The Possibility of Consumers’ Participating in Value Co-creation Under the Influence of Internet

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Abstract. With the Internet application ceaselessly deepen in all walks of life, the enterprise goal is changing from pursuing maximize profit to achieving value maximization. And value creation has become one of the core issues in the enterprise strategic management and all other management areas. This thesis aims to analysis the possibility of consumers’ participating in enterprise value co-creation under the influence of Internet base on value co-creation theory. Through the literature review, the author summarizes the existing research results, including consumer participation motivation and the formation of impact. This paper focuses on how the Internet works when consumers participate in value creation. Finally, four possible frontiers for future research are proposed

Introduction

In recent times, the industrial economy has evolved into the Internet economy created by enterprises and consumers together. The interaction between consumers and enterprises is the core of value co-creation, including customer value and enterprise value [1,2]. Consumer value is an important factor influencing the company’s profitability, and it is particularly important to explore how to maximize its impact. The current research on customer value focuses on the direct economic value generated from consumer buying behavior and the direct economic expectations based on the total number of consumers.

Consumers, however, are no longer simply playing the role of selection, purchase and use of products that have been produced by the enterprise, but also want to participate in creating, research and development, and designing of the product, so that products can reflect their own uniqueness, and form the long tail of the demand. The internet has made it possible for information to be accessed more easily and conveniently, which has aided in improving consumers’ learning ability rapidly; their sense of sovereignty and participation in social production increase gradually; and the strong desire to get more opportunities to express their idea. Consumers have reached a stage of their ability to participate in value creation.

At the same time, the Internet has impacted greatly on enterprises and has helped to improve their ability to adopt flexible production capacity. Company’s introduction of consumers to participate in designing and creating of a product is helpful to improve the production efficiency and the quality of the products or services, to grasp the market demand, and also to enhance the competitiveness of enterprises, such as MI, Apple, Sony-Ericsson, Cisco, Dell, IKEA. The co-creation approach is extremely promising even if it is not enough explored at a conceptual level [1].

Value Creation

The traditional value creation research has been relatively mature. There are three types research about value creation. The first one, based on the value creation process, the analysis methods in the research shifts from the value chain to the value network, which emphasizing more about competition and cooperation instead of competition only. The value chain is concerned with the value distribution, provided that the total value creation is established, and the final result of the
competition under this condition is the constant value. It shows that the enterprise value is created by a series of sequential activities. The second one, based on the center of value creation, it shows that value creation has shifted from the Good-dominant Logic, Service-dominant Logic to the Customer-dominant Logic, which has also shifted the focus of value from value-in-exchange, value-in-use to the value experienced. Naturally, the consumer has become the co-creator. Under the good-dominant logic, the value-in-exchange is the core of the value creation, which occurs at the production stage. The consumer is a passive co-producer of the value as the customer is not directly involved in the production process. The third one, based on the perspective of customer participation, it shows that the change from “Enterprise created separately” to “Enterprise-customer co-create” and even gradually changed to “Customer created independently”. The traditional value creation point of view insists that value is created by the enterprise, and then subsequently delivered to the consumer through exchange. This value refers to value-in-exchange, and the same with good-dominant logic.

The Value Co-creation in the Internet Age

In the Internet age, with the continuous impact of the Internet on the business environment, the way of creating value has changed whereby the consumer has been given a different role, in which more and more consumers actively participate in the enterprise R&D, design and production. Through consumption, consumers can achieve better experience and satisfaction by contributing their knowledge and skills to make the product or service offered by the firm better. There is no doubt that the realization of value will ultimately be determined by the consumer. The ability of learners to learn evolution has been improved rapidly under the Web 2.0, and consumers have the ability and maturity to participate in value co-creation activities.

Internet provides the convenience and quickness of information acquisition, and changes the information sharing mode where encourage all of us to create and share information with others, instead of only by a few people or machines. Value network, broke the value chain of linear thinking and the mechanical separated order of the value activity, so that the interests of the various links in the value chain in accordance with the principle of the overall value of the best together to form a network of value structure. In this value network, customers are at the center, and the construction of value networks revolves around customer demands. It will focus on the overall value of the creation of the network rather than benefits distribution, emphasizing the economic entities are interdependent, linked to each other.

