Co-creationist Capitalism: A Corporate Architecture of Competitive Advantage

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Abstract

This paper projects co-creationist capitalism as a radicalized paradigmatic shift that cedes control to consumers through proactive behaviour and communitarian appeals. Reviewing interdisciplinary literature of neo-Marxist, post-Fordism and post-Maussian theories; the paper subsumes political power involving socio-cultural and socio-economic shifts in business interest via mobilizing and sharing of social knowledge. Two interrelated models were proposed to underpin the paper. The first, design with captures building database through online interaction amongst users and between users and developers; and the second, user collaboration shows the interrelated ideals of such interactions and situations that favour use behaviour. To a large extent, co-creation is an instrument of customer empowerment and corporate power of building competitive advantage, especially when market power resides in capital and younger top executives are in charge. Therefore, the paper suggests that with IT on, the seeming demise of capitalism as suggested by some scholars is highly untimely because capitalism has the tendency of re-bouncing into new social formations after the emergence of mobilization of immaterial labour.

Key words: Democracy, co-creation, empowerment, innovation, technology and architecture.

Introduction

The 18th century political philosophers such as Jean Jacques Rousseau, John Locke, among others, theorized empowering active and knowledge publics by making them creative collaborators in issues affecting them. This conceptualization reflecting post-Fordism occupied much interest of the 21st century business scholars and practitioners in United States, United Kingdom, Canada and even Asia with the tags New Public Management school of thought (Saastamoinen *et al,* 2007), value co-creation (Prahalad and Ramaswamy, 2004), service-dominant logic of marketing (Lusch and Vargo, 2006), creationist capitalism (Arvidsson, 2008), ethical economies (Boellstorff, 2008), putting customers to work (Zwick *et al,* 2008), customer-centric marketing (Bonsu and Darmody, 2008) or other terms. The dynamics of capitalism presupposing new forms of productive co-operation that reflects on effective mobilization of social networks of knowledge and a shift from the traditional dichotomies between production and consumption (Marx, 1973; Arvidsson, 2006; Humphreys and Grayson, 2008).

Contemporary organizations emphasize bottom-up power flow as an essential ingredient of customer management (Rose, 2001). With Adam Smith's theory on consumption determining production (Awa, 2003), effective mobilization and sharing of social knowledge into new and collectively organized forms is encouraged to create wealth (Bonsu and Darmody, 2008). This new paradigm represents a part of the larger reconfiguration of labour and power characteristic of contemporary knowledge-based capitalism (Terranova, 2004) that has long existed in the B2B transactions. The Finnish Consumer Policy Programmes and the ONNI project sponsored by the National Consumer Research Centre and the Finnish Funding Agency for Technology and Innovation (Tekes) fundamentally emphasized customer orientation (Erasaari, 2006); customers producing identity despite their antagonistic stance (Cova and Dalli, 2009) and/or using customers as a source of competence building (Prahalad and Ramaswamy, 2004).

Activation and empowerment of active and competent customers has the characteristic of making all managerial decisions responsive to customer creativity and enhanced socio-economic and socio-cultural benefits (Arvidsson, 2006; Ondrejka, 2007; Saastamoinen *et al,* 2007). Boellstorff (2008) suggested that developers' ability to innovate and to build competitive advantage is subject to interface with customers in a mutually beneficial manner that conforms to the principles of value creation. Empirically, evidence demonstrates the dangers of developers producing and managing social knowledge unilaterally based on experience; rather they need to re-inspect and re-tool their corporate policies on innovation to reflect co-creation of knowledge with consumers in the most participatory manner (Zwick *et al,* 2008; Oudshoorn *et al,* 2004; Hasouneh and Ayed Alqeed, 2010). Front line firms (e.g.; P&G, GM, Dell Computers, Motorola, Toyota and Hewlett-Packard) in this trend recognize that the key success factor (KSF) is keeping the customer in charge; understanding, celebrating and harnessing his worlds.

The strategist needs a grasp of the dynamics of capitalism (Venkatesh and Penaloza, 2006) as it affects consumer diversity (Ogawa and Pillar 2006), cultures, politics, and economics of modern life (Lowson *et al,* 1992). Zwick *et al* (2008) note that control over customers is best achieved by providing managed and dynamic platforms that free their creativity and know-how and channelling them in a way most desired by developers. Customers themselves are now smarter and better informed (Alrubaiee and Al-Nazer, 2010); as such, their experiences are elicited and integrated into the design process through contextual, ethnography, empathic, beta tests, focus group, participatory and lead-user designs (von Hippel, 2005). User collaboration integrates customers in defining, configuring, matching or modifying values. The uncertainties of innovation development process are reduced when consumers are actively involved in the entire process (Kaulio, 1998; Hanna *et al,* 1995) though different firms observe or emphasize this collaboration at different stages of the process (Lagrosen, 2005).

