

Are Brands Actually the Output of a Dialectical Process Between the Consumer and Companies?

Són les marques el fruit d'un procés dialèctic entre el consumidor i les empreses?

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Developments in communication technologies are challenging classic marketing and communication paradigms, leading to the view that brands are no longer built top-down by marketing managers, but developed in collaboration with consumers. The importance of consumers in the process of brand value creation is largely accepted by practitioners, but to date little attempt has been made to confirm whether those responsible for brand building are truly open to a brand co-creation process.

Recent research conducted by Lahoz (2017) revealed that brand managers and company CEOs are reluctant to lose control over their brands and, although they acknowledge the (new) active role of the (new) empowered consumer, they do not see consumers as co-responsible for defining their brands but as participators in peripheral areas of brand building.

Key words: Co-creation, branding, brand value, social media, Web 2.0.

Els canvis permanents en les tecnologies de comunicació estan desafiant els paradigmes tradicionals de la comunicació i el màrqueting. Els directors de màrqueting accepten que les marques ja no es construeixen de dalt cap a baix i cal tenir en compte els consumidors. Els professionals reconeixen la importància dels consumidors en el procés de creació de valor de la marca, però fins avui no s'ha investigat si els responsables de la creació de marca estan realment oberts al nou procés de cocreació. Una recerca realitzada recentment per Lahoz (2017) revela que els gerents de marca i els CEO de les companyies tendeixen a no voler perdre el control sobre les marques i, encara que reconeixen el (nou) paper actiu del (nou) consumidor apoderat, no veuen els consumidors com a corresponsables de definir les seves marques, sinó com a participants en alguns aspectes perifèrics de la creació de marca.

Paraules clau: cocreació, marca, valor de marca, xarxes socials, xarxa 2.0.

The development of any discipline needs to be reviewed from time to time (Ambler, 2004) but the highly complex nature of marketing forces academics and practitioners to constantly re-examine its paradigms (Tasaka, 1999).

Vargo and Lusch (2004) questioned the traditional good-dominant theory that considered that brand building was exclusively a matter for marketing managers and that the approach was top-down (Aaker, 1996). They suggested that marketing is evolving to a new dominant logic where the value is co-created by all the stakeholders involved in the process.

Changes in the marketplace are also leading to review the traditional good-dominant theory: new technologies and the new empowered consumer have altered the traditional paradigm to incorporate the consumer as an active element in the branding process. Therefore it is not possible to conceptualise the brand building process nowadays without understanding the active role of the consumer and the relationship or social process involved, as brands are increasingly seen in the light of value creation collaborative activities (Ramaswamy and Ozcan, 2016).

Despite a widespread acknowledgment that consumers and companies co-create brand value (Merz *et al.*, 2009; Vargo and Lusch, 2016) to date there has been little conceptual development or empirical researching in order to understand whether brands are social processes or not.

Several researchers acknowledge that more research is needed on how brands co-create value in the market. Fyrberg and Jürjado (2009) and also Vallaster and Wallpach (2013) stated that brand literature does not provide a theoretical conceptualisation of brands as online social processes or as empirical insights into the social dynamics characterising online multi-shareholder brand meaning co-creation. Merz *et al.* (2009) also observe that marketing managers might benefit from investing resources in a coherent philosophy built around brand value co-creation.

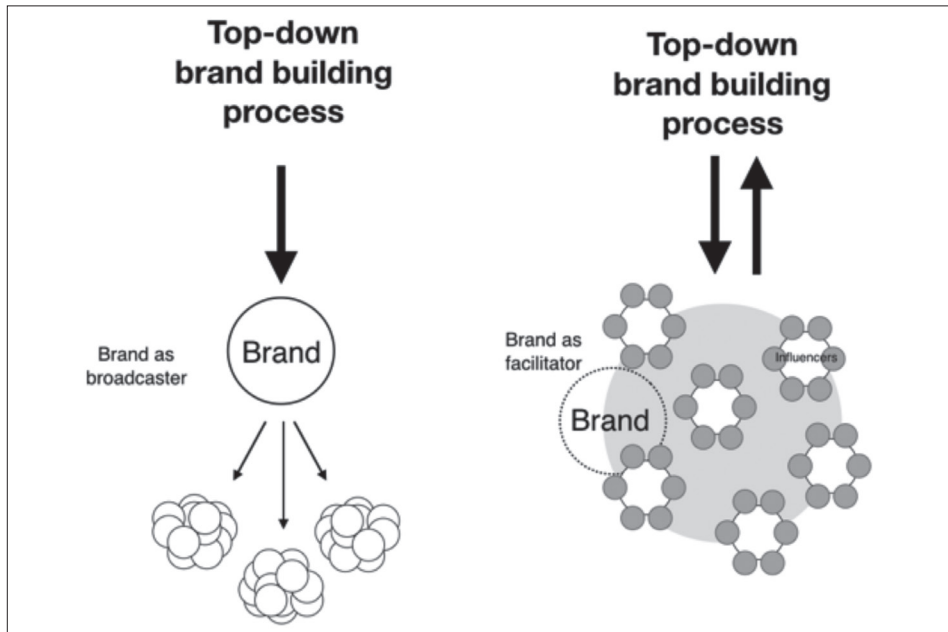
Starting from this, the research conducted by Lahoz (2017) sought a better understanding of the mechanisms of brand co-creation and an insight into whether brand managers actually incorporate consumers in the brand building process in their professional practice.

