DIGITAL MARKETING INSTRUMENTS: USING ONLINE COMMUNITIES FOR PRODUCT INNOVATION

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Abstract. The pervasive diffusion of digital, IP-based Information and Communication Technologies has opened-up a vast array of opportunities for marketing researchers to explore and analyse the intricate fabric of socio-economic human behaviour far beyond the limits of business contexts. While a growing number of marketing scholars support the idea that consumers "produce", giving actual value to the goods and services that they consume, the newly acquired knowledge has led to a profound change in the way marketing professionals conceive marketing, as a whole, and the marketing mix, in particular. Nowadays, marketers emphasise the importance of co-generating value by involving customers in the design and improvement process of goods and rendered services. Consumers participate in the creation of goods and services by not only reacting, sometimes critically, to companies' modes of providing, but – more fundamentally – by constructing their consumption objects, both physically and culturally. Consumers develop the key components of a consumption culture (knowledge, meanings, and affect) and contribute to its progress, regardless of the market.

Keywords: online communities, ICT marketing tools, Web 2.0 marketing strategy, service-dominant marketing logic

1. Introduction

According to sociological studies, in post-modern European societies individuals are on a never-ending identity quest, a quest to define the meaning of their lives.

Although consumers may resist the market, may refuse to consume or, at other times, indicate refusal by consuming in a different manner, they participate in the market process, even if it is in critical and transformative ways, employing creative abilities in order to produce their identity – specifically their self-images [1].

The diffusion of technologies that ordinary people can employ has lowered the threshold to creativity, increasing consumers' creative abilities. Even if manufacturing durable goods (like computers or cars) still requires a complex set of competencies that only an organization can possess, consumers can easily manipulate other products and services, thanks to the specific features of information and communication technologies, with the Internet being an ideal platform for involving users in product innovation.

According to recent research, brands in sophisticated markets grow to be the ultimate expression of self, being selected by consumers based on attitude and in-depth, sometimes expert, knowledge about the authenticity of a product.

Thus, a tribal brand culture is emerging, where consumers consider that they "made" the brand, increasingly regarding brands as shared cultural property rather than as privately owned intellectual property.

Generation C (while the C mainly represents "content" or digital creation such as pictures, movies, blogs, and music) has transformed user-generated content from a hobby into an almost equal competitor of established entities in news, media, entertainment, and craft. While this digital creation is a mainstream trend in the online world, attracting mass audiences, consumer acts of creativity is also feeding back into business through word-of-mouth marketing campaigns and sophisticated online systems for aggregating the valuable comments and ideas of consumers. Thus, Generation C is increasingly rewarded for its output [1, 2].

2. Web 2.0 and Marketing Strategies

In the last years, a strong and unexpected growth in take-up and use of social computing – referring to digital applications which enable interaction and collaboration in such a way that users actually become participants (co-creators not end-users) that are strengthened through the network (as a collective resource) – has been

registered [3]. This phenomenon is known under the currently popular term "Web 2.0" (popularized by technology publisher Tim O'Reilly).

Marketers have identified Web 2.0 applications and social software as providing the means with which audiences can become creators building on a set of Web 2.0 features, which encompass elements like [4]:

- Architecting systems so that get smarter the more people use them, monetizing the long tail;
- Customer-self service and algorithmic management, and
- Lightweight business models made possible by cooperating Internet services and data syndication.

Many marketing studies undertaken over the last decade clearly indicate a shift in the relationship between consumers and producers; according to them, the core competencies of Web 2.0 organizations should be [3]:

- Services, not packaged software, with cost-effective scalability;
- Control over unique, hard-to-recreate data sources that get richer as more people use them;
- Trusting users as co-developers;
- Harnessing collective intelligence;
- Leveraging the long tail through customer self-service;
- Software above the level of a single device;
- Lightweight user interfaces, development models, and business models.

These ideas appear to have profound strategic marketing implications; therefore, we review, in the next section, the research streams that have addressed this phenomenon from different theoretical perspectives.

3. A Paradigm Shift in Marketing - Theories on Working Consumers

The pervasive development of information and communications technology (ICT) and of consumer communities comes at a time when marketing as a discipline is undergoing a paradigm shift toward a new service-dominant logic (e.g. Vargo and Lusch) through which consumers are increasingly acknowledged as creative agents participating in the co-production of value, not merely as the consumers or users of the value offered by firms or other organizations.