Implicit is that consumers' role has changed; they are more involved in both operational and innovational value creation as if they are under full control of the developers. Integrating their worlds into the decision-making process provide reflective commonalities that permit profitability for developers (Ogawa and Pillar, 2006) as well as cultural, symbolic and affective benefits for users (Heiskanen and Repo, 2007; Cova and Dalli, 2009). Heiskanen *et al* (2007) expressed the motives for parties as usability, profitability and functionality improvements; enhancement of utility and enjoyability of products; opportunity to generate good ideas and energy to develop and improve upon innovations. The entire exercise costs a lot to the parties in terms of expended resources perhaps without an automatic improvement on results (Jeppesen and Molin, 2003; Heiskanen and Hyvonen, 2006) but thanks to the digital world for automatically reducing the cost of such participation. The purpose of this paper is to contribute to the growing debates on user community collaboration and how it reduces the perceived exploitation, and to develop a supportive conceptual model. The paper provides basis for assessing what it operationally means for customers to be in charge, whether customers are really in charge and the specific product category they are in charge.

Theories of User Community Collaboration

Understanding the complexity of user community collaboration is rather an uphill task perhaps because Alarm (2002) observes that it is interdisciplinary perhaps involving cognitive psychology, design theory, engineering design, human-computer interaction, marketing, organizational theory and product development management. Also, lack of universal measurement parameter(s) complicates the problem even the more. Common parameters are intensity of use (Alarm, 2002), antecedents, customer characteristics, objectives and benefits (Dahlsten, 2003; Alam, 2002), phases of innovation process (von Hippel, 1986); customer role (Mullern *et al,* 1993), modes and supporting methods (Ciccantelli and Magidson, 1993; Thomke, 2003; Ulwick, 2002), contributions (Prahalad and Ramaswamy, 2000) and inhibiting factors (Olson and Bakke, 2001). It may be difficult to have an all-encompassing definition but scholars are yet rest in making attempts.

Among such scholars are Neale and Corkindale (1984), Martin and Horne (1995) and Kaulio (1998) though their definitions, like many others, were found guilty of not specifying why users are collaborated, the connecting links between them and the developers, and the different levels of innovations. Neale and Corkindale (1984) defined it as a process where the technical originator and the customer become intimately involved in an integrated development, where both parties contribute their expertise for a mutual goal. Martin and Horne (1995) saw it as the direct overt participation by the user and their overall involvement in project design process. Kaulio (1998) defined user collaboration as the interaction between users and the design process. This paper views user community involvement as the processes, deeds and interactions, where service providers collaborate with real and perhaps imagined users to learn and predict their dynamic worlds, and to tailor outputs co-operatively to suit expressed and latent needs.

This definition depicts a clear purpose, adaptive and generative capabilities (Senge, 1990), market sensing (gathering and disseminating Market Intelligence Information (MII) about customer expectations) and sense making (interpreting and making use of the information for decision making). The main purpose is to build competitive advantage through thorough understanding of user dynamics in general and to anticipate consumers' latent needs in particular. Kotler and Keller (2009) charged strategists to understand what the customers think, want, do, and worry about and observe who they admire, and interact with, and who influence them. This will provide hints on how to build relationship with customers in a manner that pushes them upward in the hierarchy of customer loyalty ladder. The adaptive component serves to adjust programmes to serve the current market consistently with prevailing core capabilities. Such core rigidity inhibits innovations (Dahlsten, 2003) as the firm may be engulfed by some kinds of directions and developments. Generative capabilities challenge current assumptions about the environment, even beyond familiar setting, in an attempt to open new grounds capable of attracting new innovative services.

Latent needs as used here refers to needs valued by customers but not yet obvious or would never be experienced (Senge, 1990) because the customer is unaware of it (Narver *et al,* 2004) or cash or something else constrains behaviour. User collaboration is premised on the fact that the focus of market-orientation on satisfaction based on verbal techniques such as focus group and customer surveys (Narver *et al,* 2004) rarely attracts significantly improved innovative thinking and product breakthrough (Harari, 1994) because it is difficult to imagine and provide feedback on something yet to be experienced (Ulwick, 2002). New service development relies on the onerous tasks of understanding and anticipating the complex changing customer needs with little help from traditional market research. To facilitate proactive learning about users in order to unveil latent needs, a new dawn of platform for action in the value-creation couching on customer-centric marketing (Sheth *et al,* 2000) is fast on buzz to encourage market re-imagination as a fruitful democratized collaboration involving the productive support of knowledge consumers (Prahalad and Ramaswamy, 2004; Tapscott and Williams, 2006; Vargo and Lusch, 2004).

