

THEORETICAL OVERVIEW OF SOCIAL MEDIA-VALUE (CO)CREATION BOND

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ABSTRACT

The ultimate purpose of this paper is to inquire on eventual role of social media in value co-creation relationships in a marketing. Lately we have been witnessing the importance of social media in achieving general marketing goals. Moreover, concept of value co-creation implies management initiative to develop closer and mutually beneficial interactive relationships between company and customers in order to further jointly co-create acceptable outcome for parties involved. Hereby theoretical overview of potential portrayal of social media as a communicational channel/tool and its eventual footprint on value co-creation is going to be given. What are the social media marketing and management elements useful to shape and influence the process of value co-creation? How did the academic public approach and elaborate this consanguinity? The research performed is theoretical, secondary-desk analysis. Publicly available sources of literature have been utilized. As a general conclusion, academia shares contrasting attitudes when it comes to potential roles of social media in value co-creation. A group of analyzed authors strongly supports this statement, whilst we have another cluster of authors who are severely opposing and claim that no solid findings are possible until more primary researches are performed.

Keywords: *social media, S-D logic, relation, interaction, value co-creation*

1. INTRODUCTION

It is the turbulent, precarious and hard-to-forecast environment that makes individuals and companies to improvise and detour from already established ways of acting and doing a business. It is exactly in periods of economic crisis when companies do their very best to come up with something extraordinary, in a way to deliver proper outcome to their clients, customers or stakeholders. To certain extent, academia and public are to benefit from the fact that great financial crisis stroke back in 2008. From the pure academic standpoint of view we are able to observe and forecast trends, elaborate on the recent developments, make further predictions and set a firm foundations for further more extent researches for a given scientific area.

In context of marketing and of particular importance for this paper, are appearance, strong focus and researches on two promising nowadays and upcoming trends. First one is the sharp increasing development trend of S-D (service dominant) logic and (co)creation of value as a crucial and distinctive category within. The second one is appearance and unforeseen blast of social media. The blast that completely distorted marketing world we were aware of previously and burst that completely reshapes the way companies intent to engage and communicate with clients.

Worth mentioning is that both concepts go very much hand by hand and the room for further advancements, evolution and development is beyond our specialized skills and scope of our

terminology to express. What is of even greater importance for the science and industry itself, is the potential amplitude of synergy that is to be expected.

One might ask why to focus on potential role of social media onto value (co) creation process at all. One of the answers is that social media are affordable, easy to manage, customization ready and extremely trendy these days. These supporting bricks should be backbone in ascertainment that in troubling economic times proper deploying of social media is positively affecting processes of value (co)creation.

Therefore following hypothesis has been generated: H0: *Social media does positively influence process of value co-creation.*

For the sake of testing the hypothesis following research goals are set in place:

- Profound screening of literature (SD logic and social media in particular);
- Defining the research frontier regarding relation and influence between value co-creation and social media;
- Drawing a conclusion based on the findings.

2. METHODOLOGY

The research in question is solely theoretical, secondary-desk analysis. For the purpose of gathering relevant inputs publicly available sources have been used (google scholar and discovery.muni.cz). Primarily based on those, further elaborations have been formed. The work contributes to the marketing and management disciplines, increasing knowledge focusing the research on different aspects and perspectives in actors' relationships using social media as a marketing tool.

In total, forty five relevant articles have been deeply screened for suitable information. However, citation from only twenty seven of them have been used.

Browsing have been ultimately funneled by three criteria: keywords, abstract analysis and date of publishing. Time span of approximately last eleven years (2005-2016) have been targeted in order to get updated and meticulous material, based on which proper .

Given combination of methodology, sources and time stamps has been employed since it does not require enormous organizational and financial resources to acquire proper information.

3. SERVICE DOMINANT LOGIC AND VALUE (CO)CREATION CONCEPT

To be able to fully understand the eventual bond between social media as such and value co-creation on the other side, firstly the definition and analysis of what public (scholars and practitioners) knows about concept of service dominant (hereby S-D) logic so far. This is primarily needed since the process of value (co)creation is considered to be an ultimate backbone of S-D logic nowadays.

Vargo and Lusch (2006, p. 113) think that within S-D logic, companies must not focus their efforts solely on products. But should and have to focus to the offerings in relation to the services they can come up with in front of customers.

