customers working for customers in user-generated Web 2.0 services

the community of producing customers and the organization

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customers working for customers
in user-generated Web 2.0 services

argument:

- organizations provide a new kind of service, but

- customers jointly produce the service

- paradim shift in service (co-)production

- new actor: community of customers or
  the collective customer

implications? (for service triad, roles, relationship)

casestudies of TripAdvisor and garmin user-forum

usergenerated web 2.0 platforms: a new kind of service

- service revolves around a product or service of firms
  (not necessary same as the service provider)

- "real" relationship between customers and a firm

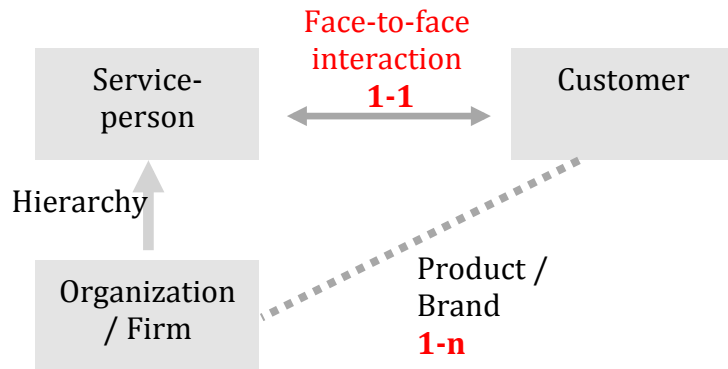- firm provides the web 2.0 service and runs the platform

but

- customers generate most of the service, advice or support for other customers

- division of labor turns upside down

- new roles of customers and the firm

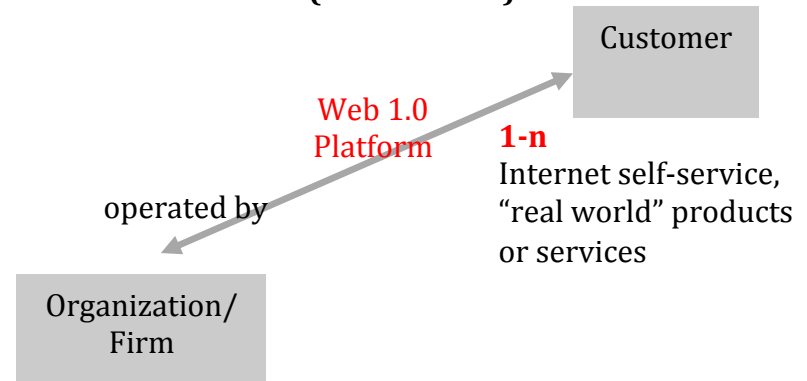# usergenerated web 2.0 platforms: a new kind of service

- based on specific customer knowledge and experience, enables alternative quality of service

- large numbers of contributions and contributors, highly distributed tasks, often small and easy

- enabled by web 2.0 applications and following the example of community-based platforms (culture of sharing)

- contributions publicly available and transparent for everybody

- service as collective or public good

- new mode of service production by customers: self-determined, voluntary (not planned, no orders)