User collaboration is much more than the simple consumer-orientation; Vargo and Lusch (2004) opined that it means values are defined and co-created with the consumers and determined by consumers based on value in use, rather than being embedded in predefined outputs. This extended market-orientation means continually collaborating and learning with customers in order to respond to their individual and dynamic values. Zwick *et al* (2008) perceive this nascent paradigm as raising consumers' power by voluntarily handing over control to them in an attempt to enhance competitive advantage and ultimately profitability. Perhaps, this rests on three platforms; first, firms with more than simple market orientation possess greater organizational learning capability (Morgan *et al* 1998) and cognate behavioural and cognitive change (Kok *et al,* 2003) that are antecedents to improved innovativeness and corporate performance (Kok *et al,* 2003; Hurley and Hunt, 1998; Han *et al,* 1998).

The world of customers' expressed and latent needs is better handled with new offers (Sinkula, 1994) that are ahead of rivals' and explicit customer recognition of his needs. Second, customers are capable of creating values for themselves and others (Bonsu and Darmody, 2008), and that integrated value chain with customers pays-off more than the traditional adversary pursuance of goals independently (Awa, 2003). Third, building relationships to pursue longevity goals for mutual benefits and developing user confidence to achieve co-operative marketing networks. Studies have empirically shown a strong correlation between the success of value-creation processes and the mobilization of external but invisible behavioural assets of user publics (Berthon *et al,* 2004; Hodgson, 2000). Kotha (1995) surveyed a bike firm and used his findings to link mass customization and mass production strategies to maximization of competitiveness. In their survey of focus groups in apparel industry, Anderson *et al* (1997) identified four contexts by which consumers show interests in participating in the design of clothing.

The contexts are copying clothing currently owned, totally custom, co-designing with a trained person, and selecting from a set of opinions. Fiore *et al* (2001) did a similar study and found that consumers prefer to participate in mass customization of products (i.e.; jeans, swimming suits), product features (i.e.; fit and size) to a greater degree; and colour and garment details to a lesser degree. The survey of Huffman and Kahn (1998) evaluated consumer ability and interest in making choice amongst extensive products and concluded that consumers are more satisfied with selecting attributes within a choice set than having extensive or few choices. These surveys suggest that the time is seemingly up for selling and production concepts; hard-selling of unilaterally made products is no more the cue. Contemporary consumers have social-network obligations as a resource for co-operative production while encouraging the use of individual self-fulfilment to mask the social character of labour (Bonsu and Darmody, 2008).

They are on a new pedestal in their route to self-fulfilment (Terranova, 2000; Bonsu and Darmody, 2008); serving not only as a necessity but also as an opportunity (Sanden *et al,* 2007) by giving symbolic, cultural and functional real and hyper real values (Cova and Dalli, 2009). While consumers co-create freely and sometimes challenge capitalist advances, the platforms facilitate the colonization of collective consumer minds and the commodification of consumer creativity (Bonsu and Darmody, 2008). The extraction and monetization of consumer-produced output supports Arvidsson's (2008) ethical surplus that results from genuine fulfilment, community and opportunity for unrepressed indulgence. In knowledge economy, firms rarely act autonomously; they design products, develop production processes, evaluate marketing messages and control sales channels with resourceful consumers, especially those willing to serve as operant resources in the entire value-chain (Prahalad and Ramaswamy, 2004; Vargo and Lusch, 2004; Sherman *et al,* 2000; Tapscott and Williams, 2006). The ultimate test of product innovation is *platform for action* programmed for consumer freedom (Arvidsson, 2006), consumers' active engagement (Callon *et al,* 2007), consumer's charmed transformation (Jenkins, 2006) or fighting costly product failure through understanding customers' voice and reasons that form their preferences (Hanna *et al*, 1995).

Prahalad and Ramaswamy's (2000) concept of value co-creation re-conceptualized market from the mundane exchange to buzzing and vibrant communication hive, where consumers use their experience, special competences and skills to co-create successful innovations. User collaboration builds strong interactive relationships that stimulate developers' understanding of the world of consumers and reflecting same in managerial actions. The implication is to attract and retain customers via providing a creative and open communication of human intelligence for effective diffusion (Thrift, 2005) and use in the social system. The participative platforms of the market provide a culture where firms offer consumers resources to create and consumers in returns offer firms contacts of the worlds of knowledge (Terranova, 2000) that improve the socio-economic pay-offs in the value chain. Application of the user community collaboration does not self-evidently mean that users are adequately represented in innovation design, or does lack of it automatically means users' total absence from the design (Saastamoninen *et al,* 2007). Rather commonalities between developers and users worlds in innovation and production processes improve operational effectiveness in the value chain (Kaulio, 1998; Sherman *et al,* 2000).

