

**Bonding and Spreading: Co-Creative Relationships and Interaction with Consumers in  
South Korea's Indie Music Industry**

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## **Abstract**

*Purpose:* Although social media proficiency and use are key business and marketing practices in today's digital environment, research has failed to offer sufficient insights into what drives small firms to use social media and how they vitalise co-creative social media environments with consumers. In response, we conducted a qualitative research study to examine how small firms utilise social media to interact and build bonds with consumers. These bonds become an important tool in the development of successful, profitable businesses and marketing practices in the digital age.

*Design/methodology/approach:* To examine how small firms use social media to engage with consumers and vice versa, we utilised a case-study approach and collected qualitative data by conducting semi-structured interviews.

*Findings:* Our results showed that the small firms in this research seek to establish relationships and facilitate interactions with their core consumers in order to co-create value. In particular, our data demonstrate that producers engage in two distinctive practices: bonding (i.e. cultivating emotional ties with music fans) and spreading (i.e. encouraging expressive circulation by fans). Altogether, our findings indicate that the representative firms in this research use social media to develop synergistic relationships with consumers and to tap into the collective energy of consumers in their business environments.

*Originality/value:* We show that small companies use social media to establish relationships and interact with fans in order to co-create value and vitalise collective consumption, engagement and participation. The case blurs the traditional distinction between production

and consumption and suggests that the value of goods is a social creation, not merely a manufactured product.

**Keywords:** Co-creation, participatory culture, recording industry, South Korea

## **Introduction**

The use of social media and their importance in business and marketing practices have transformed how companies manage their operations and build relationships with consumers in today's interconnected environment (Kaplan and Haenlein, 2010). In particular, new ways of managing relationships in the digital age have changed the fundamental conceptualisation of who consumers are and what their roles entail. Moreover, that change has blurred the distinction between production and consumption (Cova *et al.*, 2015). Many corporations, including Starbucks and Lego, regard consumers not as passive actors outside their value-creating system, but as active, important participants in their business practices (Lusch and Nambisan, 2015). In general, today's companies consider consumer engagement and participation to play critical roles in making marketing campaigns successful and spreading the word about their brands (Holt, 2016). In the current business and technological environment, companies have to situate themselves amid an ever-changing social milieu in which interaction and building bonds with consumers become critical areas for understanding markets and achieving sustainable business performance (Ghezzi *et al.*, 2016; Li and Bernoff, 2008). In sum, building strong relationships with consumers and encouraging the spread of social media involving them are important tools in the development of successful, profitable businesses and marketing practices in the digital age (Ballantyne and Varey, 2008; Hennig–Thurau *et al.*, 2010).

Although corporations in general and small companies in particular recognise that social media proficiency is a critical capability for today's firms, many small companies continue to suffer from an inability to harness social media (Braojos–Gomez *et al.*, 2015). Indeed, only a handful of small and medium-sized enterprises (SMEs) appear to have exploited the full potential of such media (Barnes *et al.*, 2012). Other than creating social media accounts and making their presence visible, many small firms do not fully understand

how to use social media or how to generate user participation. Similarly, research on the topic, by taking an inside-out perspective, has tended to ignore how firms, especially SMEs, form relationships with consumers or develop effective social media strategies for converting consumer participation into value creation (Atanassova and Clark, 2015; Ghezzi *et al.*, 2016).

Among other industries, the recording industry has experienced a fundamental shift in its business practices, largely in response to the rise of the Internet, which has changed the production and consumption of popular music. Such technological and behavioural changes have transformed the ways in which the recording industry organises the diverse aspects of the music business, along with how its management operates the supply chain and marketing (Burnes and Choi, 2015; Graham *et al.*, 2004; Jones, 2002; Leyshon *et al.*, 2005). In particular, waves of new technology have altered the industry's relationships with music audiences as well as their roles. As Choi and Burnes (2013) show, music consumers have become active participants in co-creating the value that firms in the music industry seek. Firstly, music consumers have begun to form virtual self-organising music communities to connect with other consumers and musician where they can share their thoughts about and experiences of music consumption (Burnes and Choi, 2015; Kibby, 2000). Not only that, but music consumers can also act as promoters and publicists (Baym and Burnett, 2009), financial supporters (Wikstrom, 2009), co-producers (Morris, 2014), and active actors in sustaining the market for music (Choi and Burnes, 2016). Such studies highlight, among other things, that producers in the recording industry should cultivate relationships with music consumers and that music consumers should be regarded as co-creators of value.

Pertaining not only to the music industry, but also to companies both large and small, Ghezzi *et al.* (2016) criticises current understandings of social media and their use for being based on “anecdotal evidence, grey literature or unproved assumptions” (p. 1152). Indeed, previous research and public attention have focused on only a few successful cases of larger

corporations that use specific social media such as Facebook and Twitter, and have thus failed to identify the fundamental factors of how companies engage with social media (Barger *et al.*, 2016). In response, we aim to investigate:

1. Firms' motivations in using social media;
2. How companies, particularly SMEs, pursue these motivations in their business and marketing practices in order to co-create social media engagement with consumers;
3. How the potentially conflicting economic and social goals of producers and consumers can be reconciled through the use of social media to promote co-creation; and
4. How to cultivate new relationships between producers and consumers beyond their traditionally 'fans versus labels' dichotomization.

