The strategic challenge of moving towards co-created customer experience in the media industry

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Abstract

This paper examines the organizational interpretations of the strategic change that the converging media environment, co-created content and co-produced value entail for a media company. More specifically, we investigate the challenge of moving towards co-created customer experience in an environment where the media producer and the media consumer increasingly interact. Our analytical perspective builds on the narrative approach, and the objective is to empirically explore and theoretically elaborate on the discursively constructed understanding of the strategic change. We have carried out a qualitative study among the personnel of a Nordic newspaper by conducting personal, semi-structured interviews. In our analysis, we have identified three different narratives that we have labelled with the headings Print dominates, New business models and Participatory experience. The contribution this paper makes is twofold: first, it illustrates the organizational multivocal understanding of the strategic change in the context of a rapidly developing operating environment. Second, the paper sheds new light on the challenges media companies face when moving towards experience-based relationships with their customers in the converging media environment.

Keywords: customer experience, strategic change, media convergence, branding, narrative approach, social media

Introduction

Media convergence involves a cultural shift towards a participatory media culture, in which consumers participate in producing media content, interact with each other and engage in civic activism to construct their identities and to exert their influence in the market (Deuze, 2006; Jenkins 2008). In this market environment for media companies, media consumers can no longer be viewed as a passive audience but rather as active participants in the processes and practices through which value is produced in the market (Banks & Humphreys, 2008; Merrin, 2009; Potts et al., 2008; Schau, Muniz & Arnould, 2009). Furthermore, media consumers can be described as being ‘informed, connected, empowered and active’ (Prahalad & Ramaswamy, 2004), and the new interactive technologies have changed their position so that ordinary people’s interpretative activities are at the very centre of media design and use (Livingstone, 1999, 2004). Thus, media consumers are not satisfied by being informed or entertained, but they also want to get engaged and experience participation (Holbrook, 1982;
Arnould & Price, 1993). Media consumers have begun to increasingly co-create value with media companies, and therefore the market is gradually becoming a forum for conversations and interactions between consumers, consumer communities and companies (Prahalad & Ramaswamy, 2004).

In this paper, we look into branding as a strategic tool that builds on the interplay between company vision, culture and image among various stakeholders, and that needs to be aligned with the strategic change. In the participatory media culture, branding continues to be an important source of sustainable competitive advantage and a central element of an organization's competitive strategy (Kapferer, 1997; Hatch & Schultz 2003). However, in the converging media environment traditional brand management no longer applies, since brands can be conceived as co-creations between different stakeholders (Brodie, Glynn & Little, 2006; Hatch & Schultz, 2010; Merz, He & Vargo, 2009; Pitt, Watson, Berthon, Wynn & Zinkham, 2006), and the possibility for consumers to experience participation and co-creation has become an important element for attractive brands.

While the participatory dimensions of media convergence have been quite extensively discussed and theorized in the field of media studies, the strategic challenges that the changing practices entail for the business corporations of the media industry continue to be a relatively under-researched and inadequately understood problem area. This is the case especially in the area of branding. Despite the perceived strategic importance of branding in the converging media environment, there appears to be a lack of empirical research that focuses on the ways organizations develop their brands to emphasize the co-created customer experience. In other words, how do media corporations combine the challenges of the conventional publishing platforms, the rapid technological development, and the opportunities presented by the participatory media culture? In this study, we set out to explore the organizational interpretations of the required change and to identify the alternative narratives about the development towards co-created customer experience in the media industry.

Rapidly changing operating environment and the move towards experience economy

Significant technological, cultural and economic transformations are currently taking place in the media industry as the result of media convergence. The participatory culture is embodied in the social media of the web environment, which represents a media culture produced mostly by ordinary people, those formerly known exclusively as ‘the audience’. In addition to media produced by the people, the contents in social media can also be mashups of professional and amateur content, or then redistributed material from broadcast media. Nevertheless, social media form an environment that is open for ordinary people, it is their own cultural arena. In this sense, it is possible to give a new meaning for the acronym UGC: user-generated culture, instead of user-generated content. Castells (2009) labels this new form of socialized communication in the converged media ecosystem as ‘mass self-communication’.

Social media is a quite substantial phenomenon in the context of the contemporary cultural conditions in the media industry. The possibility, and also responsibility, for content production has partly shifted to consumers (Potts et al., 2008, p. 463). This process entails many ambiguities in the roles of those taking part in media content production. These changes are not restricted only to the organizational culture in media companies, but take place in the interface between the industry and the consumers. The role of social media in media organizations’ operations is twofold. First, social media can be a channel of publication for content produced in media organizations. Second, social media can form part of the content production process. Thus, we can perceive an economic turn in the conceptions of the value
of the content produced by citizens. Content produced by citizens is seen as source, directly or indirectly, of economic profit.