By analysing extant marketing theories on working consumers, Cova and Dalli (2009) [1] can identify several research streams that consider the active role that consumers play in the market (Table 1):

- 1 Consumption experience
- 2 Co-production in the service encounter
- 3 Consumer resistance
- 4 Service-dominant logic of marketing
- 5 Collaborative innovation
- 6 Consumer empowerment
- 7 Consumer agency
- 8 Consumer tribes.

Table 1 highlights each research stream's contribution in terms of what consumers do when they (co-)produce, with whom and for what purposes. Since - given certain conditions - co-production can occur in collaboration with companies, the table suggests what company purpose could be accomplished [1].

3.1. Consumption experience

Consumption is considered an immersion in an experiential context and consumption experiences span over a continuum: from experiences that are mainly constructed by consumers and which may involve company-provided products or services, to experiences that companies have largely developed and in which consumers are immersed in a context that is frequently hyper-real (e.g. sport and fashion brands have, developed complex programmes in which the consumer is integrated as co-producer, user, target, etc.) [1, 2].

3.2. Co-production in the service encounter

Through personalization, end users have a role in the development of effective and satisfactory service encounters and experiences. Thus, consumers who are co-opted into the production of (their) services feel involved and develop positive affective evaluations of both the service and the company, increasing their loyalty, willingness to buy, etc.

3.3. Consumer resistance

Research on consumer resistance reveals critical aspects of consumption, mass consumerism, and the resulting reactions from consumers. Although resistant consumers keep their distance from mainstream goods, trends, and companies, in fact, they serve as an evolutionary, transformative element, which turns into profits for companies investing in it.

Consumers are able to develop diverse, new, and original ways of consuming; as a result, they

contribute to companies' marketing and product strategies. From this point of view, consumer resistance can be considered an integral part of consumption, in particular, and of the market process, in general. Therefore, companies are regain resistant consumers back into the market system as new segments.

3.4. Service-dominant (SD) logic of marketing

Lusch and Vargo explain that SD logic moves marketing orientation from a 'market to' philosophy, in which customers are promoted, targeted, and captured, to a 'market with' philosophy, in which the customer and supply chain partners are collaborators in the entire marketing process. The customer is always a co-creator of value and, thus, by co-creating the function as well as the meaning of its experience, customers co-construct value for themselves.

In the SD logic, customers are considered resource integrators (as well as suppliers); therefore, suppliers do not deliver value to customers, they support customers' value creation in value-generating processes of these customers.

Table 1. Research streams on consumer productivity [1]

Research stream	What are consumers producing?	With whom?	For what consumer purpose?	For what company purpose?
Consumption experience	Their own consumption experience	Alone or with other consumers and company employees	Their immersion/ flow state	Increased consumer involvement, pleasure and loyalty
Co-production in the service encounter	The service	Alone and/or with company employees	Customization of product/service	Increased consumer satisfaction and cost reduction
Consumer resistance	The diversion of the experience or the offering	Alone or with other consumers	(Re-)appropriation of everyday life	New business opportunities
Service-dominant logic	Co-creation of market value	Alone	Providing market (operant) resources with subjective value	Efficiency, effectiveness, reduction of risks, and uncertainty
Collaborative innovation	New ideas, products, concepts, symbolic meaning	Alone or with other consumers and company employees	Recognition, functional benefits (new products, updates), reputation, and career building	Outsourcing of idea generation processes
Consumer empowerment	Negotiating their relation with the company	Alone or with other consumers and company employees	Gaining degrees of autonomy	Increased consumer satisfaction/pleasure
Consumer agency	Their narratives of consumption	Alone or with other consumers	Expressing performance through consumption	Meanings, symbols, and other cultural material for product development and communication
Consumer tribes	Alternative (communal) experiences and offerings	With other consumers	Social interaction and belongingness	Building linking value

3.5. Collaborative innovation

Initially, the literature on the role of end users in the new product development process has particularly developed in the field of innovation management, focusing on the role of small groups of innovative and knowledgeable customers, the so-called "lead users".

As they are more active and creative, acting as opinion leaders in their respective communities, companies from various sectors actively sought and exploited their collaboration in order to reduce the failure rates of newly launched products in the consumer goods and services markets.

Later, a more general approach was developed. According to this viewpoint, consumers can act both as developers and as marketers, contributing to the success of new products in terms of functional characteristics and market access, due to their role as opinion leaders and trendsetters.

3.6. Consumer empowerment

In this research area, we can identify three main explanations for the empowered role that today's consumers appear more and more to play: consumers are empowered when they combine their resources and skills to make producers do what they would not otherwise do; from a cultural point of view, consumers are empowered when they can manipulate and even produce special spaces within the market in which they can construct their cultural (consumer) identity; in the discursive perspective, consumers obtain power when they can counteract companies and institutions' communication, thus influencing their credibility.