A PARADIGM SHIFT

As stated previously, recent brand research uses a wider stakeholder perspective by acknowledging that consumers are not longer passive and targets of one-direction brand communication but active participants in the co-creation of brand meaning (Merz *et al.*, 2009; Payne *et al.*, 2009). In this context, the brand is not longer a broadcaster of messages but a facilitator of content and experiences. It is the dynamic interaction of the customers within the boundaries of the brand community that co-create brand value. As Christodoulides points out “the brand manager is no longer a ‘guardian’ of the brand but becomes more of a brand’s host” (Christodoulides *et al.*, 2006).

The paradigm shift can be summarised as follows:

Figure 1. Paradigm Shift in Branding



Source: adapted from author.

SOCIAL MEDIA AND THE NEW EMPOWERED CONSUMER

Internet and communication technologies have created new opportunities to connect, share and generate content between consumers and brands, changing consumer behaviour radically. This has gradually shaped brand communications (previously controlled and administered by marketers) into a co-created one (Schvinski and Dabrowski, 2015). Consequently, the traditional one-way communication is now multi-dimensional, two-way and peer-to-peer (Chiou and Cheng, 2003).

Social media have provided new channels of communication between brands and consumers, increasing the multiplicity and complexity of brand engagement and providing the company with much higher levels of feedback, continuous improvement and real-time learning. New technologies allow stakeholders to interact, co-communicate and co-create with each other, gaining access to resources and the opportunity to actively use them for joint brand-related interaction, to increase the interrelation between stakeholders, and to co-create brand meanings (Hatch and Schultz, 2010). As stated by Vallaster and Wallpack (2013), “social media empower stakeholders to play an active role in brand meaning co-creation”.

This new context presents opportunities and challenges for companies and their brands, making the management of social media marketing’ one of the most relevant topics identified for executives today (Barwise, 2010). One of the

main unsolved questions is whether or not brand managers are taking advantage of the co-creation opportunities and how they face new challenges related to the loss of control to the “empowered consumer”.

CO-CREATION OF BRAND VALUE

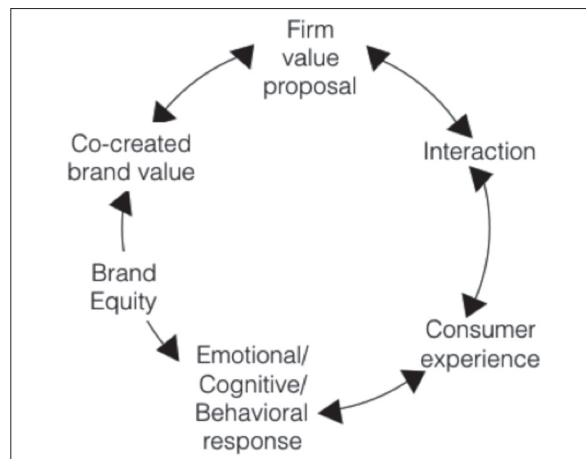
Co-creation of value has become a widely part of the marketing conversation, especially since Vargo and Lusch’s (2004) article that explained that marketing was moving toward a more service-centered logic.

This logic proposed that the beneficiary determines the value through value-in-use perceptions. Brand value under this perspective is the perceived use value co-created and determined collectively by all the actors in the ecosystem (Merz *et al.*, 2018). The process of creating perceived use-value for a brand through network relationships and social interactions among the ecosystem of all actors (Vargo and Lusch, 2016).

Despite the increasing amount of research on co-creation of value, there has been very little focus on branding and co-creation (e.g., Payne *et al.*, 2009; Ramaswamy and Ozcan, 2016). Merz *et al.* (2018) put forward as a possible explanation for this absence of research on brand value co-creation the lack of understanding of the concept of brand value under the S-D logic.