The output of this romance is flexible and transitional products that are continually redefined and re-engineered to reflect the creative idiosyncrasies of active customers. Ideally, this minimizes the risks of product failures, reduces cycle time and user education, and maximizes services and profits (Alarm, 2002) through reduction of large inventory, product returns and distribution costs; building stronger relational bond (Bae, 2003); and the willingness to pay premium price for realized benefits (see figure 2). Holt (2002) opined that collaboration addresses issues of sophisticated tastes, increasing heterogeneity and disjointed expectations of active customers. The active customers perceive themselves as part of the innovation and play series of roles to ensure its success. The major ordeal is that consumers are difficult to predict. Often consumers do not know what actually motivate them in a product (Ciccantelli and Magidson, 1993) perhaps because they find it difficult to verbalize their needs (von Hippel, 1998) and thus rely heavily on others for purchase decisions. In diffusion of communication and IT infrastructures, Dolan and Mathews (1993) addressed limited customer experience and ability, customers' passive behaviour as well as limited time and professional knowledge as some of the reasons why user-involvement may not automatically guarantee business success in some economies. Even before an innovation is introduced, consumers show likelihood of diverting to others (Ogawa and Piller, 2006; Lagrosen, 2005).

User community collaboration requires intensive management in order to strategically synchronize the excess raw data drawn from field studies and ethnographic observations, and to minimize disruption in development cycle (Kujala, 2003). Subject to the distance between designers and users (Heiskanen and Hyvonen, 2006) in terms of costs and levels of disruption in established patterns, extrapolation of user requirements from designer's experience may be regarded a good strategy. Trott (2001) argued that firms like IBM, Apple Computers, and Xerox listened to their customers yet lost their market leadership, which, to some extent, suggests that it is not always operationally effective to listen to consumers in all circumstances. Purchase intentions survey may be inadequate in predicting sales volume (Heiskanen and Hyvonen, 2006) due, in part, to the fact that people attempt to provide information they think pertinent to the inquirer's needs, rather than probe deep into their own preferences (Ciccantelli and Magidson, 1993). The new mathematical model of Almirall and Casadesus-Masanell (2010) operationalized the best path is to depend on the target product's complexity or trade-offs. According to the model, when complexity is high or very low, firms go solo; and when it is in-between, networks of parties is most likely for better solutions.

For simple or semi-skimmed innovation, partnering is not a prerequisite because such ventures promise the least disruptive influence on established behaviour networks. And for complex innovations, trade-offs mean collaboration is not much needed perhaps because partners may have ill-considerate issues that can rarely be harmonized. Users are not always the primary targets of disruptive concepts (Heiskanen and Repo, 2007) though many of such have attracted the least competition and even transformed the value networks to the designer's advantage (Tornatzky and Fleischer, 1990). The designer of such innovations exploits strategic advantage through aggressive market search; whereas those that failed to innovate continue to satisfy prevailing markets. The methods of user involvement have been vigorously and comprehensively surveyed. Firms are idiosyncratic perhaps by size; small organizations are contrasted from large ones in terms of executing lightweight and short-term exercises of user collaboration since it is arguably better than doing nothing at all (Saastamoinen *et al*, 2007; Christensen *et al*, 2003). Caution should be exercised in the use of lightweight user involvement to balance the benefits and risks (Heiskanen *et al*, 2007) or avoid developers viewing the entire process with bias. For extrapolation to be cost-effective amongst firms with light resources, Christensen *et al* (2003) observe that early users need to have similar skills and preferences to the designers' products. Further, they warned that to expand this business model into mass market, where user contexts and requirements may be very different from the niche market may attract problems.

Consumers' Tripartite Position

Prosumer, protagonist, post-consumer, and consum-actor are among the many terms used to capture the new roles of consumer (Cova and Dalli, 2009) in the social system. The terms describe the consumer as being more active and constructive in the use of their experiences and social relationships with the developers. They captured customers as partial employees and employees as partial consumers (Cova and Dalli, 2009). Literature shows that an upsurge spread of the gospel of consumer's charmed transformation from a passive recipient of messages and commodities to an active interpreter and maker of both, a transformation often expressed by the neologism prosumer (von Hippel, 2005; Tapscott and Williams, 2006). The consumer triples as a user, a resource and a co-creator in value creation. In their work, Chan and Lee (2007) observed that consumers are gradually stepping out of their traditional domain and turning simultaneously into both creators and consumers of values as well as becoming competitors to developers in creating values. This paradigm is perceived from input and output perspectives (Finch, 1999; Kaulio, 1998). From input perspective, the consumer occupies upper stream of being a resource, an innovator, and a co-creator. Bae (2005) opined that as a co-designer, the consumer uses the firm's capability to create an individualized and customized solution.

The consumption experience theorists believe that consumers engage imaginatively, creatively and constructively with the world around them to provide competences needed by developers (Sherry *et al*, 2007). To tap the almost unimaginable creative and innovative talents that wait leveraging (von Hippel, 2005), users are empowered to organize communities and to create social life pattern (Jarvis, 2007) likened to communal esprit de corps connecting market-system components in a cohesive emotion and expression (Varman and Costa, 2008). The consumer provides contextual information, serves as a source of new product ideas and partner in the product development process, provides useful feedbacks (Heiskanen and Hyvonen, 2006), or reduces potential perceived risks. Conversation between developers and users, though more aggressive at least for now, is no longer controlled and initiated wholly by the former. Consumers themselves are dependable resource that discuss, brainstorm and learn business related knowledge that could be applied by developers. Co-operations among consumers represent a dialogical model that prevents developer's selfish vision of production (Zwick *et al*, 2008).