When enabled by web tools and technologies, consumers are given the possibility to voice and represent themselves – even in a critical stance, exercising some control over marketing variables. In this sense, an interaction occurs between the company and the customer, in which the latter participates in the marketing process, contributing to the generation of market value. Nevertheless, empowered consumers are not necessarily critical. They strive for maximum enjoyment of the consumption process, and the better companies enable them to do so (empowering the consumers), the greater is their satisfaction.

3.7. Consumer agency

Cova and Dalli (2009) suggest that consumers deploy narrative frames that re-imagine marketers' value propositions in terms of consumers' own life projects.

Narrative reframing introduces active consumer agency to the firm-supplied resource by associating the consumer's self, life project, and goals with firm-provided resources. Consumer experience may therefore be regarded as the outcome of the value extraction processes in which consumers engage [1].

3.8. Consumer tribes

A consumer community or consumer tribe is a group of people who have a mutual interest in a specific activity or object and who generate a subculture (a parallel social universe) equipped with its own myths, values, rituals, vocabulary, and hierarchy.

Consumer tribes undertake actions based on their we-intentions (the willingness of the community as a whole) that are of a higher order with respect to the individual or the anomic masses. According to Cova and Dalli (2009), we-intentions are: "(1) mutual responsiveness among participants to the intentions and actions of others; (2) collective commitment to the joint activity; and (3) commitment to support others involved in the activity".

Thus, the working consumer concept describes the phenomenon of consumers who add cultural and affective elements to market offerings, increasing the market value of these offerings, even though they generally work outside the control of producers.

4. Product Development and Community Based Innovation in the Age of Networked Marketing

Online communities have an unmatched ability to facilitate the collective action of knowledge contribution. Although the main resource exchanged in online communities is knowledge, which possesses the features of a public good that can be consumed by anyone (regardless of whether this individual has contributed to its production), a puzzling number of people give up the economically rational tendency to free-ride, and rather share their knowledge for the good of the collective [5].

In order to reach business goals, such as building relationships with their customers, getting their feedback, strengthening the brand, and reducing customer service costs by enabling peer-to-peer problem solving, more and more companies are now attempting to exploit this phenomenon by hosting online communities. Wiertz and Ruyter (2007) define commercial online communities as "firm hosted online aggregations of customers who collectively co-produce and consume content about a commercial activity that is central to their interest by exchanging intangible resources". These intangible resources can take the form of information, knowledge, socio-emotional support, and the like [5].

As figure 1 portrays the vaguely specified progression from lower-value content contribution to higher-value content contribution, the involvement process is based on feedback and self-identification, a combination of affective ideological, social motivation, and educational intellectual commitments. Afterwards, consumers that assume leadership roles, provide feedback, critically evaluating, screening, and challenging. In a constant process of idea contribution, they advise and mentor the more novice members, aggregate similar contributions, and review and challenge current contributions. Thus, collective creativity develops and produces "content" that surpasses the value that could be provided by single individuals.
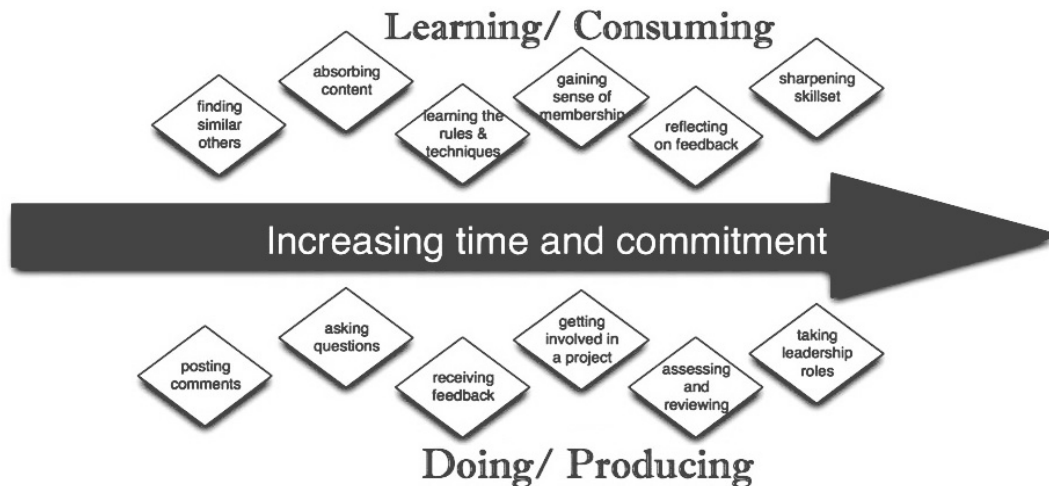

Figure 1. Developmental Progression of Individual to Collective Creativity [2]

Eventually, communities may develop hierarchies of expertise, as we observe within many open-source and fan communities.

