

Hyperpersonal Value Co-Creation in Online Communities: A Conceptual Framework

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Abstract

Increasingly companies utilize online communities and social forums to engage customers in co-creating new ideas for their products and services. Company hosted co-creation online-communities foster collective intelligence of a crowd of customers and directly benefit the company through practical new ideas on improving current or imagining new categories of products and services. Previously there has been a lot of attention on factors that may impact 'the outcome' of customers' participation in online co-creation communities. However the focus of this paper is on 'the process' of relationship development between community members, and how a company develops and maintains an effective relationship with customers on such communities. Using a social information processing (SIP) approach and an exemplary case study, this paper proposes an initial framework to explain how over time a 'hyperpersonal' relationship can be developed between the community members, which in turn may drive the value co-creation practice on company-hosted online communities.

Keywords

Collective Intelligence, Online Communities, Value co-Creation, Service Innovation

1 INTRODUCTION

Online communities have gained a significant popularity as a new communication channel for companies to create value through creating and maintaining long term and mutually beneficial relationships with customers (Abedin, 2016). Recently, several companies have utilized online communities and social forums to engage customers in co-creating new ideas for their products and services. For example, in 2012 Heineken's IdeasBrewery online community encouraged users to participate in a number of challenges on reinventing the experience of beer-drinking and packaging (Lee & Dolen, 2015). Amongst different value co-creation practices, this paper focuses on company-hosted consumer online communities in which collective intelligence of a crowd of customers directly benefit the company through practical new ideas on improving current or imagining new categories of products and services. An example of such online co-creation communities is Starbucks' MyStarbucksIdea, in which customers post on average 3 to 5 new ideas per hour on variety of topics such as new coffee tastes, menus, packages, and even café services and experiences.

While there have been many studies on factors that may impact 'the outcome' of customers' participation in online co-creation communities (Lee & Dolen, 2015; Mačiulienė & Skaržauskienė, 2015), little attention has been paid to 'the process' of relationship development between community members, and how a company develops and maintains an effective relationship with customers on such communities. In particular, this paper takes a social-information-processing (SIP) perspective to explain how over time a 'hyperpersonal' relationship can be developed between the community members (i.e. the

company and its customers as well as between the customers themselves), which in turn may drive the value co-creation practice on company-hosted online communities. Thus, this study aims to apply a social information processing perspective to company-hosted online co-creation communities, and propose a new conceptual framework for a 'hyperpersonal' value co-creation process in company-hosted online co-creation communities.

2 METHODOLOGY

This paper seeks to define a preliminary conceptual framework that will explain theoretically how online communities socially construct customer value co-creation. This is a design science problem in that the new artifact, conceptual framework, is to be designed from first principles (from extant literature) and desk-validated using a case example (MyStarbucksIdea). We conduct an exploratory review of the extant literature on relationship development in online communities and value co-creation, and conceptually integrate the constituting foundational building blocks of these two disparate disciplines into a new conceptual framework.

3 REVIEW AND SYNTHESIS OF THE LITERATURE

3.1 Value Co-Creation

Customer is at the heart of service value creation and customer value co-creation is fundamental to service innovation (Chew, 2016). Service is about relationship with the customer (Edvardsson et al., 2005). The

customer creates value during usage of the service over time through a socially constructed customer process (Grönroos & Voima, 2013). Value is wholly determined by the customer upon, and in the context of, service usage (and resultant customer experience), in which the provider's competence is integrated by the customer with his/her competence to co-create value (i.e. perform the 'job') for him/herself (Edvardsson et al., 2005; Vargo & Lusch, 2008). To be a co-creator of value, the provider must understand the customer's practices (performing the 'job') and how the customer combines resources, processes, and outcomes in interactions. Understanding the customer's value-creating activities is therefore the key to attaining superior service experience (Heinonen et al, 2010; Mickelsson, 2013). Therefore the provider would require instituting individualized and immediate customer-organization two-way feedback to engender customer and organizational learning (Johannessen & Olsen, 2010). To win the service game, therefore, the provider must institutionalize customer understanding practices that enables customer value proposition be designed to consistently meet the customer expectations and behavioural needs. This means the provider (such as Starbucks) needs to 'open' up its innovation process and (selectively) invite customers to participate in the upstream stages of service (or product) ideation and production (Grönroos & Voima, 2013). This can be assured by co-opting (or crowd-sourcing) the customer competence in co-creating (or, rather, co-producing) the service idea and subsequently service offering with the provider (Prahalad & Ramaswamy, 2000) – as in MyStarbucksIdea.

