

Value Co-Creation Practices in Social Commerce Community

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Abstract: *The concepts of social commerce have been widely discussed, yet the value co-creation practices in social commerce environment are under explored. It is not clear how buyers and sellers co-create value and what is the relationship between the practices with their participation in social commerce community. This paper intends to fill the gap between global business and microenterprise study on co-creation. The method for data gathering used for this research includes observation, netnography and semi-structured interview. 42 participants were interviewed and the findings show that the co-creation practices are the result of their active participation in this community. These practices are also encouraged by the existence of multiple social media platform which assists them to communicate better in order to co-create.*

Keywords: co-creation, social commerce, virtual community

1. INTRODUCTION

The emergence of Web 2.0 and associated features has encouraged users to create their own content and resulted in a growth in the number of virtual communities. From an e-commerce perspective, Web 2.0 has created new opportunities for reaching customers as well as promoting products.

According to Xin (2009), Web 2.0 technologies, such as social media, represent a paradigm shift for the marketing and advertising communities. Kaplan and Haenlein (2010) claim that social media allows firms to engage in timely and direct end-consumer contact at relatively low cost and higher levels of efficiency than can be achieved with more traditional communication tools. This makes social media relevant for all types of business including large multinational firms and microenterprises. This paper, in line with Lu, Zhao, and Wang (2010), Blanchard and Marcus (2004), suggests that the virtual community is an important element in the social commerce environment that needs to be understood in order to develop effective strategies to employ social commerce.

For the purpose of this paper, social commerce is defined as an online selling and buying using social media technologies and/or platforms, to facilitate interactions within virtual communities which include sellers and customers. Kohler et al. (2011a; 2011b) claim that participants in virtual communities have started to co-create value as a result of the adoption of technologies such as smart phone and tablets which allow room for better interaction and communication. Grange and Benbasat (2013) also argue that online shopping sites with social media have the potential to co-create value. This is because social media provides room for interaction and the growth of a virtual community. Focusing on social commerce community, this paper investigates how the community members co-create value for the businesses, and why the members choose to co-create.

2. SCOPE OF THIS STUDY

This study focuses on the Malaysian blogosphere community and how this community co-create value for the businesses within the communities. Members in this community initially started blogging with the intention of sharing their personal life with

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other members. For the past 10 years, the community members have witness the growing number of microenterprises initiated by the bloggers. Many Malaysian bloggers started online businesses in the mid-2000s and this model of online business is referred to as a blogshop. Although there are many individuals and businesses, this study only focuses on the blogshops that are run by Malay lifestyle bloggers.

In Malaysia, lifestyle bloggers use their personal blogs to sell their products. They combine their personal posts, advertising posts and so on, and use tagging to make it easier for their readers to find a post. Some create new blogs for the business with links provided in their personal blogs. Lifestyle bloggers with separate blogs for their businesses usually make frequent updates about their businesses in their personal blogs in order to promote their businesses. Note that there is no standard implementation on how these bloggers handle their blogshops. The implementation of online business in this community are flexible and can be changed from time to time. As the technology emerged, the bloggers take the advantage to adopt latest social media technology in order to strengthen-up their business operations. Many of the businesses provides multiple options for ordering, payment and shipping which provide convenience for the customers. Although some have shifted their operations to other platforms, most lifestyle bloggers still sustain their personal blogs with personal posts with links and updates about their businesses.

The view of the co-creation of value in this study is not focusing only on the sellers and the customers of one business but rather the general view of the businesses connected in the blogosphere community. We argue that owner of the businesses that engaged in virtual community have a strong potential for providing a room for their customer to co-create value through the interactions and communications within the community.

3. VALUE CO-CREATION

Although the value creation concept has been around for decades, scholars (Grönroos, 2011; Sánchez-Fernández & Iniesta-Bonillo, 2007) argue that it is not well-defined. Generally value creation refers to value that is created by businesses. It involves activities to increase the

value of goods, services and relationships amongst sellers, buyers and/or sellers and buyers by taking strategic actions to make optimal use of the firm's productive resources, a complicated process based on multiple business resources (Anderson, 1995).

Whilst most value creation studies focus on the business side, there are researchers (Payne et al., 2008, Smith & Colgate, 2007) who study the customer side of value creation.

Meanwhile, in the co-creation of value, customers are assumed to create value together with the organization (Pongsakornrunsilp & Schroeder, 2011). Co-creation of value is important as it utilizes customers' potential for demonstrating knowledge, co-constructing the service experience, utilizing expertise, highlighting the customer's point of view and in improving the front-end process of identifying customers' needs and wants (Pongsakornrunsilp & Schroeder, 2011; Prahalad & Ramaswamy, 2004a).

