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Abstract

Organizational interest in user-generated content (UGC) websites is growing, as organizations face highly competitive markets, uncertain economic environments, and a growing user base accustomed to active engagement rather than passive acceptance of products and services. Organizations are now exploring ways to provide a platform (website) through which users generate and contribute content, resulting in a co-created experience between users and organizations. However, organizations interested in leveraging UGC websites are facing a new challenge â getting users to actively engage through content contribution, retrieval, and exploration. Thus, the research questions guiding this manuscript are: what factors influence an individualâ s user experience in UGC websites and how does the user experience impact individual engagement behavior? This manuscript develops a theory of co-created value to examine how social interactions, operationalized as perceived dialogue, social accessibility, transparency, and risk, and technical features, operationalized as the perceived granularity, extensibility, integration, and evolvability, of a UGC website influence an individualâ s user experience and subsequent engagement behaviors. A theoretical model is proposed and propositions are presented for the individual relationships. Implications and future directions for research are also discussed.

Keywords: User-generated content, online communities, user experiences, co-created value

THE CO-CREATION OF VALUE: EXPLORING USER ENGAGEMENT IN USER-GENERATED CONTENT WEBSITES

People may find it hard to remember a life *before* YouTube. Some people cannot fathom how they satisfied their desires and interests without YouTube, while others may find it interesting that a website that did not exist five years ago is now the fourth most visited website on the Internet.[1] Only search engine giant Google (1998), Yahoo (1995), and Facebook draw more user traffic on a daily basis. While YouTube's meteoric rise is atypical for an organization, it is not surprising in today's digital world. Websites such as Twitter (ranked 13th), Facebook (ranked 2nd), MetaCafe (ranked 133rd), Wikipedia (6th), Flickr (ranked 33rd) among others have all been introduced within the last decade and rapidly grew in user membership. All of these websites, including YouTube, represent a new type of online environment called User-generated Content (UGC) websites. UGC websites are online environments where users contribute, retrieve, and explore UGC from the organization and fellow users. UGC is content created by users for fellow users and/or the organization.

Organizations are beginning to invest time and effort in developing a social media presence, such as the introduction of UGC websites, to capitalize on a growing user population that is interested in creating, retrieving, and exploring UGC. Deloitte conducted a study on organizations that adopted UGC websites and found that an overwhelming majority (80%) have introduced a UGC website within the last three years (Deloitte, 2008). Despite the current economic downturn, these organizations are increasing their investment in UGC websites. Over 50% of the organizations surveyed indicated they would increase their investment in 2009. Organizations are beginning to realize the potential benefits that can be captured when users and organizations co-create value through UGC.

Co-created value provides mutual benefits for both the organization and users. Organizations benefit from a large membership of users that can provide a range of benefits, such as marketing insight, cost savings, brand awareness, and idea generation (Deloitte, 2008), while users benefit from the ability to fulfill personal needs and interests. However, co-creating value with users is risky. Organizations previously relied on business models that focused on creating a tangible product and/or service

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[1] Rankings captured from Alexa.com Top 500 Global Sites website. Accessed 09.09.2009.

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(Chesbrough, 2004, 2006; Dodgson, Gann, & Salter, 2006; Kirschbaum, 2005; West & Lakhani, 2008), rather than a positive user experience to create and capture value. If an organization fails to provide a positive user experience, negative consequences can occur, such as negative publicity and loss of user engagement (Wesch, 2008). Consequently, co-creating value with users requires organizations to become more directly involved to ensure positive user experiences. Positive user experiences are what drive co-created value and the mutual benefits for organizations and users.

Research on co-created value largely relies on qualitative and descriptive case studies to explain how UGC websites influence co-created value creation (e.g., Armstrong & Hagel III., 1996; boyd, 2007; Chesbrough, 2003b, 2006; Dodgson et al., 2006; Franke & Piller, 2004; Huston & Sakkab, 2006; Kirschbaum, 2005; Li & Bernoff, 2008; Prahalad & Ramaswamy, 2004a, 2004b). Little quantitative research has examined the key factors that influence co-created value creation (e.g., Chesbrough, 2003a; Huston & Sakkab, 2006; Li & Bernoff, 2008; Pine II & Gilmore, 1999; Prahalad & Ramaswamy, 2000, 2004a; von Hippel, Thomke, & Sonnack, 1999; Wesch, 2008). Specifically, ICTs increase the ability for users and organizations to directly interact (Hutchby, 2001; Sawhney, Verona, & Prandelli, 2005; Wagner & Majchrzak, 2006-7). As a result, researchers must formulate a model of co-created value creation in online environments where value is intangible and relies on user engagement.