An important key consequence of new media technologies is that using media means creating as well as receiving, and that user control extends far beyond selecting ready-made, mass-produced content (Livingstone, 2008, p. 394). Moreover, it can be argued that there is a collapse of the separate categories of producer, user, audience and consumer, as a growing number of people become creators and curators of digital media (Gauntlett, 2009, p. 147). Whilst people still form the audience, the term itself only describes one side of their contemporary experience: as customers of media companies. Whatever the customer experience is, it isn’t simply ‘reception’. (Merrin, 2009, p. 24.) This change forces media companies to create and nurture an experience-based brand that builds on the co-creation experience. In the converging media environment, new features like interactivity and multimedia have become essential components of consumers’ media experience, and the myriad of new formats influence the brand encounters with consumers. Hence, the possibility for consumers to experience these co-created emotions has become an important basis for attractive brands.

This development implies significant changes in the field of marketing. In the 1990’s the concept of relationship together with the concept of CRM (customer relationship management) were at the heart of marketing discipline. Currently the notion of experience is the key element in understanding consumer behaviour and in developing the marketing of the future. (Carù & Cova, 2003; LaSalle & Britton, 2003). The notion of experience entered the field with Holbrook and Hirschman’s pioneering article of 1982. They wanted to question the hegemony of the information processing perspective, which regarded the consumer as a logical thinker when making purchasing decisions. They claimed that this approach neglected important consumption phenomena like sensory pleasures, daydreams, aesthetic enjoyment, and emotional responses. Hence they introduced the ‘experimental view’ to consumption, involving ‘a steady flow of fantasies, feelings, and fun’. (Holbrook & Hirschman 1982, p. 132; Hirschman, 1984). Arnould and Price (1993) complemented the research on experience with their article on ‘extraordinary experience’ based on an empirical study on river drafting. They claimed that the ‘emotional outcomes associated with the extraordinary experience are embedded in relationships between the customer and the service provider’ (ibid., p. 41).

Despite the current popularity of the notion of experience in the marketing literature, it is still ill-defined (Poulsson & Kale, 2004; Carù & Cova, 2003). According to the Cambridge Advanced Learner’s Dictionary experience is ‘something that happens to you that affects the way you feel’. Pine and Gilmore (1999, p. 10-11), in turn, state that ‘while commodities are fungible, goods tangible and services intangible, experiences are memorable’ (emphasis original). Poulsson & Kale (2004, p. 270) define the commercial experience as ‘an engaging act of co-creation between provider and a consumer wherein the consumer perceives value in the encounter and in the subsequent memory of that encounter’.

In this study, we adopt a perspective to the notion of experience that emphasizes participation, interaction, involvement and co-creation. We go along with the recognition of a ‘growing quest on the part of the contemporary consumers for immersion into varied experiences’ (Firat, 2001, p. 113), According to this perspective people do not want to be just entertained, they also want to participate (Poulsson & Kale, 2004). Here it is important to remind that the converging media environment is characterized exactly by a participatory culture.

Thus, our objective is to understand the strategic challenge that moving towards co-created customer experience in the converging media environment entails, and more specifically to shed light on the organizational multivocality about the change.
A narrative approach to organizational interpretation of a strategic change

In our study, we view the challenge of moving towards co-created customer experience as part of a strategic change project, which involves a substantial shift in overall priorities and goals to reflect the new emphasis or direction (Gioia et al., 1994, p. 364). We have adopted a narrative approach (Boyce, 1995; Dunford, 2000; Sonenshein 2010; Vaara, 2002; Vaara, 2010) as our method of analysis in order to reveal various discursive constructions and interpretations of the co-creation challenge in the converging media environment. We conceptualize narratives as socially and discursively constructed organizational interpretations of the strategic change (Berger & Luckmann, 1966; Boyce, 1995; Dunford & Jones, 2000; Fisher, 1985; Jeffcutt, 1994; Taylor, 1999; Vaara, 2002).

Furthermore, we look at narratives as collective constructions of meaning (Sonenshein, 2010) and rely on both narrative analysis and content analysis in examining the discourses the individuals use to construct various meanings. Narrative analysis focuses on the rich use of discourse embedded in context, particularly emphasizing how protagonists interpret experiences (Pentland, 1999), whereas content analysis is a technique for understanding the factors that explain differences in interpretations (Langley, 1999). For us, as researchers, the narrative perspective has helped to reveal multiple interpretations of organizational change. For organizations, it is pivotal to get sensitized to narratives, since they frame the way people understand and act with respect to an issue (Dunford & Jones, 2000; Pentland, 1999).

