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CO-CREATION CHALLENGES OF MODERN MARKETING

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ABSTRACT: Nowadays, interaction between customers and companies is taking new forms and shapes that go beyond almost all aspects of traditional exchange. Thus, both companies and customers are initiators of the new ways to support each other's value creation, based on customization, developing new co-creation mechanisms. The authors' opinion is that consumers 'innovators' as a relatively small group of consumers, who tend to buy the first new product, are potentially significant source of so-called "customized" consumers. The interrelationship (innovator-customized consumer) is reflected in the context of social capital and the dominant cultural pattern, as a catalyst of the creation of consumers which key feature is active participation in the production of its own (consumer) experience. Therefore, our focus will be on the co-creation process and the modern challenges associated with it.
KEYWORDS: Co-creation, Consumer Innovator, Social Capital, Cultural Pattern, Modern Marketing, Virtual Communities

INTRODUCTION

Consumption as a social and symbolic act becomes an increasingly important segment or hallmark of culture; it can be interpreted as an indicator of social and cultural differences and overall social relations.

Nowadays, the market is increasingly becoming a mediator of both economic and social activities. It affects the "human relations at work and at home, in public, as well as in the most intimate and private areas"[1]. Given that we are living in a society of consumers, their "natural habitat" has become the market, i.e. the place of purchase and sales.

The key fact is the emergence of new consumer logic that becomes the hallmark of the postmodern culture of developed societies of the West, contributing to the general "marketization" of society (or the penetration of market paradigm in various segments of social relations). Therefore, consumption has got the status of one of the basic elements and integrating factors on society; it has become the central research subject in the area of marketing and management, shaping the daily lives of people to a large extent.

Rather than adopting the traditional and accustomed lifestyle, the new "heroes of consumer culture" have made it a lifestyle-project, expressing their individuality and the sense of style through particularities (of goods, clothing, behaviour, experience, appearance and body) based on which they design their own lifestyle [2: 67]. Identity in consumer society is increasingly associated with style, image and appearance.

The (postmodern) consumer is featured by the paradigm of hyper reality, providing him/her with the properties of creator of change. As suggested by postmodern sensibility, "production and reproduction, image, simulation and meanings are no more the matter of accident or the result of fortunate circumstances,"; instead, they are "deliberate and organized"[3], opening new areas of challenges of marketing theory and practice. The contemporary (postmodern) consumer increasingly participates the "customization of his/her own world," affecting the final appearance of the product [4].

CO-CREATION PHENOMENON

Recently, the term co-creation has been established to denote special methods and strategies applied by firms to engage customers and users into their innovation process [5]. Customer co-creation describes set of methods that establish an active, creative and social collaboration process between producers and customers (users) in the context of new product development[6][7]. It denotes a paradigm shift from a manufacturing-active paradigm to a customer-active paradigm [8]. Customer's participation in a product development process increases. His or her active role represents a great challenge for modern marketing.

Customer co-creation is an open innovation with customers. It is a product or service development approach where users and customers are actively involved, providing ideas and take part in the design of a new offering [9][10][5]. More specifically, customer co-creation is an active, creative, and social process, based on collaboration between producers (or retailers) and customers (users)([7] building on [6]). The idea of co-creation is to actively involve customers in the design or development of future offerings [11], often with the help of tools that are

provided by the firm. These tools are usually based on digital and Internet technology, because they provide an easy access. Also, Internet-based co-creation process make customer's experience more relevant, useful and fun.

Co-creation activities are performed in an act of company-to-customer interaction which is facilitated by the company. The manufacturer is either empowering its customers to design a solution by themselves or is implementing methodologies to efficiently transfer an innovative solution from the customer into the company domain. Examples for methods include ideation contests, lead user workshops, consumer opinion platforms, forums, blogs, social networks, toolkits for user innovation, or communities for social product development.