Based on the research questions, we would like to investigate what drives small firms to use social media and how they vitalise co-creative social media environments with consumers. This is an area that appears not to have received sufficient academic and managerial interest. This research, therefore, will offer new insights into the constructive utilisation of social media as a means of developing engaged relationships with consumers and vitalising collective synergy for co-creation.

We begin this article with a review of relevant literature, followed by discussion of the methodology employed in our research. Thereafter, we present the research findings from an analysis of empirical qualitative data, which we divide into two themes: bonding (i.e. cultivating emotional ties with consumers) and spreading (i.e. encouraging expressive circulation). We close the paper with a discussion of our findings.

## **Literature Review**

### ***The Relational and Interactive Nature of Value Co-Creation***

According to Arvidsson and Peitersen (2013), traditional exchange-dominated markets aim to maximise productivity and revenue for firms. From that perspective, inner firm activities govern value creation, meaning that firms are positioned as the sole preservers of creating value as a fixed entity of manufactured goods. However, the recent shift in value creation from a producer-centric industrial manufacturing practice to a consumer-centric, participatory, and interactive practice suggests that markets are not entirely formed by economic exchange and economically rational individuals. Regarding the changing social and economic environment, recent research has shown that firms have to encourage consumer engagement and nurture strong relationships with consumers in order to harness co-creation for a collective experience (Caru and Cova, 2015; Cova *et al.*, 2015; Schulze *et al.*, 2015). The recent emergence of consumer participation and consumer-led markets therefore suggests that markets, their formation, and their development cannot be managed only by producers' traditional means (Choi and Burnes, 2016).

That emerging perspective also suggests that value is subject to evolution - that non-traditional producers such as consumers can contribute to forming value as they continually attach distinct noneconomic (e.g. experiential, emotional, and contextual) values to products (Choi and Burnes, 2016; Figueiredo and Scaraboto, 2016). Often, consumers with common goals in digital networks who are geographically dispersed and loosely connected form collaborative consumer networks. Such collaborative consumer networks are characterised as next-generation business models, sometimes elaborated as a sharing economy and consumer ecosystem, particularly in a platform model (Figueiredo and Scaraboto, 2016). The critical question for firms today therefore concerns ways of developing connections with their consumer networks and interacting with them to use digitally networked marketing and consumer relationships successfully. At the same time, research has posited that such a changing understanding offers beneficial conditions for firms as they may learn grassroots

knowledge about their consumers and their consumption habits (Grönroos and Voima, 2013; Hoffman and Fodor, 2010).

Accordingly, the focus of a firm should not be units of output, but an interactive process (Ballantyne and Varey, 2008) that does “something beneficial for and in conjunction with some entity” (Vargo and Lusch, 2008b: 26). In recent years, reciprocal interaction between producers and consumers has become a vital interest in business and management research (Grönroos, 2011), which suggests, in turn, that companies need to develop constructive, positive relationships with consumers in order to stay competitive. Normann (2001: 23) has even avers that consumers are “no longer anonymous markets and receivers/sinks. And the critical competence moves from production competence to relationship competence”. At the same time, Payne *et al.* (2008) have shown that interaction and dialogue with consumers can occur at every stage, including product design and development. In that way, companies can gain social knowledge about markets (Ramaswamy and Ozcan, 2016; Sawhney and Prandelli, 2000) that can increase their recognition of consumers’ needs, thereby improving their competitiveness (Blazevic and Lievens, 2008; Chen and Wang, 2016). In short, consumers have become a “new source of competence for the corporation” (Prahalad and Ramaswamy, 2000: 80), and as a result, companies have to focus on service instead of just outputs (Lusch and Nambisan, 2015).

To establish bonded relationships in order to co-create value with consumers willing to interact with firms, and to encourage consumer participation in creating and sharing content, digital technologies can serve as a platform (Kaplan and Haenlein, 2010). Specifically, social media have been identified as key contributors to increasing networking competences and enhancing the effectiveness of marketing and customer relationship management (Ghezzi *et al.*, 2016; Trainor *et al.*, 2014). As such, the possibility of building strong relationships with consumers and encouraging their engagement on social media

spaces has become an important resource for managing a business in today's socially networked age. First, given the development of accessible, popular social media platforms such as Facebook, collaborating with consumers has increased and enabled so called 'many-to-many' interaction (Mount and Martinez, 2014).

Though nearly half of SMEs in North America and Europe use social media in their key business practices, the central issue is not so much whether they use it, but how they use it (Marion *et al.*, 2016). In particular, the challenge for small companies with limited resources and competences is to use social media to co-create value with consumers (Cavusgil and Knight, 2015). As well as an enabler of value co-creation, social media offers additional benefits such as non-traditional information sources (Roberts and Piller, 2016). As Atanassova and Clark (2015: 175) note, "Tacit knowledge acquired through social media use could empower SMEs with the opportunity to find resources outside".

Another key feature of unleashing the potential of social media is creating environments for volunteer consumer sharing and engagement. Schulze *et al.* (2015) argue that designing appropriate social sharing mechanisms is critical to nurturing beneficial social media use for firms. By enhancing consumer participation, companies can offer a superior consumer experience, which increases consumer loyalty (Brodie *et al.*, 2013). Although firms eager to deliver their content to their social media followers hope that they share that content as well, research has revealed that "push" communications are generally not successful across all industries (Kerns, 2016). That condition suggests that consumer engagement should not be perceived as a feature that needs to be governed by the intentions and directions of corporations. Cases such as Starbucks have indicated that coordinating an effective environment for consumers to enter into voluntary dialogues with firms and other consumers, as well as to share and engage with consumer-generated content, is necessary (Barger *et al.*, 2016).