Interestingly, previously irrational and erratic consumers are now configured as unique skilled employees (Prahalad and Ramaswamy, 2004; Zwick *et al*, 2008); providing their competence and skills for co-creation perhaps with the expectation to receive incentives more than just the right products for their inputs, product supports and viral roles. Because user competence is subject to his knowledge and skills, his willingness to learn and experiment as well as his ability to engage in an active dialogue (Prahalad and Ramaswamy, 2000), developers vigorously seek to formulate policy mechanism that boosts on-going relationships, perhaps in a personalized manner, to offer ideas that improve perceived values. They assume the role of tutors and/or instructors (Chan and Lee, 2007); training the consumers as though employees by assisting them to become more aware of their needs and to unveil same as accurately as possible to reflect managerial actions (Ciccantelli and Magidson, 1993). Nambisan (2000) noted that mutual assistance amongst customers in a community is encouraged by assigning certain positions to certain customers in order to stimulate their willingness to offer creative product support. Often developers visit users, use ethnographic observations (Heiskanen and Repo, 2007) and foster experimentation, contingency and playfulness amongst them (Zwick *et al*, 2008) in order to understand their world.

Or users may join developers at the 'drawing board,' by participating in user groups (Tommes *et al,* 1997). Strategic minded firms harness the creativity of their customers and blend it with their own dynamic capabilities to co-create products, solutions, communications, and experiences. Firms strategically select customers based on their individual difference factors (Hambrick and Mason, 1984), situational variables (Belk, 1975) and other relevant factors in relations to consumption patterns and establish appropriate interactive relationships with them in an effort to exploit 'toolkits of customer innovation' for creating and improving value networks. Pitta *et al* (1996) observe that unless the units are under the same commander's control, they rarely act as a whole, especially in offering information about, and co-creating, innovations. The weakness does not lie in the courage, intelligence, or motivation of the troops rather in the difference of control structures since the consumers are not the firm's employees and therefore are not obligatory to be penalized for not co-operating. Studies (e.g.; Ciccantelli and Magidson, 1993; Zwick *et al,* 2008; Bonsu and Darmody, 2008) show that traditional market research technology rarely offers in-depth and complete information about consumer demand structures perhaps because consumers themselves are not static in their consumption behaviour. Even at that, observers still question how varied consumer inputs could be synchronized and integrated into designer's world, especially when the product is not yet in existence.

Thomke and von Hippel (2002) observe that turning customers into innovators is besieged with uncertainties and therefore a new supervisory and control management mechanism is urgently needed to assure quality and efficiency of development and to effectively integrate customers and the internal development team. Aside innovation development team that exhibits subtle structural influences in sharpening the inputs (Ciccantelli and Magidson, 1993), strategic efforts require the use of modern and advanced information and production technologies and models whose application to building competitive edge and solving consumers' exact problems is made simpler with the advent and diffusion of Internet technology. The physical distance between developers and users show that both may have incongruent interests in the participatory exercise. Presumably, they expect some direct pecuniary (Jeppesen and Frederiksen, 2006) and non-pecuniary compensation in returns for the expended resources to become related technology experts. The most apparent gains to consumers for exploiting their skills and expertise in product design process, among others, include the development of products that better or exactly meet needs (Jeppesen and Molin, 2003), peer recognitions (Jeppesen and Frederiksen, 2006), exercising creativity (Jeppesen and Molin, 2003), employment, reputation building for oneself (Jeppesen and Frederiksen, 2006), and assurance of representation of the views of their own reference groups (Saastamoninen *et al,* 2007).

Both parties must consider their expectations from the co-operative relationships and reach a compromise in order to encourage overlaps in interests. Sawhney and Prandell (2000) noted that efforts are often made to boost commitments by developing a common language or technological networks for both, especially where consumers' fears to co-create knowledge lie on lack of learning capability, distrust, and absence of motivation. For instance, dialogue between firms and their customers through construction virtual space or toolkits for consumer innovation may reduce consumers' expended time and effort as well as encourage willingness to obtain and share business knowledge. Such networks improve the quality of customers' knowledge and understanding of the operationally implemented knowledge. Further, current and antecedent behaviours as well as future programmes and events of the firm generate customers' trusts capable of culminating into co-creation of knowledge; and finally, reasonable part of the trust spans the reliability of, and customer value for, the compensation packages billed to encourage him to co-create.