(UN)EMPTY 'TANKS' OF SOCIAL CAPITAL

The first serious theoretical analysis of social capital is given by Pierre Bourdieu [12] in his theory of capital. Bourdieu considers that social capital is made up by combination of relationships, obligations and social contacts which individuals, families and social groups realizes and it may be under certain conditions converted into economic capital. At the organizational level, the social capital of individuals associated in the organization is connecting into the social capital of the organization and it is relatively easy to convert it into economic capital in a favorable moment.

Putnam, the most important theorist of social capital, was initially determined the social capital as features of social organization, such as trust, norms and networks that can improve the organization of society through the implementation (supporting or facilitating) of coordinated engagement [13: 167]. In later papers he recognizes participants as beneficiaries of social capital [14: 664-665], and finally social capital is defined as the relationship between individuals, as social networks based on norms of reciprocity and trust built on it [15: 19] which makes the legitimate point that social capital becomes directly linked to long-term personal interests.

Social capital comes to the fore when based on common values individuals realize social interaction, and on the basis of them build social networks which have a value not only on the emotional level but rather in a very concrete benefits resulting from the trust, reciprocity, information exchange and cooperation related to social networks. Thus, social capital is usually understood as a system of social networks (and norms) caused by regular social interactions that facilitate the action of individuals and groups within the wider community or society or as a social (common) resource that makes easy/difficult access to other resources and, potentially increases the comparative advantage over those who are not members of the network. Social capital, in principle, is disposed of the individuals linked to the different social networks. Ultimately this concept of social capital is an expression of personal (and social) trust and it represents a link that allows group coordination and cooperation for achieving individual (or group) benefits.

According to Putnam, social capital has three components: reciprocity, network connections and trust. Under reciprocity Putnam implies continuous cooperation and exchange relations involving mutual expectations that what we give today it will be returned in the future. When we talk about network connections, we should emphasize the importance of horizontal relationships of individuals of equivalent status and power. On the other hand, the vertical relationships involving individuals of different status are not considered significant for the formation of social capital. If mutuality and horizontal networks are placed in the same place then it has created a fertile ground for the development of mutual trust.

In general we can conclude that the key provisions of the social capital is that it includes all types of relationships between individuals, that all private networks and relationships with friends and family are important to it and that the emphasis is put on abstract normative and value aspects of mutual trust. In this sense various forms of solidarity can be the basis of trust: family, political, ideological, religious, interest, professional, intragroup in any sense of the word. This means that the social networks that individuals build can simultaneously represent a social capital for their institutions and other organizations and for linked individuals.

One of the biggest challenges for marketing today is phenomenon of virtual world and all of its characteristics - good and bad. Technology development and widespread use of the Internet, are bringing great advantages and benefits in private and business environment. The huge growth in computer, communications and other digital technologies has had a major influence on the communication. Considering that communication is the basis of building social capital, new ways of communicating are pointing to modern ways of building social capital. Technology has become an integral part of our lives. Creating social networks in the online environment, thus creating virtual communities can be one of the challenges of modern marketing. Digital technology brings, among the other benefits, a new way of online communication, relationship building tools, online advertising, online social networks etc. As technology has emerged, co-creation is a viable contemporary solution.

Internet environment enables the connection of a large number of people, transcending geographical and time barriers. With the connectivity and interaction, buyers and consumers have the opportunity to express their opinions, to tailor products and services to their needs and desires, and so actively participate in the production process. Online co-creation, as one of the challenges of the modern marketing, are product of creating virtual communities, customer's lack of time and sometimes of their spoiled. But, at the same time, online co-creation is one of the best ways for customers to create an unique product to satisfy their specific desires. Participating in online discussions and interaction with other consumers and organizations, consumers are building new reservoirs of their social capital.

"Customers can get a clearer impression on firms' activities and products by e.g. visiting a firm's Facebook page, but the firm in return gets additional valuable information about the visitor's social network profiles. Further, it is not only the customer-firm relation, but also the customer-customer relation that is affected. Customer can communicate, share knowledge, and find people with similar interests far easier." In turn, social media usage could have a great impact on relationships within each method of co-creation [16].

