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Chapter 2

The Dynamics of Social Media and Value Co-Creation

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ABSTRACT

Social media is considered trustworthy by consumers, and this has resulted in a strong consumer focus on social media to acquire information related to products and services. There are various benefits offered by social media, but security is a major concern as viruses and other threats can affect a huge number of users of social media. These platforms are not well governed. Indeed, they are highly decentralized and could easily be accessed, and this presents a high risk of illegal activity. Businesses continue to reap the benefits of incorporating social media into their strategies. There has been a shift in focus from conventional media to online and digital media in the form of social networking sites, wikis, and blogs. This has given rise to viral marketing as a means of effective communication and sharing information. The current chapter aims to explore the relationship between social media and value co-creation.

INTRODUCTION

There is increasing understanding in literature that social media is evolving to offer the consumer platforms to connect with others with the help of user-generated content in the form of images, text, videos and audio recordings (Kaplan & Haenlein, 2010; Kietzmann, Hermkens, McCarthy, & Silvestre, 2011). This has encouraged user participation that is not restricted in any form. The social media platforms allow users to participate in a conversation and share views and reviews about products and services. According to Hanna *et al.* (2011), businesses influence consumers and consumers influence brand messages. Social media offers opportunities for customers to contribute to a value co-creation process with companies.

A number of studies have depicted various ways in which businesses can take advantage of and produce worth from user participation on social media platforms (Di Gangi & Wasko, 2009; Bechmann & Lomborg, 2013; Nambisan & Nambisan 2008; Prahalad & Ramaswamy, 2004a). The growing importance

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of social media has provided benefits such as: (a) building a network, content contribution by customers and updating content; (b) helping to enhance the growth of a company and foster innovation; and (c) trading the information obtained from digital profiles. Therefore, with the help of social media businesses and consumers get involved in different co-creation processes, which include designing and developing products, services and service support ideas (Nambisan & Nambisan, 2008; Prahalad & Ramaswamy, 2004a). Allan (2005) also noted that companies' online views and collaboration have the potential to enhance the characteristics of products by taking on board user-generated content on social media.

The digitalisation aspect of the social media platforms enables consumers to have better knowledge related to the products and services and thus to participate in the value co-creation process and interact more with the brands (Aluri *et al.*, 2015; Chathoth *et al.*, 2014; Lin *et al.*, 2018). Business can enhance the customer experience by employing the benefits of social media. Applying social media as a tool for managing the experience of the customer is vital in a highly competitive market scenario. Businesses have also acknowledged the prospect of utilising social media as a marketing tool within their operations (Fischer & Reuber, 2011; Luo, Zhang, & Lui, 2015; Mangold & Faulds, 2009; Ozuem & Yankova, 2015). Previous studies highlighted the adoption of the types of tools mentioned by Siamagka, Christodoulides, Michaelidou, and Valvi (2015). According to Kaplan and Haenlein (2010) and Kietzmann, Hermlens, and Silverstre (2011), social media has developed to provide to consumers with opportunities to become involved in an exchange of ideas through video content, images, text, and audio. According to Gallagher and Ransbotham (2010), interactions and collaborations between organisations and consumers have become simpler and more common than in the past.

Numerous studies have highlighted the benefits of using social media for value co-creation in various sectors. For example, Cao, Ajjan, and Hong (2013) have applied social media to educational outcomes in college teaching. Xie and Stevenson (2014) applied social media in digital libraries. Kao *et al.* (2016) investigated co-creating value with consumers through social media using a service firm. Islam, Agarwal, and Ikeda (2015) conceptualised the business notion of value co-creation in the framework of libraries. Santos, Alves, and Brambilla (2016) examined value co-creation in retail using social networks. Social media has helped to develop better relationships between businesses and various stakeholders. Social media has gained paramount importance and is greatly used by the masses due to its user-friendly nature and easy access to the Internet.

CONTEXTUALISATION: SOCIAL MEDIA

Social media is a global and useful application that is based on the technological foundations of the World Wide Web. It is a means of social interaction that is facilitated by the Internet. There has been rapid progress in the usage of the Social Media Applications (SMA) in recent years. Social media has made customers more aware about businesses and their products. It has also resulted in stronger connections between buyers and sellers. Social media is grounded on the technologies of Web 2.0 (Hew & Cheung, 2012). Web 2.0 has experienced exponential growth that has resulted in the development of new technologies. Kaplan and Haenlein (2010) and Daugherty, Eastin, and Bright (2008) note that Web 2.0 technologies empower end-users to be able to use different kinds of media content like video, audio, images and comments. Customers can review, create, comment and share content on social media with the help of online networks. Customers thus have uninterrupted access to businesses, brands and marketers (Chau & Xu, 2012).

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