However, many small companies experience a lack of understanding of how to use new interactive media forms such as social media and consumer participation (Roberts and Piller, 2016). More specifically, they typically do not have the staff, expertise or financial resources necessary to exploit social media effectively (Burnes and Choi, 2015). This limits the ability of SMEs to generate new resources and information from social media that can be used to develop their businesses (Chen *et al.*, 2012; Marion *et al.*, 2016).

### ***The Participatory Paradigm of Consumers in Cultural Markets***

Research has illustrated that like-minded artists and cultural corporations are eager to build relationships with their consumers by using social networking technologies (Baym and Burnett, 2009; Burnes and Choi, 2015; Choi and Burnes, 2013; Morris, 2014). The cardinal reason for developing relationships with their consumers is that cultural producers understand that consumers of cultural goods are key contributors to developing and maintaining cultural markets (Choi and Burnes, 2016). Cultural consumers are key contributors not only by circulating cultural content and creating new content using commercial resources, but also by organising communities that develop networks of relationships with other consumers who share their interests and passions (Arvidsson and Peitersen, 2013). On that point, Russell *et al.* (2012: 43) posit that “the top-down, one-to-many relationships between mass media and consumers are being replaced, or at least supplemented, by many-to-many and peer-to-peer relationships”. Jenkins *et al.* (2013) characterise the changing landscape of the distribution of cultural content with the term *spreadability*, in which not traditional players (e.g. content producers) with exclusive control over distribution, but consumers are the critical force of distribution, as they freely share, remix, and recreate content created by traditional producers.

Yet, that altered landscape does not necessarily offer a definite or immediate route to economic benefits for companies in cultural markets. At the very least, the ever-changing

nature of the system requires an up-to-date understanding of how to judge success, for consumers' voluntary efforts and participation in circulating and engaging in content and in thereby giving different meanings to the cultural goods that they love have become crucial sources of exposure and market entry (Russell *et al.*, 2012). For instance, the successful market expansion of Japanese anime and Korean pop culture beyond the national level has stemmed from the activity of consumers who actively distribute content, make subtitles for anime and music videos, and share their cultural value with others. Although cultural producers of the past viewed such consumer engagement as illegal and detrimental to their businesses, today's cultural industries have learned that collaborating and interacting with consumers is essential to attract public attention and create core fans (Gwenllian-Jones, 2003). By developing profitable relationships with audiences, cultural producers can expect the spread of cultural content to wider audiences and the creation of added value via, for example, fan fiction and parodies, that can help to develop devoted communities of fans and the circulation of rich additional fan-created content (Bennett and Booth, 2015; Gordon and Lim, 2016). In that sense, allowing unrestricted sharing and democratic participation as a means to seizing the power of consumer engagement and participation have been necessary business practices in today's cultural industry.

How does the availability of social media influence relationships with consumers and consumer engagement practices in the music industry? Literature on the topic has indicated that social media and their use by producers in the music industry and by music consumers have changed perceptions of customer relationships and marketing practices. According to Baym (2011: 25), musicians should conceive of consumers as "relational partners", which suggests that consumers become critical actors in the process of value creation. Relationships between producers and consumers can be facilitated with both direct and para-social interactions (Beer, 2008; Marwick and Boyd, 2011); however, the rise of social media forms

such as Twitter promotes more than simply para-social relationships (Marwick and Boyd, 2011), and cultural producers understand that constant interactions with their consumers are now essential (Burnes and Choi, 2015). For consumers, that environment suggests that intimate relationships with celebrities can be formed, and consumers may consider such a shift to be an opportunity to witness and interact with a celebrity's authentic self. Indeed, social media offer micro-celebrities and celebrities space in which they can create content to be consumed, and that maintains their popularity (Marwick and Boyd, 2011). Those bonds with consumers can directly benefit musicians in particular, whether in terms of psychological support or economic returns. In the realm of music today, consumers are both voluntary promoters in on- and offline spaces - for example, in the Swedish Model (Baym and Burnett, 2009), as patrons such as ArtistShare (Wikstrom, 2009), and as creative partners, as in the case of Imogen Heap (Morris, 2014). Those examples demonstrate that the participatory desires of consumers and the economic objectives of record labels can co-exist and support each other. Consequently, that relationship promotes convergence and balance between production and consumption, markets and non-markets, commodity and gift economies, and commercial industries and grassroots creativity (Barbrook, 1998; Burgess and Green, 2009; Jenkins, 2006).