Description of the case & the empirical analysis

The case company in our empirical study is a Nordic newspaper. Throughout its existence it has been considered as a discussion generator and a channel delivering meaningful news to people living their everyday lives. This position has been supported by their conception of journalism as an activity to create emotion and interest. The brand has addressed the consumers’ need for information and interest in storytelling, news delivery and discussion topics. The print version of the newspaper has been sold only as a single copy instead of subscriptions. In addition to the newspaper, the brand consists of a weekend supplement, TV supplement and a sports weekly. The company vision emphasizes change and the objective to take news into the new era. The online edition of the newspaper is among the most popular websites in its country. In addition to news, the online editions offer a variety of services: theme pages on different topics, videos, photos from readers, platforms for online discussion, online games and archive services.

In our study, the objective was to empirically explore and theoretically elaborate on the socially constructed understanding of the strategic change of moving towards co-created customer experience. The empirical study was carried out by conducting altogether 14 personal interviews with marketing and development personnel, with a duration of approximately 1.5 hours each. We utilized a semi-structured model for the interviews. The dialogue during the interviews was staged according to a thematic, topic-centred structure (Mason, 2002, p. 62–63). We wanted the interviewees to continue their thoughts along new lines as well, and asked them to elaborate on certain themes that seemed interesting, and to express reflective and critical views. They were also free to introduce new topics into the conversation. Our main interest was in the perceptions and interpretations of the interviewees (Mason, 2002, p. 56; Silverman, 2001, p. 83).
Organizational multivocality identified in our empirical analysis

In our analysis, we focused our attention to the way the interviewees constructed their interpretations of the change and its implications, and aimed at identifying a potentially emerging organizational multivocality in the narratives (Bhatia, 2010; Vaara, 2010). By multivocality we refer to the divergent socially and discursively constructed narratives about the strategic change that the rapidly changing operating environment entails. In our analysis, we were able to identify three different narratives that we labelled with the headings Print dominates, New business models and Participatory experience.

Print dominates
In the ‘print dominates’ narrative, the ink on paper version of the newspaper was not considered to disappear any time soon. The amount of single copies sold at newsstands was the source of pride among the employees. In this interpretation, the online and mobile versions of the newspaper were considered to be auxiliary products still in their infancy. The involvement with the audience in the print environment was seen largely as a one-way relation. Co-created customer experience, participation or interaction with the readers were not considered to form vital elements of the brand.

The content sells. In print [the context of the printed newspaper] the content is the key to single copy sales, our entire business revolves around that.

New business models
In the ‘new business models’ narrative, the rapid technological development, the online environment and especially the mobile devices were seen as an opportunity to develop new business models and new money making concepts. In this interpretation, one of the implications of change was the need to improve the internal effectiveness of innovation activities. The emphasis was on the utilisation of the new digital delivery platform and less in the possibilities of creating value through co-created customer experiences.

Our web service has a very important position now and in the future, because we have such a huge amount of users on the net. (…) We have begun to innovate new business models with which we could create new profit from those customers.

Participatory experience
In the ‘participatory experience’ narrative both the current technological changes and the development of the entire media environment were considered to be in a phase of radical transition, resembling ‘a trembling of tectonic plates’. In this interpretation, the importance of social media, co-created content and the participation in people’s everyday life was considered crucial.

It is important to involve people in continuing the discussion and in co-creating the news. Another big thing is Facebook sharing, which we have had for a time, and which is a very big phenomenon. When I first started working here, I was quite surprised by its intensity. A major proportion of our users engage in Facebook sharing, making up a big part of the traffic to our site. We’ll develop these functionalities also in the mobile version, so that people can read the comments, comment themselves and thus continue to co-create the content.
Conclusion

In the converging media environment, new features like co-creation and interactivity have become essential components of consumers’ media experience, and the myriad of new media formats influence the brand encounters with consumers. In our study, we examined the organizational interpretations of the challenge to develop a newspaper brand towards co-created customer experience in accordance with the demands and opportunities of the converging media environment. As a case company we used a Nordic newspaper that is going through an intensive development phase. By adopting a narrative approach as our method of analysis, we were able to identify three different narratives: Print dominates, New business models and Participatory experience. Of these, only the last one clearly reflects an urge to rapidly advance possibilities for co-created customer experience.

We suggest that in the converging media environment brands continue to be an important source of competitive advantage. In order to remain competitive, the media company brands need to evolve in accordance with the development of the participatory and co-creative culture. Our case study brings forth three divergent narratives that we believe are common to media companies that have traditionally operated in the print business, have encountered difficulties in finding successful business models in the web environment, and are moving towards experience-based relationships with their customers in the converging media environment. In our future research, our aim is to further elaborate on this multivocality in order to shed additional light on the strategic change in the media industry.
REFERENCES