From output perspective, the customers occupy the lower echelon of being a buyer, a user and an advocate. They are the targets of pre-and post-testing exercises and thus, play significant roles in reshaping and repackaging marketing programmes. End-users' role is expressed in terms of perceived satisfaction derivable from personal and emotional interactions with developer(s) (Auh *et al,* 2007; Jayawardhena *et al,* 2007). The co-opted users develop positive affective evaluation of the product and its maker that reflects positively on his repurchase and loyalty behaviours as well as customer-customer interactions (Cova and Dalli, 2009). Customer-customer interactions enhance customer-developer effects. The more positive interaction with the users, the greater the perceived values as well as the possibility for users to exploit their accumulated product usage experience, in the form of word-of-mouth, to reduce the perceived risks of others (Rosenbaum and Massiah, 2007). Such firsthand experience is assumed more credible and provides more mutual product support than the mass media. The onus is on developers to aggressively move customers up in the hierarchy of customer loyalty ladder (Christopher *et al,* 2002).

Cost-effectiveness in Value Co-creation

Once again thanks to IT worlds, especially internet, for making the *world flat.* By causing people to adapt to a world where everybody is connected, everyone contributes, and everyone is in zero distance from everyone else, internet provides a democratized platform to extract economic values from consumers' inputs.

Internet is an ideal-type commodity of contemporary capitalism (Dyer-Witheford, 2003) in terms of providing digital economy and for creating and sharing of social knowledge (Tapscott and Williams, 2006) with blinding speed. The rise of social networks is forces new business strategies and designs that culminate into ideal corporate agility, creativity, and connectivity needed to remain competitive in the dynamic environment (Tapscott and Williams, 2006). Newman and Thomas (2009) noted that IT constantly throws at us new buzz phrases; the thresholds of dramatic shift in ways firms organize, innovate, and create values. Tacit knowledge of the relevant experience and best practices of knowledge consumers widely available at the database is one of the greatest corporate assets; it is far more innovative and rewarding (Newman and Thomas, 2009) as it provides distinct competitive advantage and operational excellence.

Specifically, Web-informed knowledge economy provides cost-effective mobilization of consumer productive resources into the non-traditional social networks and co-operative ventures. Bonsu and Darmody (2008) theorized that IT stimulates the increasing willingness of marketers to cede some control over production to consumers to ensure superior corporate performance. Web collaboration provides a breed of knowledge management technology or open networked model for change (Gupter and Carpenter, 2009) that offers cost savings, bridges new markets and ensures secured knowledge sharing and management between members of online communities (McKinnon, 2009; Newman and Thomas, 2009). Alvin Toffler's great vision of *do-it-yourself* (Schuen, 2008), this time online, provides far more collaborative and informative syndromes than the technologies of 1990s, especially for basing on wider participation and information discovery (McAfee, 2008) leading to effective service-oriented architecture. Platforms as MySpace, Face-book, games, Flickr, and You-Tube permit people (e.g.; B2C, B2B, or staff) to share music, video, photos, and information about themselves real time as well as attract viral marketing because the business spreads and grows through favourable word-of-mouth (Newman and Thomas, 2009).

For instance, MMOGs are virtual world games that use Web applications to operationalize effective mobilization of consumer labour into new and collectively organized knowledge (Terranova, 2004). A typical example of games for designer-user collaboration is Philip Rosedale's utopian alternative to real life or Second Life (LF), which is 3-D virtual world game controlled by avatars or user-created and user-controlled characters. The application of Web collaboration demands the developer to have a profile page on his sites and to link online with the knowledge customers for reasons of posting and receiving documents; assessing status reports; joining special interest group in the forms of face-book and linkedin; and identifying the right person(s) with the right knowledge sought. Most knowledge consumers collaborate poorly because of formal hierarchical structure, hindering content discoveries. Firms develop social media platforms in a way that makes use of existing structured and unstructured contents that reside in company-wide applications, as well as in localized social media efforts like blogs, RSS, wikis, custom-built communities, social bookmarks (Hamilton, 2009) and collaborative planning software used for project planning and management, idea generation, mash-ups, and weblogs (Newman and Thomas, 2009). Implicit is that many organizations have realized the importance of customer culture of knowledge management (KM), involving increased discovery and sharing of contents, and building of competitive advantage by fostering innovations from outside (Gupter and Carpenter, 2009).

Proposed Models and their Workability

Two conceptual models are treated here; one focuses on design with and the other shows relationship between co-creation and competitive advantage. Kaulio (1998) extensively reviewed literature on methods of user collaboration and proposed the models of *design for, design with,* and *design by* to reflect the weight of participatory roles played by customers. According to the models, *design for* takes the traditional approach; *design with* makes use of customer's suggestions; and *design by* involves customers in the design and development of final product. The model 1 demonstrates how *design with* works in a social system. The model suggests that firms should create enabling environment encouraging user communities to interact among themselves and with the developers online (see developer and user as well as user and user intercepted by internet) to form a database that would guide pre-development and development exercises, launching and evaluation of an innovation. Further, the three stages of the model suggest interrelated activities between developers and users. The pre-development and development exercises span such activities as idea generation, concept finalization and business analysis, and prototyping and market test plans and execution. The launching stage covers such activities as improved plans and joint launch, joint execution of improved launch plans and joint development of persuasive communication appeals. Finally, evaluation involves a joint objective comparison of actual results against ideal standards in order to trace impact discrepancies on product category to a source. However, post impact assessment is reported back to the user-user and developer-user communities in the form of feedback to stimulate further interactions that will improve future results.