A particular case in point is the Korean pop (K-pop) music industry, which underscores the importance of building relationships with fans and their participation in the digital age. The K-pop industry also shows that the rise of social media plays a critical role for both K-pop producers and consumers (Kim, 2016). Social media spaces have become central sites at which K-pop producers can distribute their content and interact with fans. On the Internet, engaged K-pop consumers in different regions can experience K-pop content easily and communicate with other fans to share their passion. The active engagement of K-pop fans and their influence on the music industry have therefore been significant, even if K-

pop fans and their obsessive behaviours continue to garner public criticism (Kim, 2015; Williams and Ho, 2016). Not only famous cases such as Psy's "Gangnam Style" (2012), but also many K-pop acts have been able to benefit considerably from the activities of socially networked and engaged consumers (Cha and Kim, 2011; Jung, 2011; Sung, 2013). As Kim Youngmin, CEO of SM Entertainment, which ranks among the largest K-pop companies, has stated regarding the significance of social media on SM Entertainment's business, "unlike TV and radio, YouTube is the first global mechanism that allows producers like us to advertise our music" (Oh and Park, 2012: 391). Given the importance of a social media presence for major K-pop companies, they actively use popular social media channels such as YouTube to distribute content that their consumers can engage with and share to develop relationships with other fans in online fan communities. In addition, those channels ensure that their content is distributed with subtitles of lyrics in various languages, and that social media data about viewing trends, especially in emerging countries, are analysed systematically, which allows companies to track consumers' needs (Kim, 2012; Shin and Kim, 2013). As one survey has suggested, social media such as YouTube and fan communities are prime sources for K-pop consumers to experience K-pop content (KOFICE, 2015). By extension, using social media, global K-pop music consumers can acquire, share, and recreate K-pop content and build strong relationships with local and global audiences, as well as interact with musicians as part of devoted fan communities to share their passion for and knowledge about K-pop (Jung, 2012; Kim, 2013; Sung, 2013; Williams and Ho, 2016). Despite their geographical and cultural diversity, music consumers thereby become emotionally attached to local culture, and active contributors to expanding cultural phenomena (Darling-Wolf, 2004; Kim, 2016). Data from YouTube's trends team (2014) reflect that tendency, as views of K-pop videos on YouTube rose by roughly eight times from 2010 to 2013.

Despite ample research about the K-pop phenomenon in the social media age, its focus has centred almost entirely on mainstream K-pop music and its consumers' activism. By contrast, research on the independent music market remains scarce, especially in the context of social media and its usage and particularly by both business, marketing, and music industry researchers. Consequently, we consider that topic to be ripe for study, since understanding of the use of social media by small firms such as indie music companies has been neglected.

## **Methodology**

To examine how small firms use social media to engage consumers and vice versa, we investigated the independent recording industry in South Korea. The Korean music industry has been transformed almost entirely to digital, and most of its revenue comes from digital services such as downloading and streaming, not sales of physical formats such as CDs. Given the high diffusion rate of the Internet and smartphones, most music consumers currently experience their music without the limitations of time and location. South Korea was the first country in which digital music sales exceeded those of their physical counterparts. As such, the South Korean music industry is held up by the international recording industry as 'a showcase to the world' for the way that it has adapted to the Internet (Pakinkis, 2013), and it remains one of the most successful digital music markets worldwide (IFPI, 2015). In particular, South Korea's independent music industry has been able to attract public interest with the creative musical expression of its acts, and some musicians have even gained unexpected national fame. Behind that unusual success, the use of social media by producers in the indie music sector and fans' online activism have played critical roles. Indie music fans in general do not simply consume available music in the market, but play critical roles as promoters and co-create value by forming online communities (Baym and Burnett,

2009). As indie music becomes a major force in the global music market (Worldwide Independent Network, 2016), the way in which its firms conduct business in the social media age cannot be ignored.

Although music consumers who share music online have been described as pirates and thieves, recent examples in the recording industry show that they are actually value co-creators. However, even if prior studies have presented various roles that music consumers play, little is known about how record labels cultivate relationships with consumers. In response, and in consideration of the nature of the topic, we followed a qualitative approach in our study. In general, qualitative research allows researchers to gain rich understandings and interpret unexpected contexts of the phenomenon studied instead of generalising trends among an entire population (Belk *et al.*, 2013).

We collected qualitative data by conducting semi-structured interviews with representatives of independent record labels in South Korea. By collecting rich, detailed qualitative data, we sought to establish an exploratory understanding of the research questions instead of generalisations. For the most part, the sample sizes in qualitative research are small; even a sample of one can sometimes be sufficient if it offers rich details (Baker and Edwards, 2012). In our study, 10 independent record labels agreed to have a representative interviewed, and we conducted a total of 12 interviews (Table 1). As Table 1 illustrates, each independent record label conducts its business by focusing on their speciality or specialities in terms of musical genre. All of the independent record labels are involved in artist development, music production, and marketing, and most have an established status in the indie music market in South Korea, which we determined given that some of their musicians have sustained successful careers. In addition, most maintained a strong presence in social media spaces by using platforms actively to share information and communicate with fans.

Geographically, indie music production and consumption in South Korea have concentrated in one area in Seoul—the area of Hongik University, famous for its fine arts courses. In that environment, creative artists tend to open galleries and gather to share their artistic expression. In the late 1990s, independent labels and musicians began performing in the area and at businesses nearby, and the area is now regarded as the centre of indie music in South Korea. Unsurprisingly, most interviewees’ labels were located in that area as well. Therefore, we conducted all interviews in Seoul. Since having more than one or two interviews with a single record label proved difficult, as the labels tend to be relatively small businesses in which the company head is involved in every aspect of the business, each interview lasted from 45 min to 2.5 h. We digitally audio-recorded and transcribed all interviews.

[Insert Table 1 here.]