- new role of the firm as provider of user-generated services and operator of a community-driven web platform
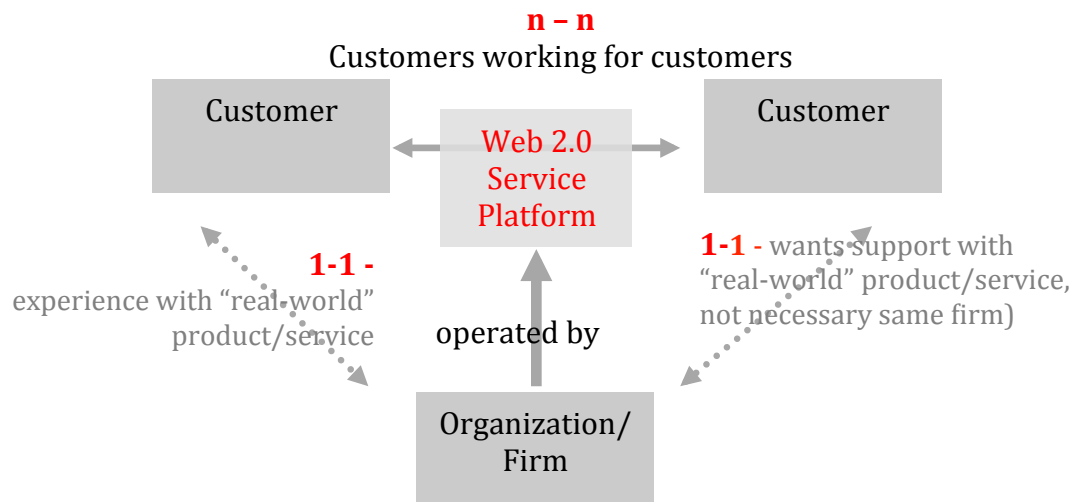
paradim shift in service (co-)production
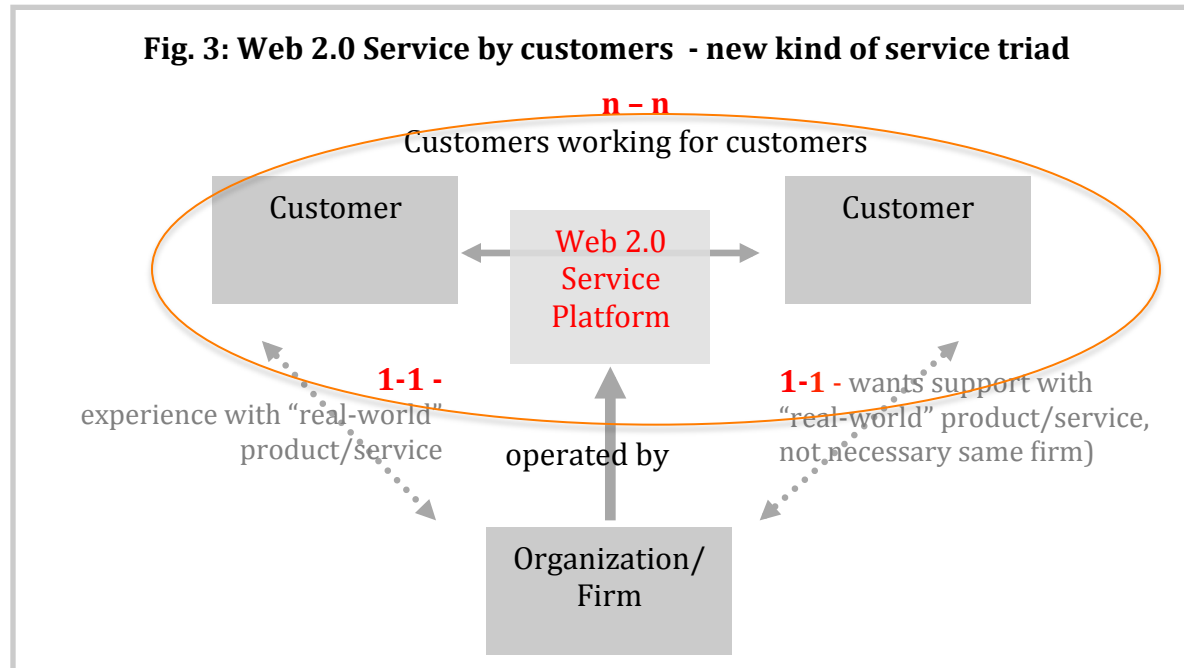
Fig. 1: Conventional Service Triad (Co-Production)

Face-to-face interaction
1-1

Service-person ←→ Customer

Hierarchy ↑

Organization / Firm

Product / Brand
1-n

Fig. 2: Self-Service on the Internet - Service Dyad (e-commerce)

Customer

Web 1.0 Platform

1-n
Internet self-service, "real world" products or services

operated by

Organization/ Firm

Fig. 3: Web 2.0 Service by customers - new kind of service triad

n – n
Customers working for customers

Customer ←→ **Web 2.0 Service Platform** ←→ Customer

1-1 -
experience with "real world" product/service

operated by ↑

1-1 - wants support with "real-world" product/service, not necessary same firm)

Organization/ Firm

the (new) service triad: customers working for customers

Fig. 3: Web 2.0 Service by customers - new kind of service triad

n – n

Customers working for customers

| Customer | | Customer |

Web 2.0 Service Platform

1-1 -
experience with "real-world" product/service

1-1 - wants support with "real-world" product/service, not necessary same firm)

operated by

Organization/ Firm

how do customers produce the service? what are they doing?

why do customers work for other customers?

what kind of relations are established?

customers working for customers

how do customers serve other customers and produce the service? what are they doing?

- mainly report their experience with a certain product/service
- ask or answer, mutually exchange and solve usage problems
- contributions accumulate to become a broad base of very specific information
- short and easy contributions, often standardized, more or less interaction implemented
- implemented, defined and controlled by the firm as operator of the web 2.0 platform
- enables and also restricts possible contributions and interaction