Payne, Storbacka and Frow (2008, p. 83 - 96) strongly believe that S-D logic in marketing particularly pushes and shifts our focus away from “simple” creating a value for customers towards new concept of co-creating value with our customers. Furthermore, they (Payne, Storbacka, Frow; 2008, p. 83 - 96) convey their thoughts that value should be understood as something that ‘*resides not in the product purchased, not in the object possessed, but rather in the consumption experience*’. To put in a simple way, companies must strive to co-create consumption experience in order to generate higher levels of values for all parties involved.

Another standpoint by Rihova, Buhalis, Moital and Gouthro (2014, p. 356) is that S-D logic strongly and equivocally focuses on customers' proactive input in co-creating value and valuable experiences with the service organization. Again, we can see that these two definitions are overlapping in a conclusion that experience is one of the crucial concepts to support value

(co)creation and that active participations of all involved is simply a must. This goes in line with Vargo' and Lusch' (2008, pp. 1-10) statement that S-D logic does not elaborate on differences between company and clients, instead it is based on relationship between all actors that are active on the market.

There are abundant number of definitions and attempts to get deeper and more profound into the core of S-D logic and, more narrowly, value (co)creation. As many authors concluded value (co)creation is a nerve of S-D logic (Vargo, Lusch, 2006, p. 113). The nerve that might limit or embold development of S-D logic. Therefore, special attention has been dedicated to analyze definitions of value (co)creation.

First of all, value is considered to be a jointly created phenomena that emerges in interaction between the entities, organizations and consumers through the integration of resources (Piligrimiene, Dovaliene, Virvilaite; 2015, p. 452 - 460).

Carrubo, Bruni and Antonucci (2014; p. 513 - 519) found that in order for each actor in value creation to maximize its contribution, the ultimate need of highlighting the relations among the most influential stakeholders is a must. From here we could partially see that value (co)creation is the concept based on interactive relations with strong spotlight on mutual benefits that are to be expected. One way to enhance this relationship network is emerging social media. The same authors believe that there are two sorts of aims: internal (through tactics to generally improve product and services) and external (structural growth in terms of skills, opportunities etc.).

Value (co)creation performs very significant role as more and more customers/clients tend to interact and communicate with companies more frequently (Piligrimiene, Dovaliene, Virvilaite; 2015, p. 452 - 460). By doing so they do define and create value. Important point stressed by these authors is that value (co)creation does not necessarily imply the tangible transactions, since companies and clients might be exchanging the whole range of different sort of resources. Completely in context of 21st century such an intangible transactions are made possible by introduction of modern communication technologies/platform. As a direct support to Piligrimiene, Dovaliene and Virvilaite beliefs, comes a thought shared by Katzan (2008, p. 1 - 22). He states that value is extrapolated from mutually beneficial process of coproduction, co-design, and co-marketing. This level of collaboration is possible by engaging multiple efforts from different parties, primarily thanks to the two-way sharing (information, resources, skills, risks, needs etc.).

Listed in table down below are some of the definitions that are being developed in approximately last ten years that are found significant for the relevance of this paper. For the better understanding of value (co)creation and how different parties, researches and individuals understand concept Table 1 has been prepared. However, the list is far from exhausted.