To aid qualitative data analysis—thematic analysis in particular—we used NVivo 9. We began analysis by reading the interview transcripts in order to familiarise ourselves with the context. Thereafter, we analysed data to identify initial sets of themes, develop categories, and examine the relationships among the categories, all in light of our research objectives and the theory explored in the literature review. Since the process allowed the creation of new knowledge and the extension of current understanding of the topic, it facilitated our interpretation of the phenomenon under investigation. As Yin (2009) suggests, a theoretical understanding is necessary, regardless of whether a study concerns theory building or testing, if not both.

## **Findings**

By analysing the qualitative data, we were able to identify two important themes which are ‘bonding: cultivating emotional ties’ and ‘spreading: encouraging expressive circulation’.

The identified themes will show that small firms in the digital age recognise the importance of building strong relationships with consumers and encouraging consumer participation for vitalising co-creative social media environments with consumers. Each section of the findings will also elaborate how small firms utilise social media environments to realise their full potential.

*Bonding: Cultivating Emotional Ties*

Record label representatives stated that they use social media to build relationships with their consumers, to communicate with them, and to encourage interactions among consumers. We identified three different ways to maximise consumer bonding and interaction: approaching, reacting, and encouraging participation.

*Approaching: Co-creating the consumption experience*

To build a bond with consumers, record labels first approach them. Since social media encourage interactions and relationship building, musicians and labels can approach their consumers and communicate directly with them, both of which facilitate intimate producer–consumer relationships. Approaching consumers can occur in different forms, including by communicating information, initiating relationships, engaging in dialogues, and sharing stories. Above all, the activities need to facilitate and co-create the consumption experience.

The labels that we investigated sought continually to approach their consumers and promote close relationships with them by using various methods. A staff member in the Digital Media Department at Label I mentioned that:

We promoted by finding reviews [of albums or concerts on social media] and leaving comments on blogs like ‘Thanks for attending the concert’, and ‘There will be other concerts of such and such bands’. I

think that if we do that, consumers like it more because they get a sense of friendliness when staff come and talk to them.

The reported activity clearly serves to cultivate one-on-one interactions and build relationships with customers. By leaving comments such as those in the above quotation, musicians and labels can promote their music and concerts. For small record labels that cannot afford big budget marketing via traditional media, the method can be an effective way to promote their music and musicians.

With the development of various social media, direct promotion has become much easier and can be more effective than searching countless webpages. According to the president of Label I, the label now searches social media accounts using terms such as musicians' names and follows the accounts that they find. The CEO of Label E also pointed out that the label builds relationships with its core consumers on social media and directly sends them a variety of communications. In terms of building relationships, the record labels reported not waiting for consumers to follow them, but instead approaching their consumers first and trying to build close relationships with them. Such proactivity is important so that core consumers can be the labels' ambassadors and thereby share information with others.

The type of content that record labels share can take various forms and be disseminated at various points of contact - not only post-production, but also during production. As the president of Label D explained

If I started making an album today, I would post a photo of a recording studio saying 'I recorded a song today' . . . [so that] consumers can witness the creative process in real time. The positive feedback that I have gotten includes the fact that customers like that when a record comes out, they can listen to the record and read my tweets and be reminded about the times I posted about the work I was

doing. They would not know all of the details, but they would have witnessed the process by reading the tweets. When they listen to the new record, whether they buy a CD or download it, I think they feel that ‘we’ have been doing this together. In terms of intimacy between an artist and consumers, consumers feel that they are much closer.

By notifying and interacting with consumers, musicians can escalate consumers’ anticipation of a new record. While accessing the information, consumers can imagine their future consumption experience by thinking about what kind of music might come next. When a new record comes out, consumers can compare past expectations with current outcomes, which allows them to construct their consumption experience and interact with their past, present, and future experiences with it (Helkkula *et al.*, 2012). If cultural production used to be governed mostly by producers, then it is now possible to see it as a collaborative process between producers and people who share their passion, i.e. fans (Holt, 2016).

### *Reacting: Reciprocal caring*

The second activity in which the record labels reported engaging is reacting to their consumers. Reactions can be simple activities such as answering questions about ticketing or simply replying to consumers’ comments. Although perhaps trivial, the vice president of Label A stressed the importance of interactivity, without which consumers would feel as though the conversation is one sided instead of a two-way interaction. Therefore, reacting is more than merely answering questions, but also a way to achieve reciprocal caring.

To build bonds with consumers, the president of Label D conducts regular question-and-answer sessions on Twitter with the label’s consumers. The questions range from simple ones regarding schedules to complex ones concerning the process of music making. In the case of Label A, consumers offered ideas about what kinds of merchandise they would prefer.

Those suggestions can be a good source of ideas for future products, because they are based directly on consumers' requests and demands, which constitutes a way of co-creating products. Above all, however, are ways to manage consumers' needs. Whether in response to a critical or minor issue, the labels indicated that they should handle consumers' enquiries diligently. The president of Label I stated:

The current aim involves using social media diligently—like, answering every question consumers ask. The principle is to give the impression that we do care about their interests.

Without the commitment of staff to use social media, a company could not realise its goal and strategy to build relationships with consumers. Constant interaction and solving consumers' issues can convince consumers that they are important to the company, which in turn gives consumers some level of moral responsibility to care about the music and musicians that they love. In short, it is an act of reciprocal caring. As research has suggested, what consumers really want from brands and companies is warmth, and companies that offer warmth can strengthen customer loyalty (Malone and Fiske, 2013).

