

COMPANY IDENTITY AND BUSINESS MODELS IN THE VIRTUAL WORLD OF PROSUMER COLLABORATION

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Abstract: Today's economical, cultural and technological transformations influenced producers' and consumers' behavior, followed by the reborn of the creative collaborative society era. The rise of the prosumer managed to change the focus of some innovative companies that took advantage of his creative potential, building tomorrow's powerful brands. This article argues and exemplifies the current state of online business models, from the prosumer perspective.

1. INTRODUCTION

In the globalization context and with the frequent changes in modern society, technology has found its way from the mechanical, physical world, into the digital one of the Internet, social media and personal computing. The virtual world started to have applicability in everyday life with the birth of Web 2.0 and the media found its original calling, to offer quick, direct and trustworthy information at a global scale.

Because change is our society's logo, and it means an object or a process' replacement, modification and transformation in form or content (Burdus et al, 2008), it is always needed, especially in the production process, where products know rapid aging and consumers are requesting more and more innovative products and services.

The shifts in technology founded the new knowledge society and managed to produce very intelligent young people with a flexibility of thought that has never been seen before. The new generation of technology savvies indicates a much higher degree of involvement desire and individualization as its predecessors, cumulating all characteristics needed for the participative nature of the World Wide Web.

Internet has returned to its peer-to-peer origins, before the client-server era, determining the reappearance of prosumer features from the agricultural wave as a post-industrial consequence. Those features are owned by the Net generation: revolutionary thinking, interactivity methods, socialization and unpaid work for the online community and reputation.

But what was the incentive for prosumer metamorphosis? People were tired of using the same standardized products, working in the same specialized domains, and living a life where they couldn't put their personal mark on a single item. Therefore, the coined term prosumer, as a conjunction between "producer" and "consumer" (Toffler, 1980), breaks the barriers of mass production and imagines an individual that plays by the ABCDE rules: Anyplace, Brand Communication, Discovery and Experience (Tapscott, 2011) and likes to be part of a community of interest. The virtual prosumer has no limits in expressing his creativity and thereby can be defined as "a knowledgeable consumer, a digital user who employs technologies for participating to the product or service conception, design and execution and who has a high impact on his social network" (Izvercianu, 2011).

Companies have seen the online business potential, especially from the point of view of the prosumer participation urge, and have developed different strategies to seize their value adding ideas and activities for client-company identification and innovative power.

2. CONSTITUENTS AND COMMUNICATORS OF COMPANY IDENTITY

The client-company relationship is of great importance, especially in the virtual world. Companies need to focus on a relationship with their consumer, satisfying his self-definitional needs. The objective is to determine a consumers' identification with the company. As Bhattacharya and Sankar Sen(2003) wrote that if this identification takes place, the consumer will provide:

- Company loyalty
- Company promotion
- Customer recruitment
- Resilience to negative information
- Stronger claim on company

All these precious attitudes need to be nurtured with caution. Therefore, the company's identity must be communicated in a positive manner, with an accent on its strengths (distinctiveness, prestige, coherence in acts, trustworthiness). In Figure 1 the authors have remodeled the constituents and the communicators of company identity after Bhattacharya (2003), to fit the virtual world system.