3.1. Value Co-Creation

Co-creation is defined as joint creation of value by the company and the customer (Prahalad & Ramaswamy, 2004). Pongsakornrunsilp and Schroeder (2011) define co-creation as "a variety of ways by which consumers are able to play active roles in the value creation process (Pg. 3)". However, Grönroos (2008, 2011), Voima, Heinonen and Strandvick (2010), Grönroos and Voima (2013) provides an alternative insight to define value creation and co-creation. The alternative view claims that value creation is activities by either seller or customer to create value, whilst co-creation is when seller and customer create value, regardless of who is the dominant partner in the process. This study argues that the latter definitions are more comprehensive compared to the traditional views. This is because the emergence of Information & Communication Technology (ICT) allows the customers to co-create value without facilitation from the sellers. Customers are not only value co-creator but also act as sole value creator.

Big companies like Microsoft, FedEx, Coca-Cola, Lego, Burberry, Target, and Nike are the example of success story in engaging customers through co-creation. Whilst the hypes of co-creation were given to big

companies (Verhoef, van Doorn & Beckers, 2013), researchers however neglect to consider the value co-creation activities in microenterprises. We argue that there is a need for a deeper study on microenterprises environment. This is because microenterprise is more likely to attract smaller community as compared to global companies, thus the findings may give a disparate insight to co-creation. Although there are some research focusing on microenterprises, but the finding is likely to be insufficient leaving a gap on how virtual community contributes to microenterprise. In addition, most studies on microenterprises co-creation focuses on the businesses' co-creation initiative rather than customers' side. The knowledge on how value is created by both sellers and customers in this environment will be utilized in order to understand the effects of value creation on further engagement with the social commerce site, particularly purchasing behaviour. Thus we intend to fill the gap.

3.2. Value co-creation activities

A previous study shows that there are four thematic groups of activities which are involved in creating value in brand communities, namely (i) social networking, (ii) impression management, (iii) community engagement, and (iv) brand use (Schau et al. 2009). We argue that there is a limitation of Schau et al. (2009) whereby it only considers brand communities, thus the practices covered in this particular community include brand use which might not be relevant to other community practices. Refining understanding of value-creating practices in other communities can give useful insights to value co-creation research. Furthermore, other type of practices may also occur in the community chosen for this study.

4. RESEARCH METHODOLOGY

This study used maximum variation sample to identify the community because the list of all social commerce communities is not available and the population is not known. The list was compiled using two methods. Firstly, the search for suitable communities was based on general knowledge of the social commerce activity in Malaysia. Recommendations from prominent persons who are involved in social commerce businesses were also taken into consideration. Secondly, search engines were also used to get a list of social commerce sites.

Several keywords based on products and services were used to capture the sites. For example "Virtual community + Malaysia"; "Community in Malaysia"; "Community Malaysia Forum"; "Malaysia forum online community" and so on. According to Maykut & Morehouse (1994), the goal is not to build a random and generalizable sample, but rather to try to represent a range of experiences related to what one is studying and useful in situations where a random sample cannot be drawn.

4.1. Phase 1: Observation

The characteristics of community chosen as case for this study is finalized based on the findings from observation. Observation, which is a precursor to netnography technique, was conducted for two purposes. Firstly, it was used to identify suitable communities. We also investigate the underlying issues about the research problem that have been explored during the literature review. Secondly, the observation technique is also used to address the issue of case selection for this study. We observed related activities carried out within the community relevant to value co-creating practices in order to select suitable virtual communities, as well as to set the boundaries for this research. At this stage, the information were used to identify the suitable community and businesses that support the proposition made earlier.

4.2. Phase 2: Netnography

Netnography was conducted in phase 2, focusing more on the selected community. Netnography, is a qualitative research methodology that adapts ethnographic research techniques to study virtual communities (Kozinets, 1998, 2002). This method requires the researcher to become a participant in selected virtual communities and an observer of activities.

The data from the netnography will be used to support the interview data. We played a role as a community member and the experiences were recorded. At this stage, we learnt as much as possible about the community members that the research seeks to understand (Kozinets, 2002). Online conversations between the virtual community members such as discussion groups, Facebook wall posts, blog comments, and discussion threads were

reviewed thoroughly in order to identify the co-creation activities. Cluster analysis is conducted to identify the activities that are similar to each other but different from activities in other groups.

4.3. Phase 3: Semi-structured interview

In-depth semi-structured interview was conducted in this phase. Participants were asked about their participation in blogosphere community, particularly

- (i) the co-creation activities in the community;
- (ii) how they contribute to the community members and
- (iii) what they gain from others in business context.

21 sellers and 21 customers from the community were interviewed within 4 months. The interview transcripts were coded and mapped on the basis of recurring themes.

5. FINDINGS AND DISCUSSIONS

This section will presents the finding and the discussion for this study. On the basis of the findings, there are two actors in the process of co-creation in this community, which is the sellers and customers. The co-creation relationship between them can be denoted by (i) sellers to customers; (ii) customers to- sellers; and (iii) sellers to sellers. Customers were viewed as the dominant contributors as compared sellers, as they contributes in almost every single aspect of the co-creation activities in this community, which includes technical assistance, feedback and recommendation, products, as well as business opportunity.