#### *Encouraging participation: Co-creating the value of music*

The last activity in which the labels reported getting involved is encouraging participation. Without consumer participation, the labels' efforts in digital spaces would be meaningless. The critical purpose of congregating consumers and encouraging their participation is to contribute to the co-creation of the value of music, which can be achieved when customers offer moral support for musicians and add value to the music that they love. In short, digital media technologies allow people to unite. For example, a representative from Label G noted that digital media allow people to reconnect with musicians whom they once loved and learn about their new music. The uniting of consumers also helps the musician to

learn about the existence of fans. By interacting and maintaining relationships with those consumers, musicians can gain moral support and energy to create more music. In that sense, such support offers emotional and psychological encouragement for musicians.

Although coming together is important, the labels expressed that encouraging interaction and communication among consumers is especially crucial for successful online promotion. The vice president of Label A argued that the critical metric in digital spaces is not the volume of information produced, but how much participation can be elicited from consumers. Since the amount of available information in digital spaces is unimaginable and uncountable, gaining consumers' interest is quite difficult. If content fails to attract consumers, then a company's messages are meaningless. Moreover, lively consumer participation can also give firms access to a community in which diverse participants from different backgrounds share and negotiate various resources, stories, and meanings (Arnould and Thompson, 2005; Schau *et al.*, 2009). Although a company might produce the initial content, the communities' members can enrich the content and add value to attract other consumers. An example is Lego's consumer community where innovation and creativity derive from its member and not the company (Antorini *et al.*, 2012).

#### *Spreading: Encouraging Expressive Circulation*

Record label representatives highlighted the importance of social networks and the power that their consumers, have given the rise of social media and consumers' use of those avenues. They stressed that the critical force of social media is consumers' willingness to spread or reproduce content produced by labels, or content's *spreadability* (Green and Jenkins, 2012; Jenkins *et al.*, 2013). To encourage the spread of content, the labels have remained open to consumers' sharing and remixing the content that they create. The labels have given their consumers the freedom to spread content enhanced with their unique

expressions. In that sense, allowing freedom is essential, since constant engagement with social media and the desire for connection allow the spread of information (Wellman, 2002).

### *Freedom to participate and share*

The labels acknowledged that they need to offer consumers the freedom to participate and share. In particular, the representative of Label E recognised the negativity associated with the closed communities that used to be a popular form. Mobilising the traditional community form, companies used to control both the messages that they wanted to disseminate and users' activities (Jenkins *et al.*, 2013). However, that approach was problematic given its restriction to digital space. Social media communities are more effective than conventional communities because they afford users the freedom to participate and to interact with the content. For the record labels investigated, the inter-connectedness of social media has enabled content to reach people previously unaware of the label or its musicians. Consequently, the labels can not only retain core consumers, but are gaining new ones. The positive effect of electronic word-of-mouth is well documented in research (e.g. Dellarocas, 2003; Schmitt *et al.*, 2011; Villanueva *et al.*, 2008); after all, the basis of social media is relationships between people (Boyd and Ellison, 2008). In turn, those relationships promote the sharing of content. In that light, firms do not control digital spaces; on the contrary, control rests with consumers and users of social media (Mangold and Faulds, 2009; Roberts and Piller, 2016). In short, consumers decide what content is spread or discarded (Jenkins *et al.*, 2013).

For small record labels, social media allow crowdsourcing for promotions among consumers who have intimate relationships with the labels, because 'sharing is likely to involve caring and love' (Belk, 2010: 720). That effect can be critical for small business firms who might be unable to allocate a significant amount of their budgets to marketing and

promoting new releases and concerts. The interviewees also admitted that social media allow them to save on marketing and reach certain goals in terms of record and ticket sales. In that sense, strong, intimate relationships with core consumers on social media sites both assist the spread of content and improve actual sales. Instead of focusing on controlling consumer experiences, firms should therefore make use of social media spaces, where they can support consumers' collective activities of (Caru and Cova, 2015).

### *Freedom of expression*

The labels examined generally recognised the need to allow their consumers the freedom of expression, because social media allow people to express their emotions, use their imaginations, and share their experiences, for example by using simple social media features such as clicking 'Like' on Facebook.. Feedback can also take the form of texts or photographs. Those expressions can be meaningful sources for labels, but they are more critical as a means of influencing other people. One person's post-consumption expressions can be a valuable resource for the pre-consumption experience of others, and post-consumption expressions can also be a way for people to reflect upon and redefine their experiences. In today's music industry, the value of music can therefore be co-created with people in social networks who have different knowledge, resources, and backgrounds. Previous research on service industries has recognised the influence of other consumers, whether it negatively or positively affects how individuals form their consumption experiences. Moreover, cultural consumer research has pointed out that consumption experiences consist of the various activities of consumers that affect pre-consumption, post-consumption, and other activities (Caru and Cova, 2015).

At the same time, some people use social media to express their own creativity. As a member of the Media Department at Label I stated:

On many occasions, people draw paintings and share them. Some people produce music videos by filming their own videos and using the music of our artists. Some core consumers upload pictures of their collections to show they have collected rare records, demo records, etc.

In the digital age, people invest their time and resources in expressing their passions and loves, including for collections of rare items such as records, which can be serious forms of creating personal content. Such content creation can add value to music and offer different experiences of music to other consumers. As the director of Label C attested, that type of user-generated content offers an additional opportunity to generate attention for the label, which underscores that the value of music is not merely embedded in the physical goods produced by record labels. The value of music can also be created by the expression and sharing of people's emotions, experiences, and creativity. Research has confirmed that user-generated content able to deliver fresh creativity is much more influential than content produced by companies on the Internet, for it attracts far more people and is widely shared on social media platforms (Muniz and Schau, 2011).