THE CULTURAL PATTERN AND A WORLD OF VIRTUAL COMMUNITIES

Since culture is "an integral part both of the structure of society and the structure of personality", it should be viewed from both angles. "Culture can be thought of as a 'building' others have built for centuries," says Z. Golubovic [17: 79], "that we find at birth, outside of which we would not be able to live a human life, but while living in it we feel the need to participate in its modeling and shaping...". All the above speaks in favor of the thesis of interdependence of culture, man and his behavior.

Behavioral tendencies can be explained through the characteristics of the prevailing cultural pattern. "Regardless to their incompleteness, people realize themselves through culture..." [18]. What is the cultural pillar of human behavior in Serbia made of? The answer can be found in clues on the ruling cultural matrix (cultural pattern) in Serbia, based on research of G. Hofstede [19], who believes that culture is a multidimensional concept. Based on the research from the 1970's and 1980's, Hofstede et al. have concluded that countries are resolving the same problems differently, establishing five key dimensions based on which it is possible to distinguish between national cultures: power distance (PDI), uncertainty avoidance (UAI), individualism/collectivism (IDV), masculinity/femininity (MAS) and the long-term/short-term orientation in time.

Cultures with the strongest resistance to change [20] are characterized by a high power range index, low individualism index and high uncertainty avoiding index. The cluster of countries with the strongest resistance to change (Portugal, Latin America, and Korea) had included also the former Yugoslavia. However according to a later repeated research [19], countries established by the disintegration of 'second' Yugoslavia have also retained (or rather maintained) these characteristics.

It is easy to conclude that cultures with low power range and uncertainty avoidance index and high individualism index, are expressing openness and readiness for change (England, USA, Sweden, Finland, Norway, The Netherlands). Of course, generally speaking, we can rather say that high uncertainty avoidance and power range levels are resulting with increased resistance to changes, while high level of individualism 'encourages' changes.

However, with a emergence of the Internet, citizens of Serbia and former Yugoslavia initially resisted the use of new technology, but in a short time they showed a high degree of adjustment to changes.

Namely, the number of Internet users in Serbia tripled in four years (2006-2010) [21] and the number of Internet users worldwide is constantly increasing. Now, there are more than 1.8 bilion users worldwide. The digital era has brought many challenges to todays cultural patterns. Some of traditional aspects have turned off, and some of new aspects have appeared. Lifestyle and consumer behavior have changed. Web 2.0 has overcome a simple information exchange. Now, people are connected worldwide, using different technologies such as blogs, social networks, forums etc. With the exchange of opinions and experiences, using online communication, people become closer to each other, creating virtual communities. Buyers and consumer of certain products, which have Internet access, are able to participate in co-creation and development of products, adapting it to their needs and desires. This leads to consumer empowerment. In context of virtual communities, empowerment refers to how the new technologies enable people to interact with the world on different levels (personal, dyad, group, or community) and to do or to achieve things that they found difficult to do or to achieve before [22].

THE ROLE OF CONSUMERS INNOVATORS IN CO-CREATION

Considering the characteristics of consumer innovators as a consumer group with a strong tendency towards being the first to buy a new product, the authors argue that this group has a significant capacity of influencing the final appearance of the product that they want to buy. In this way, consumer innovators indicate the consumer preferences that can be identified as an explicit preference for participating in the "customization of their own world" and creating their own consumer experience. All this supports the view that the identification of consumer innovators is the key concept to the development of businesses that root their differential advantage in the strong synergy of creative consumer and producer inputs while creating the desired product. Online environment provides a huge number of creative and interesting possibilities for innovative consumer to express themselves, quickly and to an enormous number of people.