With the introduction of the Internet into the enterprise value creation, customers replace the enterprise to become the core of concern. Service-dominant Logic to the Customer-dominant Logic is gradually booming. Under the service-dominant logic, the value-in-use becomes the core of value creation [4]. Under the customer-dominant logic, the study of value-in-social-context has become the focus of attention [5,6]. Customer-dominant logic argues that interaction is an important form of value co-creation for enterprises and consumers. The value created through a heterogeneous interaction between the various points of the value network and enterprises [3]. In other word, when using the products or services provided by enterprises, customers can combine with their own available resources and skills to create value. In this process, the value created by the consumer is the whole process of experience, and is the value-in-life or the value-in-context. Customer-dominant logic also provides theoretical support for the cutting-edge research of consumers creating value alone.

Consumers’ Participation Motivation in Value Co-creation with the Influence of the Internet

Internet changed the consumers’ participation motivation. A large number of educated and free time consumers have a wealth of knowledge and a strong desire to share, and more and more want to join in the product innovation, design, production and other processes to enjoy the fun of creation. Consumers expect to participate in with the help of Internet to achieve a sense of fulfillment which comes from showing their potential and worth, which is different from the pleasure of enjoyment.
Secondly, the reason why consumers are actively involved in the process of service creation is the desire to gain psychological and behavioral sense of control, so that they will have more opportunities to get the desired results and unique experience requirements. Of course, some of the consumers participate in value co-creation in order to obtain the specific recognition or other approval given by the enterprise. Meanwhile, consumers also try to gain the important cognitive benefits through information exchange and learning from participation.

From the perspective of Cognitive Surplus, we can analyze the motivations of users’ participation in corporate activities and crowd sourcing on the Internet age, including money, value-in-use, indirect or long-term benefits, personal interests, personal ability, knowledge, respect and others. Brand strategy, the relationship between the individual and the company on the line is similar to the reality of the dynamic interpersonal relationships. Social media is the corporate platform built by the enterprise. The higher level of interactivity and openness of the platform, the closer the relationship will be between the enterprise and the consumers, so the consumers are more likely to be emotionally driven.

The Form of Value Co-creation with the Influence of the Internet

The form of value co-creation includes two kinds: the interaction between consumers and enterprises and the interaction between consumers and consumers. The former is the main theoretical basis of customer-dominant logic. The goal here is not for enterprises to create value for consumers, but to guide and mobilize consumers to create their own value based on the products or services. The later one, interaction between consumers is important service experiences, which will directly affect consumers’ satisfaction and loyalty. It is particularly important in the brand community or virtual community research. At the same time, this interaction is also known as the value created by the consumer. That means consumers on the basis of corporate offerings, based on their own value proposition to provide value in the creation process. There is no doubt that value co-creation is also gradually becoming a new research topic in the post-industrial era.

Intuitive and existing research shows that creating a network environment that stimulates consumer interest has a positive impact on businesses of network providers. Companies that have become increasingly aware of the market strategies should focus on attracting consumers to experience products or services online and web site in an early stage. The intangible consumer environment becomes important as consumers engage in value co-creation. As we all know, the Internet is a powerful platform to enhance innovation and interaction with consumers. Based on Web 2.0 technology, the network environment has the characteristics of anonymity, autonomy, interaction, creativity, empowerment, space-time freedom and so on. It provides a platform for consumers to show their own personality and self-value, and help companies to achieve a higher level of consumer demand, thereby increasing the new profit growth point [7]. The development of information technology make many virtual experiences based on the Internet come true, and consumers can easily participate in the production and design of products and services.

The development of the Internet has also contributed to the formation of a community, which can create value through the available resources in the community or rely on its innovative ecosystems to create value. In particular, the mobile internet has made it possible for information to be accessed easily, variety of medium for dissemination, and at a reduced cost. While the traditional media is weakened, the community is strengthened through the social media platforms.

Crowdsourcing is a new business model developed based on the Internet. In this model, firms are no longer independent. It is so necessary to achieve interactive value with the help of consumers. The openness of the internet and the interest of consumers promote crowdsourcing openness. However, this openness is limited by the lack of technical skills of consumers to make meaningful contributions and firms’ profit motive. Crowdsourcing is a kind of value co-creation network, but also a value distribution network. As a value co-creation network, crowdsourcing integrates individuals into the process of corporate value creation, complementing resources and economic assets that can enhance the ability of value co-creation.