Yet, does all this suggest that the labels do not need traditional media? In response to that question, the head of Label B cited the difficulty of expecting that the effect of social media can reach the general public without the help of traditional media. However, the head also stressed that social media marketing with consumers can generate significant power towards attracting the attention of traditional media in some cases. In any case, the record labels acknowledged that the chief goal is not simply to attract the attention of traditional media. As the president of Label D confessed:

The reason why we can progress is consumers. Consumers continuously want and look after us. . . . If consumers buy records,

come to gigs, or continuously tell us [media] that they want to see us,

I guess that's energy for us.

As the above statement encapsulates, a close relationship with consumers is pivotal and the key source of sustainability and competitiveness for musicians in the market.

## **Discussion and Conclusion**

In this article, we have investigated motivations for using social media among small firms and the practices that they engage to vitalise those motivations toward co-creating relationships and engaging in social media environments with consumers. As such, our findings offer critical implications for the music industry in the digital age.

### *1. Firms' motivations in using social media*

The small firms in our sample recognised the importance of building relationships with and facilitating the engagement of indie music consumers through the use of social media. Moreover, our findings are consistent with those of previous research showing the positive relationships between technology use and firm performance (Palacios-Margues et al., 2015; Parveen et al., 2016). The results imply that the management and marketing practices of record labels should focus on developing strong relationships with fans and on vitalising their participatory power in order to stimulate new cultural ideas or ideological notions of indie music, primarily so that music fans become active participants in making music and musicians meaningful in the market (Holt, 2016). By facilitating the interactive and collective nature of co-creation, record firms and musicians can see that their creative works and images are appropriated and re-appropriated by fans beyond being mere marketable goods. As a result, passionate consumers can become volunteers of co-creation and form a collective force in the market (Cova et al., 2015).

Much research on the use of the relationship in the networked age of small companies has focused on inside-out perspectives and the adoption of specific social media platforms for their simple business practices, including promotion (Atanassova and Clark, 2015; Ghezzi et al., 2016). The small firms investigated in our research confirmed that the use of social media technologies aims to facilitate closer relationships and interactions between consumers and producers and to encourage the congregation of consumers in digital spaces. Like-minded labels use social media to establish relationships and interact with consumers to co-create the value of music. By doing so, they cultivate emotional ties with consumers and encourage the expressive circulation of their music and content, which can ultimately benefit the labels. The development of technology and its place in people's daily lives offer music consumers the opportunity to form relationships and interact with producers, which gives them the freedom to participate, share content, and express their own creativity, all as core aspects of a successful social media strategy (Holt, 2016; Muniz and Schau, 2011). Therefore, music is a social creation, not merely a manufactured product, in the age of social media, insofar as building strong relationships with and encouraging the participation of music audiences have become important features of vitalising cultural trends. In that context, our findings represent the relational and interactive nature of co-creation that goes beyond simply 'managing customers' (Gummesson, 2008).

2. *How companies, particularly SMEs, pursue these motivations in their business and marketing practices in order to co-create social media engagement with consumers*

Our research suggests that small firms should tap into the consumers' collective and participatory energy, for small firms have suffered from a lack of understanding and competency about social media use in their business and marketing activities. Firms also need to understand that relational and collective co-creation stems from decentralised,

participatory social production by people who share interests and sentiments. Such a transition suggests that the world is entering an age of collective synergy, made possible as each actor's resources and knowledge are shared and used toward the evolution of markets. In that sense, firms need to understand that markets are a public venue in which each actor may contribute to creating and sharing human and life experiences. Such a collective sensibility, in turn, allows non-traditional producers such as consumers and fans to become important actors in the market system and enables them to create meanings from their consumption and share them with others (Arvidsson and Peitersen, 2013; Caru and Cova, 2015; Muniz and Schua, 2011).

Therefore, in the age of social media, firms need to overcome the traditional assumption that they can control value creation; on the contrary, the process needs to be interactive, engage consumers, and promote union among consumers in order to maximise the positive potential of social media. To use social media, firms have to cultivate emotional ties with consumers by directly or indirectly activating the web of social networks in which consumers congregate to share their passions. By doing so, firms can benefit from consumers' collective energy, by which consumers appropriate or re-appropriate available market offerings. Those networks of culturally enriched consumers and their activities infuse new meanings into market offerings and vitalise engaged communities, and those engaged consumers become important actors in the market system, as well as a driving force of changing markets by expressing their creative ideas and sharing them with others (Holt, 2016). Accordingly, firms need to understand that though they might produce original products, once those products are marketed, consumers form critical meanings of the products, which in turn enable the products to communicate with the market.

3. *How the potentially conflicting economic and social goals of producers and consumers can be reconciled through the use of social media to promote co-creation*

The case of indie music labels in South Korea suggests that their active use of social media to develop a sense of connection with fans and engagement of indie consumers are closely connected features. By interacting with fans directly, musicians and labels can receive instant feedback, which assists their artistic and commercial development and, at the same time, provides fans with an important role in the creative process. Our study also indicates that the process of cultural creation and the practices of business and marketing in cultural industries are organised by encouraging constant interactions with passionate fans not taken seriously in the past, and developing close connections with them. Managing interaction is a core aspect of co-creation, since interactions allow communication with others that influence consumption experiences, which eventually enable the co-creation of experience (Caru and Cova, 2015; Grönroos, 2011).