The extant literature of value co-creation suggests that the customer interacts with the service provider via an interface through which information/knowledge, emotions and civilities are exchanged to co-create value. In this paper the interface is an online co-creation community, MyStarbucksIdea, where customers interact with the company and other customers – through such relational mechanisms as social information processing (see the next section) – for generating new knowledge ideas (or new customer value propositions), and subsequently co-create value. That means the provider engages the customer directly as a co-producer (or co-designer) at different points but particularly in the fuzzy front-end of service innovation process (Grönroos & Voima, 2013). However, the customer would only collaborate with the provider in co-creation of core service offerings (in the context of service conceptualization and design practices) if they would gain benefits, such as: expertise, control, physical capital, risk taking, psychic benefits, and economic benefits.

3.2 Online Co-Creation Communities

Members of online co-creation communities participate to build and share information that normally mutually benefits them. In these communities innovators help other members for fun and enjoyment, not just reciprocity (Franke and Shah 2003). Specially, the growth of the social web (e.g. social networks, wikis, and other collaborative technologies) has significantly helped individuals to share knowledge and ideas through collective communities. These communities are great sources for companies to grow their intellectual capital

and more efficiently engage with consumers (Mačiulienė & Skaržauskienė, 2015).

One type of co-creation platforms is company-hosted consumer online communities, in which members regularly exchange actionable ideas, share information on improving company products and services, or creating new ones (Lee & Dolen, 2015). The outcome of such online communities has been the production of new and useful ideas (Amabile et al., 1996), and therefore the ultimate goal of the company is to encourage and facilitate members' participation.

Despite various benefits of engagement in online co-creation communities, creating long term knowledge co-creation is difficult to sustain over time. A lot of participants leave the community once their needs are met. The few that stay continue on-going participation efforts as a hobby begins to form over time (Shah 2006).

Among various researches in regards to participation in online communities, Faraj et al. (2011) offer a unique perspective by arguing that a key characteristic of such communities is their fluidity. This fluidity causes an active movement of resources like passion, time, identity, social disembodiment of ideas, and temporary convergence in and out of the community. These resources bring with themselves both a negative and positive consequence, which create a tension as well as an opportunity for active collaboration and knowledge/value co-creation.

Thus, the dynamic of the company-hosted online value co-creation community and how it supports/encourages participation has a direct impact on its outcomes, i.e. new and useful ideas. Knowledge on the fluidity and the dynamic nature of such an online value co-creating community remains scarce. Amongst various perspectives, this paper uses social information processing to provide a novel approach in demonstrating how various levels of relationship development with community members may produce better or different degrees of outcomes.

3.3 Value Creation: Traditional vs. Web 2.0 System

In traditional system of value creation, consumers were 'outside the company', and the process of value creation occurs 'inside the company' (Prahalad & Ramaswamy, 2004). In the traditional systems, the company and its consumers had different roles in the production and consumption process, leading them to be two distinct entities in regards to the same product or service.

However, Web 2.0 and social Internet has transformed the relationship between the company and its consumers from 'one way' to a 'two way' engagement (Abedin & Jafarzadeh, 2015; Franke and Shah 2003). While previously the market was company-centric with minimal inputs from the consumers, Web 2.0 applications and online communities have provided interactive platforms for consumers to express their opinions and participate in the process of product/service value creation.

Online and social communities have increasingly motivated companies to develop and maintain social relationship management practices with consumers. Social relationship management is a technology enabled business strategy, which is reinforced by business

processes and social characteristics to engage customers in a collaborative discussion for providing mutually beneficial values (Greenberg, 2010). Research shows that online communities enable organizations to increase customer loyalty through impacting on customers' perceived value, satisfaction, and their knowledge about products and services, and improvement in their engagement with the organization (Gu et al., 2011).

Online communities help companies to interact with customers, and the broader public, for new idea generation and value co-creation. For example, according to Prahalad & Ramaswamy (2004), interactions with consumers for value co-creation has four building blocks:

- Dialogue: deep interactivity and engagement between company and consumers as joint problem solvers
- Transparency: transparent company information for consumer
- Access: consumers' access to company information (particularly about products/services consumed by individuals)
- Risk-benefits: customers' assessment of risk-benefit of a course of action and decision

As Table 1 shows, online co-creation communities help companies to effectively engage with consumers in regards to these building blocks.