In the virtual absence of examples of the brand value co-creation process, Lahoz (2017) proposes the following figure to explain the new paradigm (Figure 2): The company creates a value proposition that is turned into value-in-use after the consumer interacts with the value proposition, other brands proposition and consumers in the market place.

Figure 2. Retroactive Relationship Between the Company’s Proposal and Co-Created Brand Value



Source: compiled by the author.

From this subjective experience based on shared values, an emotional, cognitive and behavioural response is generated, which creates the brand equity (in all its dimensions: awareness, associations, knowledge, perceived quality and loyalty). The result is a brand value that has been co-created between the consumer and the company.

Although this value creation process implies linearity, the provider and customer spheres actually converge. As defined by Ramaswamy (2008), “Co-Creation is the process by which mutual value is expanded together”.

ARE BRANDS ACTUALLY BEING CO-CREATED? A NEW STUDY

While there are a few studies which provide insights into how brand value can be co-created between a companies and its customers (e.g., Fournier, 1998; Harmeling *et al.*, 2017), no research has been identified that explores the reality of the brand value co-creation in marketing practices.

To fill this gap and explore the use of brand value co-creation by practitioners, Lahoz carried out research to 1) create a theoretical framework in order to fully understand the concept of brand value co-creation from relevant theories and paradigms; 2) identify previous findings in a literature review of brand value co-creation practices; 3) build a conceptual model for the brand value co-creation process; 4) validate the conceptual model with practitioners and; 5) provide recommendations for practitioners based on the insights identified.

The research method has two parts: the literature review and qualitative research undertaken with practitioners.

The purpose of the literature review is twofold. Firstly, it establishes an academic framework for the main paradigms and theories for an understanding of the co-creation process. Secondly, it is used to identify previous studies on how brand value is co-created and to select useful findings for the new conceptual model.

Once the theoretical framework has been established and the main findings have been identified, a new conceptual model is created for brand value co-creation.

This conceptual model is validated by undertaking qualitative research with practitioners, to test its applicability and validity for the strategic management of brands.

The last part of Lahoz’s research offers conclusions and recommendations for practitioners.

From the different research questions defined in Lahoz’s thesis we will focus for the purpose of this article on the validation of the use of brand value co-creation practices by practitioners.

QUALITATIVE RESEARCH WITH PRACTITIONERS

The methodology adopted to question practitioners about their use of brand value co-creation practices has been in-depth interviews. This method was selected

because it allows the researcher to understand the work and motivations of the respondents while avoiding the “corporate view” and to obtain a “real view” of the actual strategy employed by the company. Additionally, the anonymity afforded gives the respondent a feeling of intimacy and confidentiality (as opposed to group interviews), which is necessary to provide real answers about the brand strategies.

Due to the exploratory nature of this research and the novelty of the research topic, quantitative interviews had been rejected as a valid research method.

The consumer-base perspective of brand value selected for this research determines the research sample. As this is not at a macro level (company-based brand perspective) but an operational one (consumer-based perspective) the selection of respondents is based on those managers who make decisions to create brand value and focuses on consumers, not on the financial value of the brand for the company. Therefore marketing, communications and/or brand managers are the required positions of our respondents.

Due to the exploratory nature of this research and the aim of obtaining useful findings from in-depth interviews with a selected sample of respondents, the number of interviews was limited to fifteen.

To avoid limitations in the scope of results due to the limited number of interviews, the criteria for the selection of respondents were critical for this research:

- a) Respondents’ experience needed to cover all economic sectors. A minimum of two respondents with experience in each economic sector was required to obtain a more reliable view of the particular characteristics of each sector.
- b) Respondents’ experience needed to cover both national and international brands.
- c) Respondents’ experience needed to cover both B2B and B2C markets.
- d) Current work positions required: Marketing manager, CEO, or brand consultant.
- e) More than five years of branding experience in managerial positions.
- f) Operating in global markets.
- g) Diversity in their approach to branding.

These criteria guaranteed in-depth and complementary insights for the research.

In order to guarantee that all the necessary topics for this research had been covered, guidelines were developed for the in-depth interviews.

The in-depth interview’s process followed this structure:

- Part 1. Explanation of the objectives of the study.
- Part 2. Explanation of the polysemic concepts (co-creation, value creation, brand value creation).
- Part 3. Introduction to the starting point of the research and warm-up.
- Part 4. Discussion about the brand value co-creation process.
- Part 5. Discussion guide,
- Part 8. Gratitude, appreciation and farewell.