From another angle, that understanding offers further insights into the importance of building strong relationships with consumers and encouraging their engagement. When content moves, each person's non-economic values - their thoughts, opinions, and consumption experiences - can be reflected. John (2012) claims that spreading content also includes communicative action that contributes to the creation of non-economic (e.g. experiential, emotional and contextual) values, which includes not only the forms of distribution, but also the means of communication and interaction. While engaging in the individual, collective, or social value creation of music by sharing, evaluating, or creatively reproducing content, consumers express their love of music and create diverse forms of value. Indeed, those diverse values have been critical sources of success for companies such as YouTube (Burgess and Green, 2009). In that light, our findings confirm that the rise of the Internet and social networking features facilitate value creation that not only transcends the

traditional boundary of firm-level value production and delivery, but moreover extends to and constitutes ordinary actors such as consumers and daily activities.

4. *How to cultivate new relationships between producers and consumers beyond their traditionally 'fans versus labels' dichotomization.*

Our findings show that the rise of social media has allowed the record labels investigated to connect with consumers who maintain their own social networks. Previous research, particularly about consumer' service experiences, has focused on the dyadic relationships of consumers and firms and consequently neglected any proper examination of the collective experience of consumption (Caru and Cova, 2015). With the rise of social media, however, not only strong, but also weak ties (Granovetter, 1983) have become an important source of experiencing brands and products, as well as vital networks of sharing consumption experiences. Motivating consumers' participation in those networks and their communication with others stems from prosocial attitudes identified in the literature of consumer communities as the warm, caring approach that they receive from companies (Cova et al., 2015; Malone and Fiske, 2013; Muniz and O'Guinn, 2001). In the case of indie music consumers, that prosocial attitude derives from genuine reasons for participating in the co-creation of the music consumption experience and for sharing the culture of music with others online. As our findings indicate, the prosocial attitude of indie music consumers is based on trust in labels that develops via emotionally tied, close relationships. Indeed, the two features identified in our research—bonding and spreading—affect each other. Recent consumer studies have also shown that attached consumers share with others, even though possessive attachment and sharing used to be incompatible (Belk, 2010). When content can attract people, it facilitates the crowdsourcing of promotions and value creation, which Holt (2016) identifies as one of the key features of cultural branding.

Today's firms need to build strong, distinctive identities around their brands and products to communicate with their consumers and give consumers something in which they can strongly engage. By doing so, firms can establish connections with devoted consumers and encourage their creative energy toward vitalising the crowd force of social media. After all, attached consumers share their experiences and express creativity, which create different dimensions of the value of goods and brands (Holt, 2016; Muniz and O'Guinn, 2001; Schau et al., 2009). Hitherto, however, that understanding about the importance of shared consumer experiences compared to individual psychological experiences has been ignored (Caru and Cova, 2015). Our key findings thus offer new insights into the importance of collective consumer engagement and participation, as well as into building strong relationships with consumers in order to vitalise shared consumer experiences.

Our study poses certain important implications for small companies such as indie music labels in the digital age, as well as for relational aspects between creators (e.g. musicians and labels) and consumers (see Table 2). It moreover confirms existing insights and offers new ones into the theoretical foundations that emphasise relationships and co-creation.

[Insert Table 2 here.]

Of course, our research has its limitations. As a case study, it cannot be generalised; however, as an exploratory study, it identifies opportunities for research to explore further the aspects discussed in the findings. Moreover, since we focused primarily on the positive effects of using social media, further research is necessary to understand the negative side of using social media, especially given that the continuous and consistent day-to-day operations

of successful social media-based communities are reliant on their members' free, voluntary and highly skilled labour.

**Table 1. Record Label Interviewees**

Record Label	Interviewee's Position	Years in Music Industry	Genre(s)	Year Established	Length of Interview (minutes)
A	Vice President	14	Rock, Folk etc.	1998	130
B	A&R Chief	14	Rock, Pop etc.	2006	50
C	Director	9	Rock	2010	70
D	President	10	Hip-hop	2010	85
E	CEO and Producer	22	Rock	2011	150
F	Director	17	Rock, Pop etc.	2006	80
G	President	18	Pop, Jazz etc.	2005	85
H	President	Less than 1	R&B, Rock etc.	2012	76
I	President	7	Rock, Folk etc.	2005	50
	Digital Media	2			45
J	Manager	11	Rock, Folk etc.	2011	80
	Member	8			60

**Table 2. Managerial Implications**

<b>Managerial Approaches</b>	<b>Implications</b>
Understanding of the Utilisation of Social Media	Rather than simply focusing on the adaptation of social media forms, managers should recognise the importance of building strong relationships with and encouraging engagement as it allows them to tap into consumers' collective energy.
The Role of Consumers	Due to the decentralised and participatory nature of social media, where people can freely share their interests and sentiments, firms need to understand that consumers are important actors of co-creation.
Vitalising Collective Synergy	Managers should recognise the importance of vitalising communication with and between customers in order to facilitate the synergistic co-creation of consumption experience.
Motivating Participation	To motivate consumer participation and enable the crowd force of social media, managers need to invigorate a prosocial attitude among consumers that is based on trust and derives from close relationships.

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