, & Schau, 2008; Nambisan, 2002; Nambisan & Baron, 2007; Sawhney et al., 2005), brand communities (Algesheimer, Dholakia, & Herrmann, 2005; McAlexander et al., 2002; Muniz & O’Guinn, 2001), and citizen journalism (Bruns, 2008; Thurman, 2008).

A common element in all of these studies is an interest in user involvement and its antecedents in co-creative activities. However, although researchers have focused their attention on the change currently taking place in various
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