Table 1: Value co-creation in online communities

Building block	How Online co-creation community helps
Dialogue	Active engagement through 'comments', 'likes', 'shares', etc.
Transparency	Provide access to product/service information on online community for dialogue with consumers
Access	
Risk-benefit	Consumers' assessment of risk-benefit through an on-going dialogue with company and other community members

3.4 Social Information Processing Theory

Social information processing (SIP) theory suggests that participants in online discussions develop individual impressions of others through accumulated messages and interactions in computer-mediated communication (CMC) and consequently may develop relationships through textual or verbal cues (Walther, 1996). According to the SIP theory, through message accumulation, individuals can adapt verbal and paralinguistic behaviors to communicate in CMCs, exchange social information, and transfer knowledge and experience.

This paper applies SIP's notion of 'hyperpersonal' model of relationships to online collaborative co-creation environments. A hyperpersonal approach describes dynamics of message and feedback exchange within a CMC environment and how they are affected by the attributes of the online platform, which in turn encourage users' impression development (Walther, 2007). It suggests "As receivers, CMC users idealize partners based on the circumstances or message elements that

suggest minimal similarity or desirability. As senders, CMC users selectively self-present, revealing attitudes and aspects of the self in a controlled and socially desirable fashion. The CMC channel facilitates editing, discretion, and convenience, and the ability to tune out environmental distractions and re-allocate cognitive resources in order to further enhance one's message composition. Finally, CMC may create dynamic feedback loops wherein the exaggerated expectancies are confirmed and reciprocated through mutual interaction via the bias-prone communication processes" [Walther, 2007, page 2].

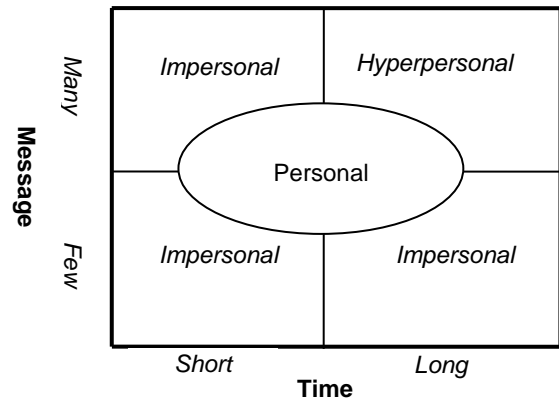


Figure 1: Relationship development between online co-creation community members

SIP theory suggests that community members build relationship over time and through message accumulation. Interactions in online co-creation communities are normally in form of 'likes', 'comments', and 'share'. As Figure 1 shows, SIP argues that impersonal/loose relations between community members will be developed if a low level of message accumulation occurs in a short or even longer period of time or when a lot of messages are exchanged only on a casual basis or short time (Walther, 2007). This, in turn, is expected to lead to impersonal relations, which results in a low sense of community (Abedin et al., 2010). In such environments, people have no to minimal participation in information exchange and new idea generation. In contrast, a medium level of message accumulation in the medium to long term leads to personal relations. This indicates community members often engage in community discussions through reading and interacting with existing posts, and also may post new information or opinions on a casual basis.

On the other hand, if a high volume of messages are exchanged between community members and if it is sustained over a long period of time, members of online co-creation communities may develop a hyperpersonal relationship with the community. A hyperpersonal relationship is when members of the community have a stronger sense of community and have a higher awareness of activities of others community members in the community (Abedin et al., 2010). It encourages and fosters new idea generation and knowledge exchange, which in turn leads to value co-creation in the ideation and production phases of innovation co-creation process.

4 MY STARBUCKS IDEA EXEMPLAR

My Starbucks Idea is an online co-creation community, hosted by Starbucks, where anyone can post new ideas, like/dislike others' ideas and add comments on existing posts and promote/demote them. On average, users post around 100 new posts everyday, mostly from the North America, but also from other regions of the world.

Ideas are broadly categorized into Product ideas, Experience ideas, and Involvement ideas. Ideas get points, based on how much they interest other community members, and top ideas with high scores get featured on the website. Top featured ideas may be then selected and implemented by Starbucks. If a member's idea is chosen for implementation, the member may receive credit on the website but Starbucks will not compensate consumers.

This community has been running since 2008 and has experienced on-going participation of members during this period of time. According to My Starbucks Ideas, *"we created My Starbucks Idea so you can share the ideas that matter to you and you can find out how we're putting those ideas to work. Together, we will shape the future of Starbucks"* (Mystarbucksidea, 2016). The expected value of this community is therefore to facilitate and encourage customers to generate and share new ideas about innovative products and services. Thus, to achieve this objective the community needs an effective and on-going customer engagement and new idea generation.