why do customers work for other customers? or:
the advantage of collective action in the community of customers
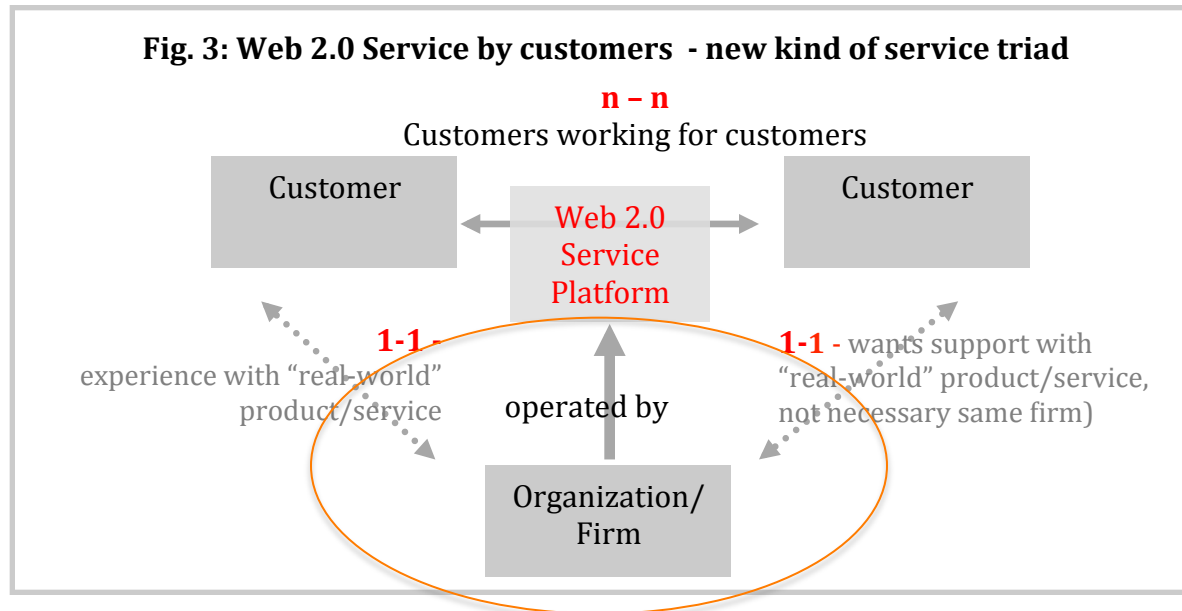
collective action problems occur:

- service freely available as collective or public good

- customers working for others voluntarily usually without monetary compensation: reciprocity is expected

- gratification through using the service, principle of reciprocity ensured by advice and support from other customers

  ➡ critical-mass problem (instead of "free-rider" problem)

  since good service needs large numbers, take-off is difficult; community-building essencial

the advantage of collective action
in the community of customers

- building a community of interest,

- define goals that will be shared

- making contributions should be fun and easy

- self-selection of contributions
  (to foster motivation, fun, expertise, position and reputation)

- principles of collective self-organization (Ostrom 1990)

- institutionalized rules and process

- adapt principles of sucessful community-based platforms

- openess and transparency on the web platform

the (new) service triad: role of the firm

Fig. 3: Web 2.0 Service by customers - new kind of service triad

n – n
Customers working for customers

Customer ←→ Web 2.0 Service Platform ←→ Customer

1-1 - experience with "real-world" product/service

operated by

1-1 - wants support with "real-world" product/service, not necessary same firm)

Organization/ Firm

- provides attractive service for their users to generate value
- implements and operates the web 2.0 service platform
- initiates, coordinates and administrates contributions of customers on a large scale
- building a community of interest that frames the collective action of customers

role of the firm: the advantage of operating a user-generated service

conflicting requirements: the firm has to ..

- build a service that generates value for the firm, but also build a community of customers and match their goals

- give customers leeway to self-organize contributions, but also provide a general and comprehensive service

- firms rely on customer's self-selected contributions, but also define what kind of contributions are possible and the rules for partizipation

if an organization fails to meet these conflicting requirements, they can easily loose customers' willingness to contribute

new service relationship:
the community of customers and the firm

- firms rely on voluntary and self-selected contributions of customers to built their service

- customers produce the service jointly, embedded in a community of interest

- customers decide by themselves what to contribute, firms are expected not to censor or delete

- firms goals and interest may conflict with the goals and interests of individual customers, as well as of the community

- entry of a new player: the community of customers, or the "collective customer"

- do we have a shift of power from the firm towards the consumer or the "community of consumers"?

new service relationship:
the community of customers and the firm

the firm/organization as provider is in the position to ..

- define goals, rules and possible contributions and interactions
- decide how much leeway customers have for self-determined contributions
- determine the extent to which contributions and interactions are standardized and scripted
- define possible positions and influence of customers
- in the case of conflicts, firms have the operating power (to control, moderate, administrate, delete)
- neither customers nor the community have any technical or legal means to force the firm, they only can stay away
- "power" of the collective customer is entirely built on openness and public criticism on the website

however, the new kind of service is at an early stage

.. future is still open

and raises many reseach questions

thank you