Table following on the next page

Table 1. Various Definitions of Value (co)Creation in Period from 2008 to 2016

Authors	Year	Definition
Vargo, Maglio, Akaka (p. 145-152)	2008	Value co-creation occurs through the integration of existing resources with those available from a variety of service systems that can contribute to system well-being as determined by the system's environmental context. Each service system accesses resources from other service systems through exchange. These systems include internal, private and market-facing systems and resources. Value-exchange is a negotiated measurement offered and received among exchange partners.
Gebauer,Johnson, Enquist (p. 511)	2010	Value co-creation thus involves the customer and the provider in joint problem definition and joint problem solving within an experience environment in which consumers are engaged in active dialogue as they co-construct personalized experiences.
Spohrer, Maglio (p. 238 - 246)	2010	Value co-creation is the preferred change realized as a result of communication, planning and/or other purposeful interactions among multiple entities.
Gronroos, Raval (p. 5)	2011	Co-creation of value is defined as joint activities by parties involved in dyadic direct interactions aimed at contributing to the value that emerges for one or both parties, or all parties in a larger network.
Ballantyne,Williams, Aitken (p. 179)	2011	Value co-creation refers to the involvement of customers in the creation or delivery of products or services; value co-creation implies an element of inseparability of the customer from the enterprise.
Lambert &Enz (p. 13 – 14)	2012	Value co-creation is an economic and social process in which individuals have established roles that condition their behaviors and perceptions.
Alves (p. 671)	2013	Joint creation of value by the company and the customer'. Both clients and suppliers create value (co-create): suppliers apply their knowledge and skills in the production and branding of the product, and the clients apply their knowledge and capacities in their daily utilization.
Choi &Burnes (p. 35)	2013	A collective process whose stakeholders include diverse businesses and consumers. Under the second condition, 'value develops and emerges over time, rather than being a discrete event.
Grönroos (p. 113)	2013	Co-creation is the joint, collaborative, concurrent, peer-like process of producing new value, both materially and symbolically. There is an ongoing debate in the literature about the differences between co-creation and co-production and the need to distinguish between them.
Sansone, Moretta Tartaglione, Bruni (p. 58)	2015	The value co-creation process is fulfilled when strategic compatibility between enterprises and place occurs and, in particular, when every subject choose the same path of value generation independently.

There are several important conclusions that are to be drawn from the above listed interpretations. In far the greatest number of the notations, the importance of two-way proactive relations and functional bonds between parties is the number one step - in order to expect some value to be created/added. This, primarily, having in mind that these relations imply full and unambiguous sharing of both tangible and intangible resources.

Moreover, process of value (co)creation has its foundations in synergy to be expected at a later stage. This is the primary goal of all parties participating in this relationship - interest.

Thirdly, some would put this point at the beginning, but for the purpose of this paper and its structure it might be better to be listed as a last one. Communication. Without smooth, coordinated, comprehensive, effective communication, value cannot be created and this particular case - (co)created.

4. CONCEPT OF SOCIAL MEDIA

In continuation, as noted in previous paragraph – proper communication is an indispensable. This is the point where all benefits of social media might be exploited on unprecedented scale. Nowadays, people witness massive and remarkable social media expansion, peaking in last ten years. Expansion on such a scale that almost every aspect of daily life has been affected to certain extent. Remarkable amount of information have been pushed and pulled every single day through various social media (Krajina, Mladenović, 2015, p. 638). It does not take much to conclude that such a rapid and viral development has not been recorded so far in the marketing world, at any development stage throughout history.

The advancements in internet in recent years have made new systems available to businesses: social media, such as online communities being a good example (Hajli, 2014, p. 101 - 114). Hajli further believes that with rise of social media customers/clients share information and resources on an immense scale. Let us briefly recall definition by Piligrimiene, Dovaliene and Virvilaite (2015, p. 452), where they say that value (co)creation process must be strongly supported by exchanging of both tangible and intangible resources. A very decisive mark in a puzzle named S-D logic.

However, social media and its marketing footprint is now becoming increasingly important for academia (Gummesson, 2004, p. 412). Primarily by investigating what relations and in what capacity social media influences marketing performance, and in our case value (co)creation as an end goal.

Social media sites are web-based services that allow individuals to construct a public or semi-public profile within a bounded system, articulate a list of other users with whom they share a connection, and view and traverse their list of connections and those made by others within the system (Boyd, Ellison, 2007, p. 210). Here we see that social media as such represents a huge potential for companies to jump in and act. Moreover, some very visible and catchy advantages of social media (besides its unique viral and somewhat open source features (Krajina, Mladenović, Kunze, Ratilla, 2016, p. 1681) could be listed as following (Gilbert, Karahalios, 2011):

1. Free of charge (in most of the cases);
2. Easily affordable and manageable;
3. Very popular;
4. Viral fluctuations of all sorts of information;
5. Provide opportunities for businesses to become more attractive universally (Füller, Mühlbacher, Matzler, Jaweck, 2009, p. 71 - 102) etc.

Very interesting approach has been enforced by Caleb, Carr and Hayes (2015; p. 46-65). Namely, they strongly support statement that digital technologies emphasize user-generated

content or interaction (which is of tremendous importance for value generation). The very same group of authors represent a cutting-edge attitude that social media are primarily internet-based communication channel that made possible for users/companies to opportunistically interact and selectively self-present, with both broad and narrow audiences who derive value from user-generated content. Several points are important to be derived from last explanation. Firstly, social media represents amply field for value (co)creation. Secondly, exchange of user-generated content appears as a firm foretoken for future mutual value generation. And, least but not last, it strongly enforces communication and exchanges of experiences in many forms. Such a conclusions have been previously supported by Howard, Parks (2012, p. 359 - 362). They believe that social media are:

1. Information infrastructure/tools used to produce and distribute content;
2. Content that takes digital forms;
3. People, organizations and industries that produce and consume digital content.