This guideline for discussions included questions such as the implication of the new role played by the consumer, how companies act or react to this new role and whether they encourage brand value co-creation.

The data analysis was based on the well-established grounded theory whereby text segments with similar content are identified and then sorted into different categories for a final distillation into the major themes.

RESULTS

The answers from respondents indicate a growing interest within companies in opening multiple channels of engagement with their consumers (e.g. respondent 8 states: “We are investing more in content creation and giving more attention to social media. The results are telling us that this is the right direction to go”). Respondents also acknowledge the increasingly demand of consumers to know more about the organization that stands behind their brands (e.g. respondent 14 acknowledges: “Now we need to be more open to consumers and provide a degree of transparency that is was not needed before”).

One of the main risks that brand managers identified was the loss of control that companies have over their brand and ultimately their organizations. In the words of respondent 10, “after all the efforts and work on our brand over the years, we cannot give our brand to the lions. We need to protect the brand and make sure that it stays as it was meant to be”. Respondent 5 also claims: “We can not allow social media become an open channel to complain about and to damage the company”.

Respondent 1 affirmed: “They are lots of companies who are scared of consumers. They approach social media without a real interest, an apathy, with the idea that ‘It won’t make me sell more, but if I handle it in the wrong way, I will sell less’”.

Some respondents gave examples of what they considered to be giving too much freedom to consumers or influencers to play with the brand. According to respondent 11, “if you don’t control the process, the result can be disastrous for your brand and your company”.

The majority of respondents are against losing control over their brands. They considered that they “own” their brands, and consumers “shouldn’t control them”. It was considered as a sign of malfunctioning of the management of the brand to leave it without tight control over its identity. Comments such as “I define the brand” or “Brand strategy needs to be defined by the company” (respondent num. 8), and “Brands are a bit afraid and they have vertigo from not having complete control over all their attributes. This is the debate between brand identity and brand image. Brand identity is what I control and brand image is what consumer thinks I am”, (respondent 1) confirms this view.

Respondent 12 stated: “Social media puts more pressure on companies nowadays, and forces us to open up to consumers in a different way than we have done until now. They have more power and we need to deal with them more carefully than before”.

However, even the most sceptical respondent acknowledges that they need to adapt to this new situation. In words of respondent 1, “this is like surf; when the wave comes you need to dive into it. If you resist this reality you are not going to change it, and the truth is that the brand is more and more from other people. I do think that the others configure the brands. More every day”.

CONCLUSIONS AND IMPLICATIONS FOR PRACTITIONERS

Most of the interviewees agree with Grönroos and Ravald (2011) statement that the company is in charge of the value-creating process and the customer is invited to join it as a participant. However, the degree of consumer participation in this process is what constitutes the point of disagreement. From a low level of participation where consumers can modify peripheral or non-essential aspects of the brand, to a 100% co-creation process between the brand and their various stakeholders, several different strategies and views of brand value creation have emerged.

The handling of social media is one of the most challenging topics identified by our sample of branding professionals. The user networks’ power through social media presents both opportunities and threats for companies and brands. Companies have revealed that they accept the relevance of social media and the new role of consumers and that they try to create and maintain a presence in the social networks, because it is where consumers interact. However, companies seem to be reluctant to hand their control over the brands fully to the consumers and thus their attitude is more defensive than cooperative under this new scenario. Brand managers we interviewed do not feel comfortable with this new role. Most of them consider that letting part of the control of the brands to consumers means “doing their work badly” and the control of the brand through formal management processes was essential, and that consumers should not run it.

The difference between theory and practice appears here as the reality of the work implies budget limitation and the pressure to justify the return of the investment. Managers acknowledge the importance of the consumer within the branding strategy, but due to their budget, resources limitations and the risks involved, they prefer to avoid practices that precede working with consumers in the co-creation of brands.

The key issue for managers is control. Why is this the case? Power dynamics as identified by Jevons and Gabbott (2000) and Vallaster and Wallpack (2013) (among others) have shifted, and companies have to factor in not only aggressive competitors but also empowered customers (Kumar and Gupta, 2016). Under such a climate, how do brand managers approach co-creation? Some of them with fear, some with respect and only a few embrace the positive change.

According to the research, a unique model of brand value co-creation seems not be applicable, as it depends on different variables:

- a) Degree collaborative DNA in the company vision, values and management;
- b) Product category involvement;
- c) Approach to branding;

- d) Resources to implement listening mechanisms and established marketing plans that incorporate consumers;
- e) Degree of brand literacy.

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