The workability of this model rests on objectivity of application, leading to the import of figure 2. The model recognizes customer loyalty ladder as indifferent prospect, trial behaviour, loyalty, product supports and viral behaviours, and treats from three to five as active customers, whose opinions can be sought in designing a product. Figure 2 suggests relationship between value co-creation and building of competitive advantage by firms using model 1. Such firms have customer management focusing on customer centrism and empowerment (Saastamoinen *et al,* 2007; Bonsu and Darmody, 2008), knowledge sharing (Prahalad and Ramaswamy, 2000; Tapscott and Williams, 2006) and co-odinated flexibility of programmes. When objectively done, value co-creation variables reflect positively on wealth creation and cycle time, customer retention and mutual relational bonds, product support and viral marketing, and ultimately profitability and customer satisfaction.
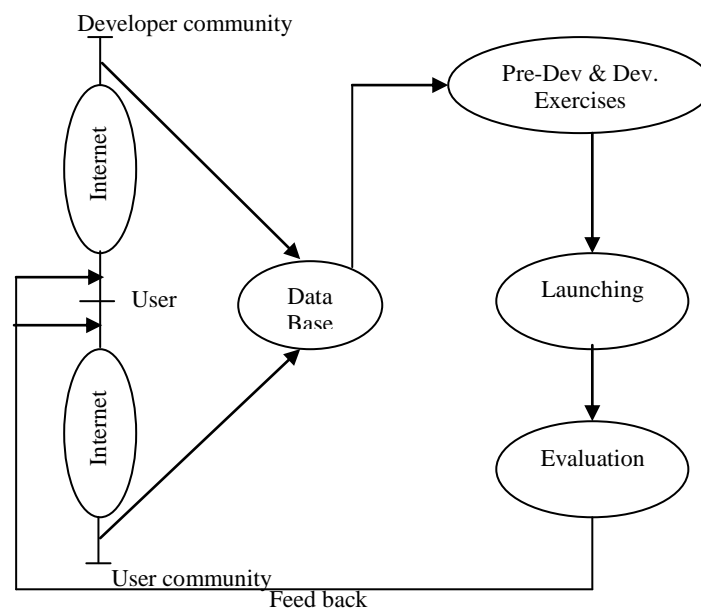

Figure 1: Model of Design with

While no outright discrimination exists about the type of firms that uses these models, technology, firm's situation (e.g.; decision-makers' idiosyncrasy) and other environmental variables (e.g.; state of nature) moderate the firm's propensity to benefit from the model. Firms managed by younger executives are poised to benefit more from the models because studies (Morris and Venkatesh, 2000; Hambrick and Mason, 1984) show that age determines receptivity of new paradigms and innovations and ultimately events of corporate growth. So, the models lend succour to top management that understand the intricacies of environment and of IT infrastructures, especially internet.

Concluding Remarks

Consumer resistance against the hegemony of market ideology explains the surge of capitalism and the political power enabling co-creation to be perceived as a radicalized paradigm that integrates the hitherto collective ideological resistance of markets into creative collaboration of economic values. Learning outside the firms provides behavioural change that attracts improved capital of surveillance, innovativeness and corporate performance. The systems theorists assert that integrated values pay-off more than adversary pursuit of independent goals. This underscores the philosophies of post-Fordist and new capitalism that building competitive advantage requires co-operative marketing networks with users through communitarian dimensions reflecting on affective, social and emotional relations. With customers' tastes revolutionized, socio-economic and socio-cultural structures are now created to bring internally lacked competencies into value propositions and value creations. Users are now in charge; sharing their immaterial and symbolic labour with the developers to express freedom, idiosyncrasy, recognition, self-actualization and agency. Strategic organizations in the contemporary economies are those that understand the dynamics of capitalism and exploit that to proactively assert control to knowledge consumers, who now rule the globally networked marketplaces as resources, users, and/or co-creators. The emphasis is less on traditional marketing or the much celebrated 4Ps of marketing mix strategy and more on reconfiguring social relations of production through mobilization and exploitation of skilled, flexible and autonomous consumer labour.