To date, many organizations lack sufficient understanding about how to positively influence user experiences and increase user engagement. When asked by Deloitte to identify the greatest obstacle facing organizations that implement UGC websites, a majority of the organizations replied that it was *getting users to engage* (Deloitte, 2008). Over 50% of the organizations identified user engagement as a significant challenge. Furthermore, 25% of the organizations surveyed also cited sustainable user engagement a challenge. Thus, the research questions guiding this manuscript are: *what factors influence user experiences of a UGC website* and *how do user experiences affect the co-creation of value?*

Socio-technical theory suggests a system (e.g., a UGC website) is composed of two sub-systems – the social and technical subsystems (Cherns, 1976, 1987; Kelly, 1978; Pasmore, Francis, Haldeman, & Shani, 1982). Each sub-system influences how a user interprets his/her experiences and subsequently behaves within the UGC website. While users may interpret their experiences differently, socio-technical

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theory suggests that both the social interactions supported by the system and the technical features of the system influence how a user perceives his/her experiences.   Recent research has used socio-technical theory to explain user experiences within organizations (e.g., Barley, 1996; Jensen & Aanestad, 2007; Prahalad & Ramaswamy, 2004b). For example, Barley (1996) and Jensen and Aanestad (2007) examine the adoption of health information system technologies in hospitals based on the technology and the social interactions between key users within the hospital environment. In both studies, user experiences were derived from their social interactions and the technology features and subsequently influenced how each user engaged within the hospital environment.

Social interactions are defined as the communication among one organization and users through the UGC website (Prahalad & Ramaswamy, 2000, 2004a). Social interactions between the organization and fellow users influence how a user experiences his/her environment by allowing users to experience the UGC website and engage through UGC (Barley, 1996; Jensen & Aanestad, 2007).   Social interactions facilitate user experiences within the UGC website by expressing the individual attention to a user's needs and/or interests, providing access to social resources and friends, portraying an open and transparent business model, and creating an opportunity for users to perceive the risks associated with engaging in the UGC website (Jensen & Aanestad, 2007; Kettinger & Lee, 1994; Prahalad & Ramaswamy, 2004b; Wixom & Todd, 2005).

In addition to the social interactions, the technical features of a UGC website also facilitate positive user experiences (Jensen & Aanestad, 2007; Prahalad & Ramaswamy, 2004b).   Technical features are defined as the perceived capabilities of the technology. Technical features provide users with the tools to facilitate a user's experiences. Technical features impact the direction, magnitude and scope of co-created value and its benefits to both the users and the organization (Brown & Magill, 1998; Simon, 1991).   The technical features include: the degree of specificity users can retrieve information and interact, the flexibility of features to be used for multiple purposes, the ability to integrate content within the UGC website, and the evolvability of the features to meet users' specific needs as they become experienced with the UGC website (Prahalad & Ramaswamy, 2004b). As a result, the technical features can also limit how personally meaningful this experience is to the user.

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When organizations use social interactions to communicate with users and provide the technical features above, a positive user experience is expected to occur which facilitates the co-creation of value. The user experience is divided into two psychological components that influence the co-creation of value; 1) individual involvement and 2) personal meaning (Prahalad & Ramaswamy, 2004b). Co-created value is defined as the mutual benefits gained by the organization and users when engaging in a UGC website. Users engage when they contribute, retrieve, and/or explore UGC (Kankanhalli, Tan, & Wei, 2005; Li & Bernoff, 2008). Individual involvement is defined as the intensity with which a user perceives his/her role within the UGC website (Barki & Hartwick, 1994). Individual involvement denotes a user's perception that his/her role within a UGC website is personally important and/or relevant to meet their needs. Personal meaning is defined as the degree to which a user perceives he/she is fulfilling his/her needs, values, and/or interests (Battista & Almond, 1973; Debats, 1998). Users are given the choice in terms of which websites they wish to engage in to maximize fulfillment of their specific interests (Wellman et al., 2003). Consequently, fulfillment is derived when user interests are satisfied by the user's experiences created within the UGC website (Battista & Almond, 1973). To achieve this fulfillment, the social interactions and technical features that facilitate the user's experience are vital to sustain a user's engagement within the UGC website.

In order to successfully co-create value, both the users and the organization must capture benefits. Organizations must benefit from actively engaging users and users must benefit from a place to share experiences and interests based on personal choice. The more users engage, the more valuable the UGC website becomes to the organization and fellow users. Through user engagement, organizations obtain information on user interests that can be leveraged for a variety of reasons (e.g., market research, advertising revenue, new products and/or services, etc.). While for users, an environment is created where users can create personalized experiences that are both meaningful and fulfilling to the user.

This manuscript makes the following contributions. First, this manuscript outlines a UGC-oriented business model: the co-created business model. A theory is generally described to explain the co-creation of value through user engagement. Future research may find this theory applicable to several new and emerging UGC contexts (e.g., wikis, user innovation communities, interactive blogs, and virtual

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worlds). Also, this manuscript contributes to the growing need for understanding, by both academics and organizations, of the user experience and its impact on a user's decision to engage or disengage in a UGC website.

The future of business is increasingly reliant on ICTs and user-generated content to create new forms of value and competitive advantage. The preliminary steps taken in this research are based on the growing interest in an experience economy and the growth of business models that create permeable organizational boundaries to increase the use of external knowledge embedded in users of UGC websites. As users become more engaged with organizations, the value provided to the user is co-created by both the technical features of the UGC websites and the quality of the social relationship that is developed between the organization and the user. In the future, the ability to leverage users as key strategic organizational resources may be the difference between an organization's survival and obsolescence in an increasingly competitive world.

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