However, the question might arise what does social media defined by information infrastructure/tool has to do with value (co)creation. What does shareable digital content has to do with experiences and relationships between customers and companies?

5. SOCIAL MEDIA AND VALUE (CO)CREATION – WHAT WE KNOW SO FAR?

Hajli (2014, p. 101 - 114) believes that consumers create added value through collaboration and social interactions on the internet (reviews, advices, experiences, impressions etc.). This is very strong and straight forward statement. Moreover, they (consumers) support business through the co-creation of value via their social interactions. One of the ways to interact and exchange resources/experiences in context of 21st century is via social media. Consumers are now tremendous content generators. This represents a full overlap with Howard and Parks (2012, p. 359 - 362) logic that individuals and organizations produce and consume digital content (content might be equal to both tangible and intangible resources). From the strategic marketing perspective, social media offers various benefits: enhanced brand image, facilitating of word-of-mouth, sales increase, managing data and information and general social support for clients/customers.

As well, Füller, Mühlbacher, Matzler and Jaweck (2009, p. 71 - 102) share the opinion that by using social media, companies can and do create content and offer invaluable information and advices to others. They even go step forward by claiming that social media provide a company's solid opportunity for future value (co)creation. This statement is primarily based on collaborative efforts and sharing mindset.

Social media can be considered as a conditional intermediary between companies and clients. It could be of remarkable significance since it is a channel throughout which communication is taking place recently (Lewis, 2010, p. 23). From here it is straight forward that social media could be observed as an entry point of a kind, whereby both companies and customers can communicate and share their experiences.

6. CONCLUSION

All in all, as a direct result of the conducted research, first conclusion is that more on-field researches are required in order to handle properly the relationship between social media and process of value (co)creation. One of the greatest limitations of this paper is that it took only one-sided theoretical approach in explaining and elaborating potential footprint of social media on value generation. Although time span of eleven years have been covered and total of forty five relevant articles have been screened, result is somewhat inconclusive and vague.

Scientific public has already been aware of link between social media and S-D logic. On one side, we have affluent number of authors who were researching value (co)creation so far. Whilst

on the other hand, there is increasing but rather modest number of articles that have something to do with social media and their impact on collaborative value generation. As a generic remark, we do not possess overreaching literature that deeply elaborates the link between social media and process of value (co)creation.

From the sources that are publicly available it is visible that few authors have been investigating the issue more than others. To different extent they all agree and share opinions that social media deploying is to be translated into enhanced and mutually beneficial value creation in the future.

On the contrary, hard-liner portion of scientific public is skeptical toward these findings and are claiming that way more researches are needed in order to have a solid base for such a claims (see previous paragraphs).

Table 2. List of authors and their attitudes in respect of H0

Author/s	Approve H0	Disapprove H0	Remarks
Hajli (2014, p. 102)	X		
Füller, Mühlbacher, Matzler, Jawecki (2009, p. 81)	X		
Howard, Parks (2012, p. 359)	X		
Krajina, Mladenović, Kunze, Ratilla (2016, p. 1681)	X		
Ballantyne, Williams, Aitken (2011, p. 179)	X		
Lewis (2010, p. 23)	X		
Katzan (2008, p. 22)		X	Strong skepticism.
Piligrimiene, Dovaliene, Virvilaite (2015, p. 452)		X	Primary research is needed.
Spohrer, Maglio (2010, p. 238)		X	Lack of primary research considering the topics.
Rihova, Buhalis, Moital, Gouthro (2014, p. 356)		X	So far no tangible proof (lack of statistically backed up conclusions).
Lamber, Enz (2012, p. 1588)		X	Neglectable influence of social media on value creation. (No solid proof for this claim)

In closing, we must conclude that academia shares contrasting attitudes when it comes to potential roles of social media in value co-creation. A group of analyzed authors strongly supports this statement, whilst we have another cluster of authors who are severely opposing and claim that no solid findings are possible until more primary researches are performed.

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