Consumer preferences are explained by the consumers' personality traits. Innovativeness, the low level of dogmatism, the high optimum stimulation level and thus, the readiness of assuming higher levels of risk are all the key characteristics of consumer innovators. As characterized by the absence of prejudice, their innovative behaviour is an expression also of a strong need for uniqueness [23], and of the tendency to special offers. All this supports the thesis that consumer innovators are the potential core of 'customized consumers', having also the potential of recruiting new consumers who belong to the group called non-innovative consumers. A higher level of social acceptance and social integration of consumer innovators makes them effective opinion leaders, increasing their impact on consumers of different consumer preferences.

Internet provides information, connectivity, remote access, applications, networking sites and so on.

Innovative consumers are using a large number of digital technology's tools. They are empowering themselves with all of benefits that Internet provides. Passing on their experiences, they are creating a new cultural pattern and increasing their social capital.

Considering the properties of consumer innovators, it is not difficult to see the significance of the level of social capital and the prevailing cultural pattern as indicators of the innovative consumer capacity.
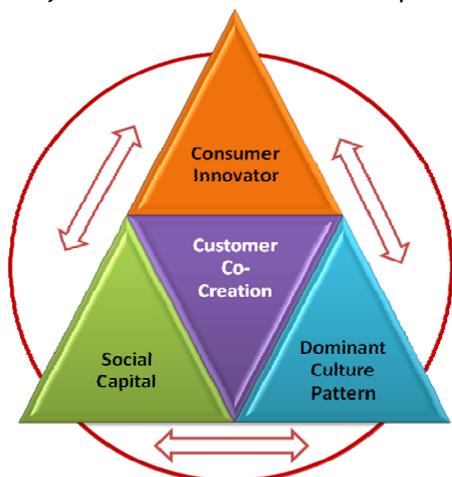

Fig. 1. The interrelationship: Co-innovator & Cu-Co-creation & Soc.capital & Cultural Pattern [24]

The key concern of marketing professionals is finding and recruiting new customers. Regarding the target group that has a high capacity of consumer preferences of participating in the creation of the own products, they are reasonably found among the consumer innovators. On the other hand, it is highly important to ensure the critical mass of such customers in order to ensure the cost-effectiveness of the co-producing strategy, both in terms of profitability, and in terms of less tangible values (image, brand, etc...). However, it is necessary to be familiar with the prevailing cultural pattern and the status of social capital. In societies with a high level of risk avoidance and power distance and low levels of individualism indicated by the cultural pattern, it is difficult to expect a significant level of presence of consumer innovators and 'customized' consumers. On the other hand, societies with empty or low reservoirs of social capital are characterized by high levels of distrust towards both the individuals and institutions, making the inclusion of processes of creating consumer experiences more difficult.

CONCLUSIONS

Consumer innovators are expressing consumer preferences that can be identified as the preference for participating the "customization of the own world" and the creation of the own consumer experience. All this supports the view that the identification of consumer innovators is essential for the development of businesses establishing their differentiated benefits on the strong synergy of consumer and manufacturing inputs in the creation of the desired product. Considering the characteristics of consumer innovators, it is not hard to perceive the significance of the level of social capital and the prevailing cultural pattern, as an indicator of

innovative consumer capacity. The higher level of social acceptance and the better social integration of consumer innovators make them effective leaders of opinion, increasing their impact on consumers of different consumer preferences.

The role of the Internet in these processes is huge. New type of communication through Internet channels provides people to participate in online discussions, exchange opinions, developing and creating product that are custom-made. Co-creation is a process that provides a wide array of options to consumers innovators. By providing them so much freedom, for modern marketing is very difficult to balance the needs between customers and companies, especially whit the strong influence of social capital and cultural pattern.

In societies the cultural pattern which indicates high levels of risk avoidance and power distances and low levels of individualism, it is difficult to expect a significant presence of consumer innovators, and hence 'customized' consumers.

Today's business conditions forced companies to reconsider their customers' roles in current business practices. Companies need to pay more attention to the co-creation process, all its advantages and disadvantages, especially the challenges that brings. However, not all companies necessarily benefit from value co-creation, which makes it even more important for them to carefully assess the opportunities that it entails.

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ACTA TECHNICA CORVINIENSIS - BULLETIN of ENGINEERING