Online organizations seem to benefit from networks, which increase variability, and the interactivity of the group context. Unlike physical creations in non-virtual space, creations in cyberspace are never stable, can have an infinite number of versions, and can be almost immediately customized to the specific needs of a particular consumer, group, or community.

Therefore, ICT - in general - and online Internet communities - in particular - provide consumers both with a complex and vast socio-cultural environment from which to draw resources and the liminal openness to mediate the riskiness of exploring and exposing new modes of thinking, doing, and being.[2].

Thus, virtual communities can be seen as sources of innovation for the development of new services and products by integrating members of online communities following an idealized three-stage new product development process (figure 2) [6].

Within the Design and Engineering stage, the integrated community members have the role of co-creators or co-designers; the method of User Design, for example, allows the users to design their own products according to their wants and needs, allowing the participation of Internet users in a much more active and in depth way than current market research methods.

The novelty of these approaches - compared to conventional online market research - is that users are analyzed through netnographic methods and encouraged to contribute their creativity and problem solving skills by generating and evaluating new product ideas, elaborating a detailed product concept, evaluating or challenging it, discussing and improving optional solution details, selecting or individualizing the preferred virtual prototype, testing and experiencing the new product features by running simulations, getting information about the new product or just consuming it. They are not only asked about their opinions, wants and needs [3, 6].

In the Test and Launch stage of the innovation process, members of virtual communities may take on the roles of end users or buyers.

Selected community members can be integrated more than once or iteratively in different stages of the development process. Thus, the innovative potential of online communities can be utilized throughout all stages of the product innovation process and these users may even get

the status of development advisors that strengthens the idea of collective invention and trust building.

As Wiertz (2007) shows, the overall picture that emerges from empirical research is that knowledge contribution is most strongly influenced by a customer's online interaction propensity, commitment to the community, and the informational value s/he perceives in the community [5].
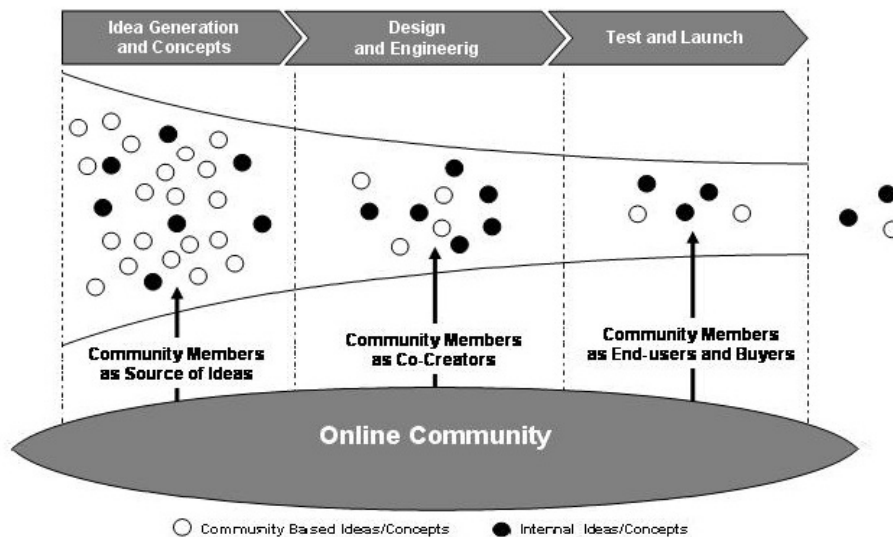

Figure 2. Utilization of Online Communities in New Product Development [6]

5. Conclusions

By harnessing the opportunities of the Web 2.0 environment and social software, consumers actually perform work: they collaborate with sales representatives to customize the service they need, and they interact critically with the market in order to transform it into something more valuable for them from an economic–functional as well as a cultural and ideological point of view. According to Cova and Dalli (2009), consumers use the resources provided by companies to increase the exchange value of these resources. In sum, consumers undertake several activities that, directly or not, increase the market value of whatever companies offer on the market. Positive (co-creation), critical (resistance), tangible (product transformation), and intangible (appropriation) activities provide value to market offerings.

In conclusion, the extant literature and real-life examples illustrate that online communities are a promising source of innovation that should be integrated into new product development as an important digital marketing instrument.

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