

Chapter 7

Value Co-Creation, Social Media, and Marketing 3.0: Towards the Search for Competitive Advantage in Firms

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ABSTRACT

The aim of this chapter is to analyze a new concept value co-creation-that has emerged in the context of marketing and business management research. In today's market environment, companies are continually pressured to innovate in order to attract and maintain consumer loyalty and gain and sustain competitive advantage in the market. First, this chapter identifies factors and variables that are leveraged to determine value co-creation in firms. Second, this chapter examines how the development of information and communication technologies-in particular, the Internet and social media networks-has become the main engine of the co-creation activity in a Marketing 3.0 context. Third, this chapter discusses the consequences and benefits of implementing such concepts on the achievement of competitive advantages for firms.

INTRODUCTION

Due to the high connectivity of global markets and the intense competition among firms, companies are under great pressure to be innovative and keep a constant flow of ideas that can lead to new or

improved products and services (Chen, Marsden, & Zhang, 2012). Therefore, firms must find new ways to attract customers and retain loyalty to stay competitive in the market (Brünink, 2013). Moreover, firms must continually reinvent their activities for better adaptation to the complex and

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dynamic reality of markets (Roser, De Fillippi, & Samson, 2013).

A high percentage of new products launched on the market fail because firms do not adequately understand what consumers want or need (O'Hern & Rindfleisch, 2008). This is mainly because consumption patterns are becoming more particular and heterogeneous, making categorization, analysis, and control more difficult (Bonsu & Darmody, 2008). Consequently, when consumers differ in their preferences, marketers and firm strategists need to develop tailored products and services for their target audiences (Kotler, Kartajaya, & Setiawan, 2010). Consumers' needs are becoming increasingly complex and difficult to predict, and traditional market research methods only offer limited insight into what consumers actually need or want. As a result, companies' inability to correctly analyze preferences and needs in their market can lead to the failure of their product or service (Von Hippel, 2005).

Therefore, as a key part of their business strategies and market analysis, firms must explore new business models and marketing methods to develop and continually improve their marketing thought (Danciu, 2013). In this sense, marketing is emerging as a necessary tool to identify dynamic changes in the consumer environment and to develop responses to these changes (Kotler et al., 2010). Accordingly, the conceptual approach of marketing as a facilitator in the creation and enjoyment of value is gaining importance (Payne, Storbaka & Flow, 2008). There is a growing effort for business managers to create a better marketing-grounded understanding of value and exchange. In this chapter we focus on the value co-creation philosophy that is grounded in the idea that "the customer is always a co-creator of value because there is no value until an offering is used" (Payne et al, 2008, p.84).

This new value co-creation paradigm outperforms traditional thought based on a simplistic view of how suppliers produced goods and services that customers finally purchase. This new

co-creation paradigm explains how customers can engage in dialog with suppliers during each stage of product design and product delivery. This dialog should be seen as an interactive process of learning together (Ballantyne 2004). Thus, supplier and customer have the opportunity to create value through customized co-produced offerings. The co-creation of value is a desirable goal as it can assist firms in highlighting the customer's or consumer's point of view and in improving the front-end process of identifying customers' needs and wants (Lusch & Vargo 2006).

Together with value co-creation conceptual framework, in the actual economic and social environment, the advancement of information and communication technologies (ICTs) and the generalization of use in social media networks are becoming critical elements for competitiveness of business organizations (Garrigós, Lapiedra & Barberá, 2012). Actually, social media and virtual communities are essential for understanding current changes in the business environment. These changes also require a major rethinking of marketing concept (Kotler et al, 2010). During the 20th century concept of marketing has moved from being product-centric (Marketing 1.0) to being consumer-centric (Marketing 2.0). In 21st century marketing is responding to adapt to the new and unpredictable dynamics in the environment. Therefore, firms are expanding their focus from products to consumers to humankind issues. Thus, Marketing 3.0, as newest paradigm, is the stage when companies shift from consumer-centricity to human-centricity and where profitability is balanced with corporate responsibility (Kotler et al, 2010).

The main objective of this chapter is to study and analyze how the achievement for competitive advantage in firms is not only based on economical profits and it also have to be based on other intangible variables such as the trust of their loyal network of partners and clients (Marketing 3.0). Hence, firms use value co-creation through social media networks for leveraging and aligning their

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