In recent times, the internet logic has continued to surge in the business environment. The core of
economic operation has been shifted from a planned economy, market-oriented economy to an
Internet economy driven by the consumer. The core competencies of the firm are no longer limited
by the ability to produce, but are limited by the comprehensive system knowledge in consumers’
value system. The Internet provides excellent conditions for rapid iterations of products. Therefore,
with the influence of the Internet environment, more and more enterprises began to adapt to
consumer demand, improve the consumer experience, and make full use of the Internet to conduct a
comprehensive and effective management of consumers. Secondly, consumers actively participate
in corporate value creation is beneficial for promoting and the development of the value network.
Thirdly, consumer participation in corporate value creation provides an inexhaustible motive force
for enterprises to innovate their business models. In addition, based on the large “traffic” of the
portal network, search engines, online communities, such as Baidu. They can take advantage of
large flow and make full use of the advertisers, user information and data as sources of income.
Mining and analyzing the big data will be an income growth point in the future.

Conclusions and Recommendation

This paper reviewed previous studies on how the Internet impacted on consumers’ participation
in value co-creation. There has been massive research on consumer participation in value
co-creation by both domestic and foreign. However, most of the researches only focus on the
conceptual or framework, and lack empirical support. In addition, although there is an upsurge in
Internet environment theory, however, there is not theory on consumers’ participation to co-create
value using the Internet. With the rapid development of the Internet, the author believes that
consumers’ participation in the value co-creation will have a new chapter. Finally, this paper makes
the following recommendation for further research:

Firstly, it is vital to have a clear definition and a measurement scale for value co-creation empirical research. Although the study of value creation has been more than twenty years, the definition of its concept has not yet reached a consensus and so it very difficult to define and accurately measure its scope. Therefore, further study on the subject should focus on improving the definition of the value, the scope of the involved and the validity of the measurement scale, and have a strong theoretical foundation for the concept of value co-creation.

Secondly, the pre-factors, processes, and results of consumers’ participation need to be researched systematically. Although many research results show that consumer participation in value creation can promote business performance, there is little success in the real business case. The reason is that there is lack of understanding of the internal mechanisms of the value co-creation between consumers and enterprises, and as a result, the enterprises cannot effectively manage the entire participation process. Further research should look at analyzing the motivation for participation, which includes both consumers’ and enterprises’ motivations; to explore the result; to explain how the participation impact business performance and strategic development from the empirical point of view. For the whole process of co-creation, there are several stages that consumers can participate more or less with the help of Internet. Therefore, the most important point is to explore how the Internet influence the participation on the various stages in the whole process, and provide a guide for the enterprise’ further practice.

Thirdly, although research on consumer value co-creation is still in its early stages, scholars on
the subject believe that value co created by the consumer is the real value because value co-creation
base on consumption takes several forms. Research on the impact of the Internet on consumer value
creation that consumers can create value alone is very scanty. The customer-dominant logic and the
social network of the value creation theories emphasis the importance of customers, while the
traditional value creation emphasis the dominant position of enterprises in different paradigms.
Therefore, the new research trend in value creation covers a wide range of theories, such as,
sociology, psychology, and organizational behavior. In addition, the Internet has created an enabling
environment for consumers to have strong motivation to create their own value. In this case, there is
no interaction between the enterprise and consumers and so, the big question is, what role should
the enterprise do to influence consumers’ value co-creation process? The Internet environment has
really influences the interaction between consumers in the brand community or virtual community. Therefore, in the value creation process, an empirical study can look at how consumers interact and influence each other to co-create value online based on the resource integration theory, network theory, and interactive theory.

Fourth, the status of the customer is strengthened by the influence of the Internet. How can the role of enterprises be changed in the value co-creation process as the Internet provides a platform for consumers’ participation? Enterprises are in a dilemma as to abandoning their dominance role in the value creation process or focus on providing ancillary resources and creating the enabling environment for consumers to co-create value. And in recent times, the Internet has changed business models of existing business and created new industries. Is there any possibility for the enterprises to change their business model from B2C to C2C or C2B2C. As a result, researches on consumer participation in value co-creation will increase significantly.

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References