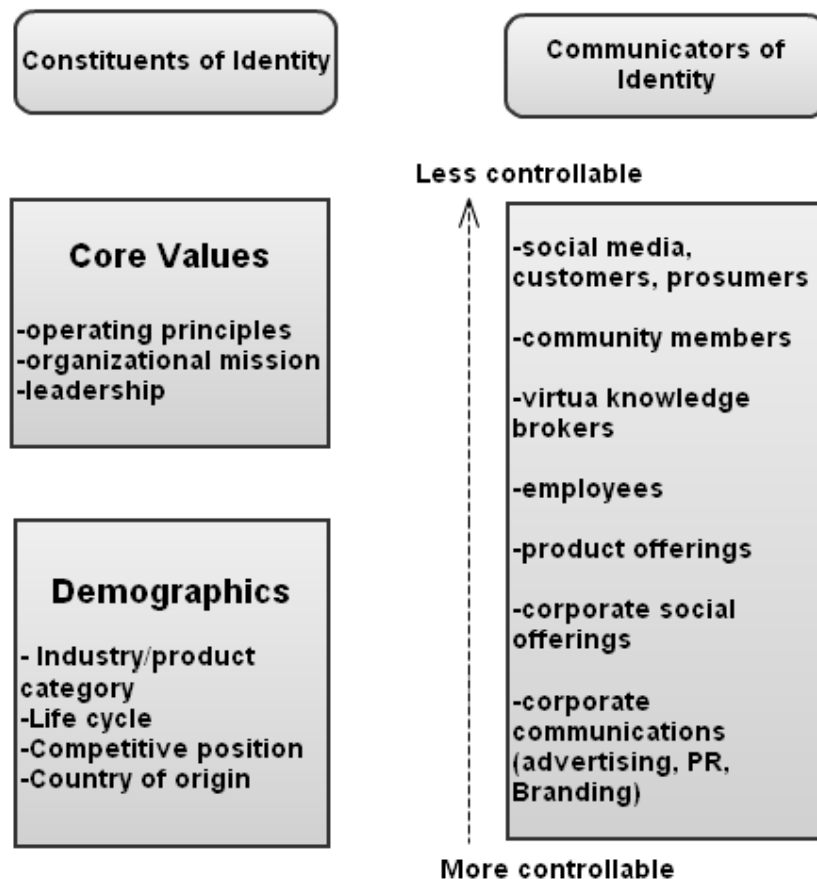


Figure 1. Constituents and Communicators of Company Identity in the virtual world

A company must define its core values in accordance to the virtual environmental requirements and the best and trustworthy communicators are the ones from the top, the less controllable ones: prosumers that are manifesting through social media. A serious organization will have its own community, formed around its products and social campaigns. The members of that community are also contributing to its image. For the first two categories, the company must work hard to persuade those individuals of its commitment for an excellent customer relationship management (CRM).

Virtual knowledge brokers are intermediaries between the company and its consumers, having created an independent online community; they are helping firms to overcome their clients' negative perceptions or to reinforce their brand (Verona, 2006). Those virtual consulting companies are working for specific organizations, communicating their identity for a fee, becoming more controllable. From the employee till the corporate communications, the company is in charge, having all the tools for building a positive image. Unfortunately, the deeper its control is, the little clients trust in those communicators. Consumers know that companies like to brag about their accomplishments and products without real results. Therefore, prosumer objective opinions are cherished and taken into account, building the real image and company identity.

The challenges of digital marketing are transforming the old strategies focused on the company into new ones focused on prosumer networks and needs. Also, physical goods are becoming less appreciated in the virtual world, in favor of knowledge stocks and interactive services.

3. ONLINE BUSINESS MODELS FROM THE VIRTUAL PROSUMER'S PERSPECTIVE

For a consumer-company identity on the Internet, firms must rethink their business models and prepare some competitive strategies for gaining prosumer's attention and appreciation.

Many companies thought that the World Wide Web would be just another form of advertising, and wasn't considered important when building a strategy, just a small activity for the marketing people to accomplish. Other organizations saw the need to change, but they just improved the production process and in some cases introduced self service technology. That was a first step towards prosumer involvement, followed by Do It Yourself information and ideas and crowd sourcing initiatives. The most adaptable companies have become providers for prosumer needs.

From the end of the 90s, business models have evolved. Some companies changed their purpose for gaining market share on the Internet, some weren't so courageous and lost the battle for survival, but all reacted somehow to the Web. The best way to remain on top is to capture value from innovation. Chesbrough and Rosenbloom (2002) argued that technology managers must expand their perspectives, to find the right business model, or "the architecture of the revenue", in order to capture value from the technology. Smart companies see the Web as an opportunity to develop their business model for a profitable outcome. But every kind of reaction to the virtual world needs to be taken into account and analyzed, for finding faults and never repeat them in future strategies.

