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## Brand value co-creation in a digitalized world: An integrative framework and research implications

Venkat Ramaswamy<sup>a</sup>, Kerimcan Ozcan<sup>b</sup><sup>a</sup> Ross School of Business, University of Michigan, Ann Arbor, MI 48109, USA<sup>b</sup> Marywood University, School of Business and Global Innovation, Scranton, PA 18509, USA

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## ABSTRACT

We present an integrative framework of brand value co-creation with theoretical underpinnings in joint agencial experiential creation of brand value. Central to this framework are brand engagement platforms entailing both relational activities and offerings, at the intersection of joint agency of experiential co-creators (whether in their role as customers, employees, partners, or any other stakeholder) and co-creational enterprises as organizing the practice of brand value co-creation (whether in their role as innovating or marketing offerings, or managing network relations). Using two illustrative examples of Starbucks and Apple, we discuss how brand value co-creation is enacted through brand engagement platforms, embodied in brand experience domains, and emergent from brand capability ecosystems, valorizing outcomes with stakeholding individuals. Subsequently, using another illustrative example of Nike, we discuss the concept of co-creational enterprises as a nexus of co-creational platforms of engagements, and elaborate upon the organizational practice of brand value co-creation in a digitalized world. We conclude with several implications for future brand research.

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The concept of brand (Aaker, 2012; Kapferer, 2012; Keller, Parameswaran, & Jacob, 2011) has evolved over the past century. It has been a way for customers to identify and recognize an enterprise's offerings, to being influential in shaping customers' beliefs and actions (Keller & Lehmann, 2006; Low & Fullerton, 1994), and delivering functional, emotional, and self-expressive benefits (Aaker, 1997; Park, Jaworski, & MacInnis, 1986). Brand mechanisms also represent knowledge (Keller, 2003), and engender customer relationships both personally and communally (Fournier, 1998; McAlexander, Schouten, & Koenig, 2002; Muniz & O'Guinn, 2001; Schau, Muniz, & Arnould, 2009). Brand engagement, as a participatory social process (Ind & Bjerke, 2007a), goes beyond customers to other stakeholders, such as employees and partners (e.g., Berry, 2000; Brodie, Whittome, & Brush, 2009; Gregory, 2007; Jones, 2005; Merz, He, & Vargo, 2009; Mosley, 2007).

Over the past couple of decades, information and communications technology, propelled by the Internet, has turbocharged interactions as a locus of brand value (Gensler, Völckner, Liu-Thompkins, & Wiertz, 2013), and human experiences as a basis of brand innovation and value creation (Ind, 2003; Lockwood, 2010). *Digitalized platforms of engagements* have become integral to enterprise offerings (Avlonitis & Karayanni, 2000; Ramaswamy & Gouillart, 2010a), from enhancing the design and delivery of goods and services (e.g., through digital mobile applications and social media integration) to digital platforms themselves as the basis of offerings (e.g., electronic social networking services). In a digitalized world, organizations also increasingly find brand equity (Keller, 1993) anchored around their enterprises (Baumgarth, 2010; Ind & Bjerke, 2007b). Enterprise brand platforms are connecting individuals across multiple devices/channels in creating brand value through human experiences, accelerating an

E-mail addresses: [venkatr@umich.edu](mailto:venkatr@umich.edu) (V. Ramaswamy), [kerimcan.ozcan@gmail.com](mailto:kerimcan.ozcan@gmail.com) (K. Ozcan).

experiential view of innovation and value creation together with customers and stakeholders (Prahalad & Ramaswamy, 2003, 2004a; Ramaswamy, 2008, 2009, 2011; Ramaswamy & Gouillart, 2010a).<sup>1</sup>

Simultaneously, there has been an accompanying evolution of the role of customers, beyond recipients of offerings to *co-creators* in the value creation process. This not only entails the innovation of offerings, but also human experiences, thereby transforming the concept of market beyond mere exchange of goods and services to *co-creational experiences* (Prahalad & Ramaswamy, 2000, 2004a, 2004b). In a digitalized world, working consumers (Cova & Dallı, 2009) can engage in activities that can potentially function as immaterial labor, deploying their efforts in hyper-connected media cultures to produce ethical surpluses (Arvidsson, 2005) in the form of social relations, shared meanings or, more generally, commons. As marketing moves beyond exchange to a value creation process (Sheth & Uslay, 2007), and value creation itself becomes a joint process that is a function of co-creational experiences (Ramaswamy, 2009), the traditional concept of economic surplus is transformed as a result (Chakrabarti & Ramaswamy, 2014), which has significant implications for the expansion of brand value through co-creation.