5.1. Co-creation Activities

The followings are the co-creation activities in found in the community according to the theme:

a) *Creating and Assisting New Business*

We found that there are some practices in the community that promotes coaching to other members. This activity includes coaching members to set up their new business, for example the introduction of a dropship program. The dropship programme is a term used for assigning agents to their business. Often, sellers open up an opportunity for

members or non-members who are interested in becoming their selling agent. The sellers will provide material and marketing strategies to the agents. The responsibilities of an agent include (i) promoting the products to their circle, (ii) taking orders on behalf of sellers, and (iii) transferring orders and shipment details to sellers, who then ship the goods directly to the customers. The commission given to the agents is based on the total number of sales. Often the agents will be promoted to become stockist if they meet the requirement of the sellers. This activities promotes the opportunity for members in the community to venture into business.

In addition, the sellers also help the community members who wanted to know how to set up a new business. They share information on how to get the supplier and how to promote their products. Participant S5 stated that *"One of the customers is also doing business, so she invited me to join her Facebook group about marketing, promotion, products and time management. So in that group they coached us on how to promote our product. Well, it's not really coaching but a sort of support group for small businesses"*

b) *Promotional Activities*

The findings show that the community members help each other by provided the testimony of the product that they purchased from other members. Participant B4 said *"I want them to use my comments or testimony for their business. It can help them to promote their businesses. I think it is important for her to have such feedback so that she can use it for her business. For advertisement or marketing"*.

In addition, they share the promotional post on social media, recommending the product to their circle inside and outside of the community. Participant S2 stated *"Most of them shared the status (promotional status) on Facebook. And from what I heard from my customers, mostly from word of mouth, they told me their friends in the community recommended me. Normally they would tell me where they got to know about my business"*.

c) *Knowledge Sharing*

The sellers claim that they always get a new business idea as well as marketing ideas. One

of participant stated that, "One of them even gave me details of the process since she knows some of the people involved in this business. There are a few options which help me to make my decision as there is always someone I can turn to".

This study found that members also provide practical solutions that may improve business, such as information about marketing strategy, packaging and so on.

"They even tell me the type of paper that they think is better for packaging and where to get a better quality paper and bubble wrap" – Participant S2.

In addition, the community members (who may or may not be their customers) support the sellers by sharing information about the demand in the market. "They were the ones who convinced me to use FB Page & IG for my business, or stuff to get, like the popular ones in Malaysia. They informed me about trending stuff for netizens" – Participant S9.

d) *Technical Assistance*

We found that the community have participated in providing technical assistance to the sellers. The activities include logo design, widget setup, social media applications, as well as database design to set up the customers' database. Participant S1 stated "I have my technical people in this community. They help me with the technical issues".

5.2. Why members co-create?

All of study participants appeared to relatively admit that the nature of contributes to the community is part of their group norms, whereby they viewed the community as a support system to the business as well as the customers. This study found that members involve in co-creation because they believe they need to conform to the social norms as it will enhance their sense of belonging in the community. These findings support the claim by Mathwick et al. (2008) who found that virtual communities are maintained by the normative influences that impose a moral responsibility to volunteer and to reciprocate. It is notable that most of the study participants who were interviewed were unconcerned about what they will get back from the community, viewing it as their obligation to other members.

In addition, the members practice social support because of their admiration for the bloggers. The readers look up to the bloggers and want to do their best to help when the bloggers are in need. This finding supports the argument by Kahn and Antonucci (1980) and Norbeck et al. (1981) where liking, admiration, respect and love are considered affective transactions that can influence members to provide social support.

6. LIMITATION AND FUTURE WORK

Firstly, the current data was collected without concern for all types of members in the community. Ideally more participants should have been interviewed to get more diverse data based on the type of participation (i.e. active, non-active, lurkers) and as well as looking at non-blogger sellers in the community. Although this study interviewed 42 participants, more participants would have provided more insight in order to achieve more comprehensive findings. Nonetheless, the findings have been strengthened by carrying out further semi-structured interviews and observations to add to their accuracy.

Further study should be conducted to identify the impact of technology evolution towards members' behaviour in co-creating within the community. The knowledge on how the community is coping with the changes and how it influences their motivation to co-create.

7. CONCLUSION

The interesting fact happening in this community is that sellers also contributes into creating another business to other community members. This finding shows that the connection among people in the community has lead them with a strong support system.

This co-creation practices between a seller with other seller in the community is different from what happened in global businesses, whereby previous studies so far found that the co-creation between one businesses with another business are due to the fact that they are related as supplier or joint-venture business. This is unlikely happened to microenterprise as they have strong bonding stimulated by their active participation in the same virtual communities. This finding gives new insight on the importance of virtual community in

supporting co-creation practice for microbusinesses

This study is expected to be significant for social commerce research and those who venture into this marketplace. In addition, the exploratory nature of this research is anticipated to disclose some potential topics to be further investigated. This is because discussions resulting from this study may stimulate other researchers to explore further in this area; encouraging knowledge sharing and evolution, especially in the area of social commerce. This can add to the social commerce body of knowledge as well as contributing to better implementation of social commerce.

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