In Figure 2 from below we have three classifications, every single one's characteristics detailed in an established manner. Each situation and business model is particularized in the following:

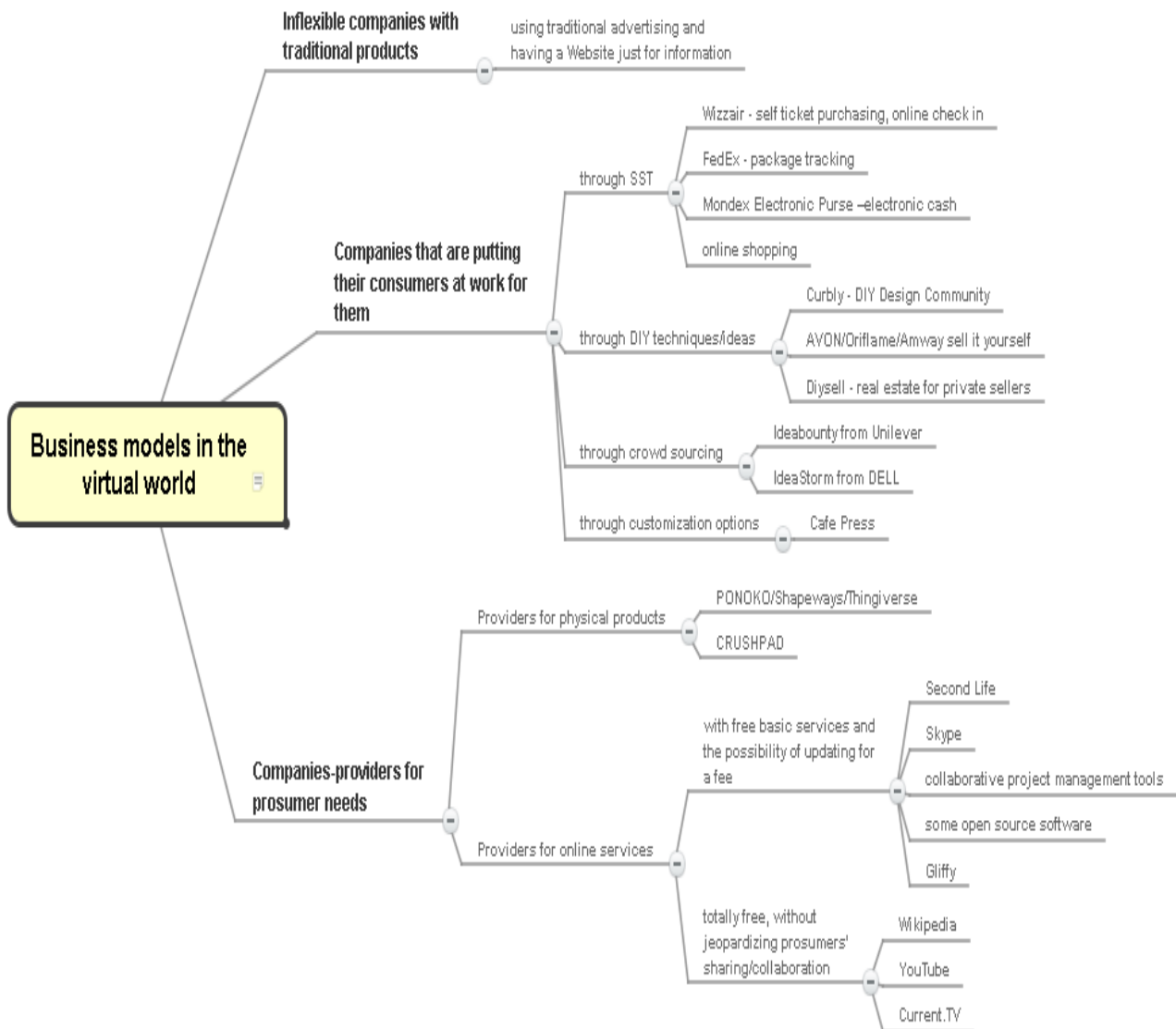


Figure2. Business models in the virtual world

A. Companies that have stuck to their traditional business model became inflexible for a newer transformation. They have just built a website for information purposes only, about their history and products, with a contact address for advice and inquiries. They prefer a physical existence and are not interested in the Internet market. They almost don't exist in the virtual world, but are concentrating their advertising efforts and budget on expensive TV and radio commercials that are ignored by this new generation immersed in the online environment. People grew up with advertising all around and as a result they don't pay attention or believe it anymore. A marketing budget concentrated just on advertising is not an efficient option today.

B. Companies which have discovered that they can benefit by putting their consumers at work have made a step closer to the essence of the Web: collaboration. But because the focus is still on the company's resources and objectives, the consumers are invited just to participate in some degree, with a limited freedom in its processes.