However, there has been very little recognition in the value co-creation literature (Galvagno & Dallı, 2014) on its relevance and impact on brands through its engagement processes, and especially the role of human experiences (Ramaswamy, 2011) in brand building. As was noted by Prahalad and Ramaswamy (2004a), brand value co-creation through human experiences has considerable implications for brand management. Experiential marketing and service encounters (Arnould & Price, 1993; Schmitt, 1999) have emphasized emotions, contexts and symbolic aspects of experiences (Holbrook & Hirschman, 1982) with experience economy practices stressing value creation as building processes to support the customer experience (Pine & Gilmore, 1999). While Keller and Lehmann (2006) highlight customer experience and brand relationships as key areas requiring further development, the value co-creation literature has tended to focus more on design and development of goods-services (given an exchange orientation of the market), such as collaborative innovation in new product development, wherein customers interact with companies in respect of new product or service development (Hoyer, Chandy, Dorotic, Krafft, & Singh, 2010; Sawhney, Verona, & Prandelli, 2005), interactive and support services (Bolton & Saxena-Iyer, 2009; Nambisan & Baron, 2007), or both (Nambisan & Nambisan, 2008).

Another major stream in the value co-creation is the service-dominant (SD) logic of marketing (Vargo & Lusch, 2004) where consumers are seen not only as operand resources (resources on which an operation or act is performed) but, following Constantin and Lusch (1994), operant resources (resources capable of causing benefit by directly acting on other resources, either operand or operant, to create benefit) in co-production of service. Through resource integration in activities such as relationship building, communication, and customer knowledge improvement, value creation is enabled (Ballantyne & Varey, 2006). Others see suppliers as not delivering value to customers, but rather supporting customers' value creation in their value-generating processes (e.g., Grönroos, 2006a, 2006b). Although both these views can be accommodated by seeing co-creation as companies creating value together with customers, as well as customers creating value together with companies (Prahalad & Ramaswamy, 2004a; Ramaswamy, 2009; Ramaswamy & Ozcan, 2014), what's missing, most importantly, is an explicit recognition of individual human beings as "experiencers", i.e., as having *conscious agencial experiences*, in defining the nature of innovation in joint creation of value, i.e., they are not just operand resources.<sup>2</sup> Consequently there has been very little discussion of *experiential innovation through platform offerings and human experiences*, which is a significant opportunity gap in the literature, especially in attempts to bring service logic into the space of brand value co-creation (e.g., Merz et al., 2009).

At the same time, brand researchers have also begun to move in the direction of a co-creation approach to the brand (e.g., Bello, Chernatony, & Shiu, 2007; Hatch & Schultz, 2010), viewing co-creation as a process of building brands together (Ind & Coates, 2013), diagnosing and designing the brand relationship experience (Payne, Storbacka, Frow, & Knox, 2009), and discussing complementarity motivations for co-created brand outcomes in multi-stakeholder ecosystems (Gyrd-Jones & Kornum, 2013). There is, however, still a lack of consensus on what "brand value co-creation" is, *absent a theoretically grounded framework*, which raises several open research questions:

- While co-creation indeed entails an active role of individuals (customers, but also employees, partners, and other stakeholders), what really constitutes the very "act" of brand value co-creation?
- While brand value co-creation assumes a platform (digital or otherwise) of engagements, what exactly "constitutes" a brand engagement platform?
- While there has been a simultaneous evolution of the role of organizing individuals as "designers" (Frow, Nenonen, Payne, & Storbacka, 2015; Ramaswamy & Gouillart, 2010a) that enable and support platforms of engagements – i.e., affecting the very role of the "enterprise" (Ramaswamy and Gouillart, 2010b), how do "co-creational enterprises" (Ramaswamy and Ozcan, 2014) then participate in brand value co-creation? As Gupta, Lehmann, and Stuart (2004) have noted, value creation, in general, has two sides of stakeholding individuals, such as customers, on one side and enterprises on the other. Perspectives of both sides on creating brand value together must be addressed.

Schroeder and Salzer-Mörling (2006) note that brand value creation "requires integrative thinking, drawing from management strategy, organization theory, and consumer behavior, and that understanding brands requires theoretical work".

Given all the various opportunity gaps in the literature that we have noted in this introduction, we present an *integrative framework of brand value co-creation*, wherein we introduce the logic of *joint agencial experiential creation*, with the joint agency

<sup>1</sup> We use the term "experiential" to emphasize the concept of experience-innovation, which goes beyond experiences of goods and services (and experiential notions in marketing) to human experience as the very focus of innovation through platform offerings.

<sup>2</sup> We use the term "agencial" to emphasize an agency view of value creation, in contrast to a focus on just agents (i.e., actors) in the system.

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