One key factor in sustaining such active participation is the moderation of discussions and engagement of Starbucks staff members on a regular and continuous basis. This has helped the company to establish and maintain a close relationship with community members and keep the community alive over a period of time. From an SIP perspective, a high level of customer engagement needs a strong sense of community between the community members. This seems to be happening in the MyStarbucksIdeas case, as over 200,000 new ideas have been generated in a period of eight years, several of which have been actually used and implemented by the company.

5 RESEARCH FRAMEWORK

In combination, the above value co-creation and SIP theories explain that the customer would collaborate with the provider in co-production or co-designing of core service offerings *when* they become *hyperpersonal* with the community (and the provider / host of the online community), and would expect to accrue a range of cognitive or emotive benefits from such a relationship such as recognition as an influential expert status and other symbolic or psychic benefits.

Research shows that some characteristics of online communities like anonymity and the absence of nonverbal cues may facilitate intimate and regular disclosure about a particular topic, which then result in increased intimacy in the online community (Tidwell & Walther, 2002). Self-disclosure is key factor in relationship development. In a hyperpersonal environment, members have a high degree of self-disclosure and tend to actively exchange ideas and information with other communities members.

MyStarbucksIdeas provides a structured and systematically moderated environment whereby consumers are encouraged to disclose their new ideas and co-create new product/service. Consumers feel their voices can be heard and that they can participate in co-constructing the service experience, which in turn leads to an intimate and hyperpersonal relation with the company. In particular, assessment of MyStarbucksIdeas shows the hyperpersonal relationship has been developed through the following strategies:

- Co-creation occurs through joint creation of value by consumers. It is not the company trying to please the customer, however Starbucks delegates and partners moderate the online discussions
- The platform allows the customer to co-construct the service experience (e.g. coffee-related products and café experience) to suit the context
- Joint problem definition and solving
- The platform creates an environment for active consumer discussions and personalized service/product co-creation
- Continuous dialogue with continuous attention/support from the company
- An innovative experience for innovation: co-creation of new ideas about products that consumers have a passion for

Figure 2 shows a preliminary hyperpersonal value co-creation framework for online co-creation communities. This framework suggests that effective idea generation and value co-creation in online co-creation communities happens when the environment encourages and facilitates a hyperpersonal level of relationship between community members. Given SIP's perspective in Figure 1, in an impersonal or even personal environment, members of the community have a low level of participation and message exchange and therefore a loose connection to the community. They are largely passive "listeners" of the online collaborative dialogues. Therefore, they are 'passive' consumers of Starbucks offerings and benefit only from the consumption, "value-in-use", of Starbucks coffee. In contrast, in a hyperpersonal environment, community members selectively self-present, actively exchange knowledge and information resources, and effectively co-create or co-produce the value proposition or service (product) idea. Thus, hyperpersonal members are capable of *co-producing* value proposition (service idea or service design) as well as *co-creating* value, i.e. new offering for value-in-use (Grönroos & Voima, 2013). For Starbucks, a hyperpersonal relationship leads to co-producing and/or co-inventing new coffee tastes, packaging ideas, or new café experiences, which are co-invented by customers on a regular basis on the online MyStarbucksIdea community.

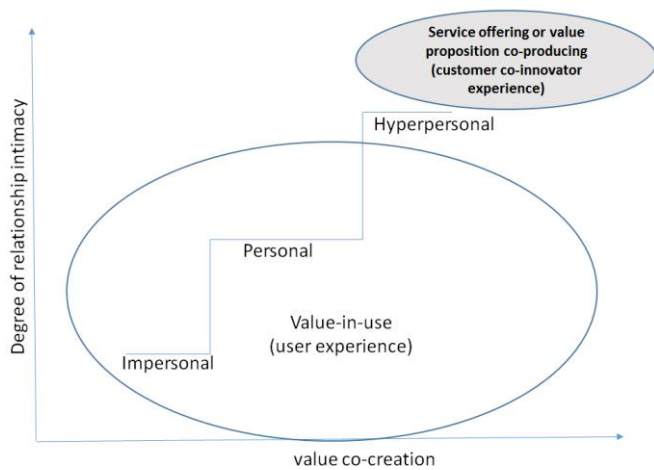


Figure 2. A Preliminary Proposed Hyperpersonal Value Co-creation Framework

6 CONCLUSION

The findings of the paper provide a new perspective to value co-creation practices through engaging customer crowds and utilizing collective intelligence in online co-creation communities. The results of this study offers a new conceptual framework that extends the traditional understanding of value co-creation model, and suggest that through message accumulation as well as interactions through 'likes' and 'comments', members of online innovation communities such as Starbucks' MyStarbucksIdea develop a hyperpersonal relationship with the community members, which in turn fosters new idea generation, knowledge exchange, and value co-creation.

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