Adding self service technology (SST) to prior services or for product purchase was a defining action plan for reducing costs. Companies didn't think that this kind of change will have such a success. Airline companies have started to offer tickets purchasable online directly by clients, eliminating the additional travel agencies fees, shops extended

their products for an online reach or even new exclusive online shops appeared, with competitive prices. FedEx introduced an extra service of package tracking, causing other brands to adopt this new technology, electronic cash businesses like Mondex and Pay pal revolutionized the online payment services, offering transactions through digital channels as the Internet and mobile phones with less risk of fraud.

But because people wanted to involve themselves in activities that had a real final result, “do it yourself” and “sell it yourself” business models were invented. In the physical world brands like IKEA were highly successful. Therefore, some companies combined the SSTs with DIY techniques and AVON, Amway-type firms were starting to develop a network of consumers that would order, use and furthermore sell their products to others, followed by Diysell-type of real estate private selling companies. Other firms built platforms for DIY or crafts information where they could sell their or other firms’ products. Curbly.com Company sells its personal series of books on DIY techniques and survives on advertising on its site, offering in exchange ideas and knowledge building information.

Crowd sourcing is a popular activity today among leading companies. It helps them innovate and involve their customer’s creative imagination, which leads toward a consumer-company identity. Crowd sourcing is defined as a business model where the company is outsourcing certain parts or specific activities that were traditionally realized by its employees or professionals to its clients or other amateurs (Viitamaki, 2008). Important brands like DELL and Unilever gained trust and a good reputation through crowd sourcing activities and challenges on their special designed sites: Idea Storm from DELL where prosumers could gather ideas debate them and propose solutions and Idea bounty by Unilever where innovative and applicable ideas received a material reward. Other crowd sourcing contests are proposed for gathering website traffic or for promotion purposes. Prosumers enjoy a free creativity environment, but their results are exploited by the company, they remain just external partners with no rights upon the company’s innovation.

C. The companies that have agreed to provide for their prosumer’s needs are the ones that profit the most from the Internet. They are divided according to their offers in: providers of physical goods and of online services.

The first group, that became provider of physical goods offers prosumers an interesting experience online, with endless creative possibilities. For example PONOKO is making its clients producers and consumers of their own designed products through its website. Prosumers can design their personal products with the help of the software provided there and the company 3D prints them for a fee in as many copies as the client wishes. CRUSHPAD is working in the wine domain, offering its clients the possibility of acquiring knowledge about growing vines on the Internet, with a result in the real world – the clients are physically harvesting and processing their vines and producing personal sort of wines with the CRUSHPAD experts for a fee.

The second group that became provider of online services needs to have a cost-free offer to attract prosumers to its platform. There are companies that have as purpose to influence their buyers to pay for their services or to grant free access and usability for everyone and try to find other sources for profit.

Even if companies like Gliffy are offering basic free accounts for using their design tools, or Skype for using their Internet free calling system, or Second life for a free avatar game, basic free trials for project management tools or some open sources, all those companies have a second premium account that is better than the first, with much more connectivity, design applications or with no calling limits. The second account permits them to survive on the market. And their strategy is to let the user get used to their service and then offer him a better version for a small amount of money.

The best way is to leave prosumers to collaborate freely, and their interactive experiences attract more users and the company's site produces traffic that it can exploit by having advertising ads in the corner of the page. This strategy is embraced by Youtube, which started to share its profits with the most viewed and debated user's videos. Therefore, the owners of the most watched videos receive a payment just for attracting users on the site. Wikipedia for example doesn't use advertising on the site, but survives on donations, becoming with each year a powerful name in the virtual world, its brand valuing millions of dollars.

4. CONCLUSIONS

Prosumers are tomorrow's buyers and sellers, and companies must adapt and discover ways to attract them to their sites and platforms, to offer them unique collaborative experiences for a consumer-company identity that will grant them success and power in the virtual world that is becoming more influential than ever before. New business models, "architectures of revenue", require high innovative thinking in finding ways to make a profit without charging consumers a single cent. Inflexible companies will perish in the near future because of changing market demands and powerful and adaptable competitors.

Future studies will focus on different prosumer types that are influencing business models in the virtual world and on innovative strategies of involving prosumers in the production process.

5. AKNOWLEDGEMENT

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