The two models discussed are mutually exclusive and apply to all manner of firms. When user firms apply the first model objectively, it attracts associated benefits of co-creation as unveiled by the second model.
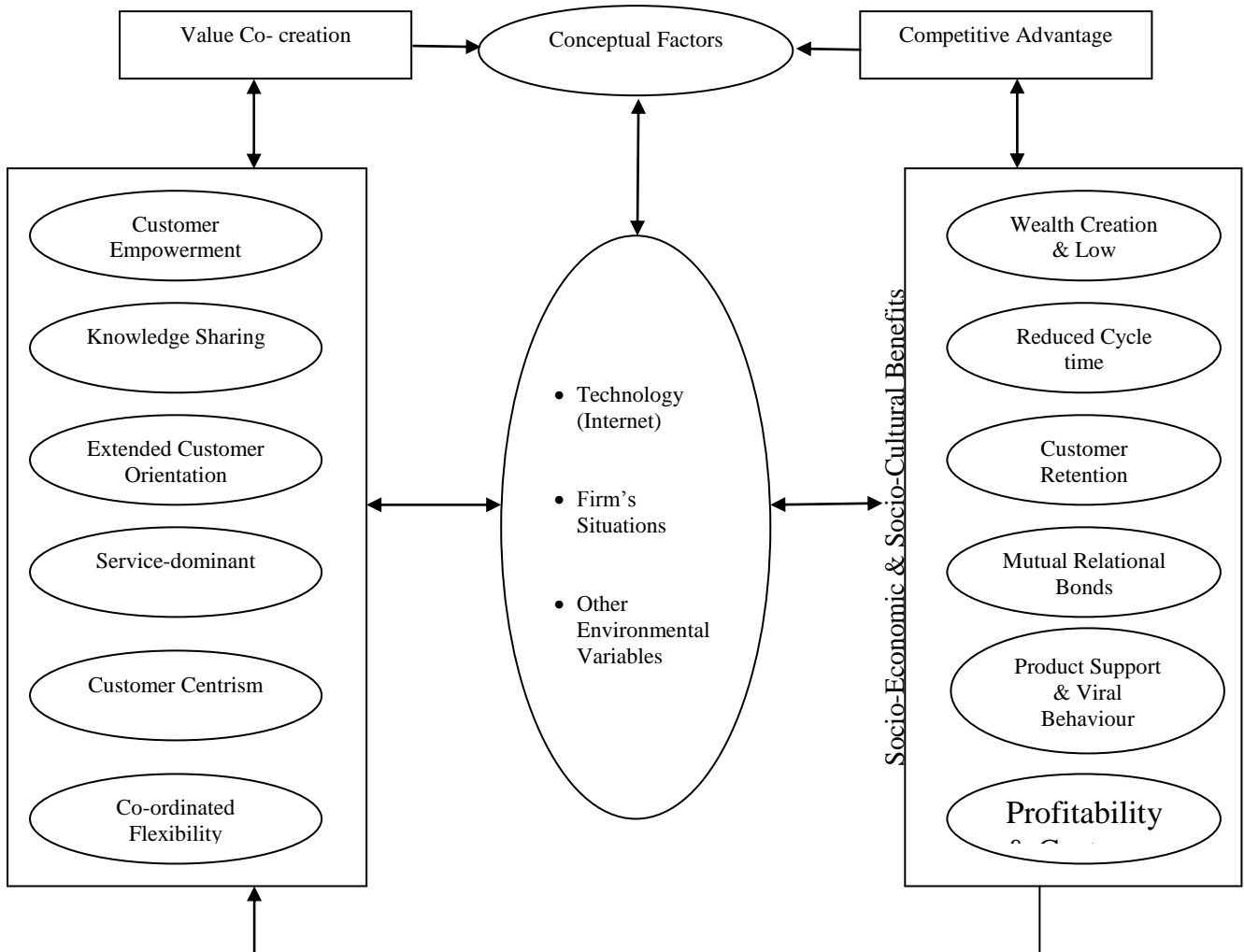
Figure 2: Model of User Collaboration

Such interactive benefits serve to energize innovation development process to the next level, and stimulate thoughts about its market launch. Internal and external barriers and drivers determine the use of the models. While the internal barriers address the role of action rationality and sense making processes in integrating user inputs, the external barriers focus on close analysis of the state of nature in order to identify situations that permit more or less of its use. The usual genuine conflicts of interests between the designer and user communities does limit the use of the models rather it reinforces the practitioners' bids to reconsider broader situations to ensure alignment of these interests perhaps through influencing operating environments. However, the mode of designing user involvement is central and different kinds of firms benefit from different forms of user interaction subject to their environment. User involvement is heavily facilitated and constrained by top management idiosyncratic givens, market power, and the demands of competitive environment. For small firms, distinct action rationality is followed, leading to rapid implementation of some user inputs and defensiveness towards others; and for larger firms, more openness to user inputs yet less determination to execute it (Heiskanen and Repo, 2007).

For semi-skimmed innovations, there is less complexity in customer involvement and use of his inputs, making for the minimal costs and the least disruption on established behaviour pattern. Whereas, full-fat innovations attract further complexities resulting from customers' resistance to totally novel concepts disrupt value networks and established behaviour pattern, culminating to higher users' costs expressed in aggressive search for, and processing of, information leading to reduction in perceived risks. However, good design of user involvement exercise promotes, but does not ensure, the implementation of users' suggestions and requirements since the issue of implementation depends largely on the firm's interest, extent of disruptiveness of the concept on behaviour and competitive position.

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