Value co-creation from a knowledge management perspective
How LEGO® interacts with adult fans to create mutual benefits

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Summary
This thesis sets out to investigate how knowledge management concepts may be operationalised, and used as tools to facilitate value co-creation between a company and the users of the company’s offerings. This purpose is deemed to be of relevance both in academia and in business, as it may show how the fields and the theories related to them can be used in combination, and operationalised in relation to business. The thesis uses LEGO® as a case, due to the engagement of the company’s fans and the role they are considered to have played in relation to turning LEGO’s economic situation in the end 1990’ies and early 2000’s around.

The problem statement is to investigate how LEGO interacts with fans from online LEGO brand communities in relation to the sharing and management of knowledge embedded in these individuals and communities. To analyse how LEGO interacts with its communities from the point of knowledge management, and look at the results and effects of this company-community interaction, in relation to how LEGO co-creates value with its fans. To discuss how value co-creation is approached, and if the way LEGO interacts with LEGO brand communities may present a case of best practice guidelines, from which other companies may benefit in their company-community interactions.

The thesis features a literature review which lays out the fields within which the topic of the thesis is placed. The major theoretical contributions come from the authors: Wenger, McDermott and Snyder; Nonaka, Toyama and Konno; and Prahalad and Ramaswamy. Literature relevant to the topic and purpose of this thesis is reviewed, and concepts useful for the analysis are introduced.

The thesis is based upon the theory of science social constructionism. This perspective is appropriate for the topic of this thesis due to the views on knowledge and human interaction which are important in social constructionist research.

The method section explains how and which data has been collected, and how the collected data are to be treated in the analysis and discussion section. The gathered data are secondary data in various forms, including information from various websites, journal articles and conference speeches. The data are analysed in relation to the knowledge management concepts of Communities of Practice, _ba_ and knowledge assets, and concepts about different types of value related to the field of value co-creation.
In the analysis, the gathered data about LEGO are investigated by applying knowledge management and value co-creation theories and concepts to them. It is found that the LEGO case exemplifies how value co-creation may be operationalised through the use of knowledge management concepts, and how knowledge management concepts may be used as tools to facilitate value co-creation.

The discussion features a brief discussion about how value co-creation should be approached in order to be effective co-creation, and a discussion about how the LEGO case exemplifies best practices that other companies may learn from.

The thesis reveals a number of insights about value co-creation from a knowledge management perspective through the example of LEGO. Most importantly, the analysis and discussion shows that when companies interact with their customers as active users rather than passive consumers, and talk with them instead of to them, the parties can enter into a mutually beneficial relationship where they share knowledge, which in turn enables them to co-develop better products. The types of value that are co-created through company-fan interactions may then lead to the realisation of significant competitive advantages, as the interactions may ensure that the company and the users of the company’s products understand each other better.

On the basis of the analysis and discussion, the thesis concludes that knowledge management concepts can be used as a framework of tools that can facilitate value co-creation between a company and its fans. As such, knowledge management related theories may be used by companies in an effort to operationalise value co-creation, as these theories and concepts represent tools that can allow a company to interact effectively with its fans.
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1. Introduction
The term “Brand communities” has become well known, especially during the past years, as the result of web 2.0, and in this category, the rise of social media. The emergence of various types of brand communities has opened up for more direct company-consumer interactions. But, there is a difference between on the one hand interacting with a community in relation to “merely” talking to it, and on the other hand engaging and communicating with it, actively listening to the insights of the fans in the community, and actively managing that consumer knowledge, and putting it to use, for the good of the company, and essentially for the good of the fans.

This thesis revolves around this issue; companies and their affiliated brand communities co-creating value, and how the companies effectively manage and use the knowledge that emerges from their interactions with brand communities. LEGO®¹ will be used as a case in point, because LEGO is renowned for its engaged fans, and in business literature equally renowned for the financial difficulties it experienced from 1998 to 2004 (Antorini, Muñiz, and Askildsen 75), and how its beginning interactions with its fan communities were an important factor in helping to turn the situation around (75).

1.1 Relevance
This thesis has two overall problems: one practical, and one theoretical. Hence, the thesis may shed light on two perspectives. The practical perspective is the relevance of the thesis in relation to why its focus is interesting. The topic of this thesis is, in a practical perspective, interesting because it can serve to disclose best practices for companies who wish to interact successfully with their communities. The LEGO case presented in this thesis may show lessons from which other companies might learn. Furthermore, interaction with brand communities is a tool that can help companies both in terms of innovation, but also in terms of navigating safely through various crises, such as existential crises relating to the core of a company, and financial or economical crises, such as the ones experienced by many companies as the result of the credit crunch, also referred to as the financial crisis. In brief, interacting effectively with fan communities can help safeguard a brand through various difficulties.

As regards the theoretical perspective, this relates to which knowledge gap the thesis can serve to fill. The topic of this thesis can serve to add to the body of knowledge about company-

¹ The LEGO Group, hereafter referred to as “LEGO”.
community interactions, by shedding light on how companies can interact successfully with brand communities in relation to operationalising co-creation of knowledge and, as a result, value, through these interactions.

1.2 Problem statement
In my thesis, I wish to investigate how LEGO interacts with fans from online LEGO brand communities in relation to the sharing and management of knowledge embedded in these individuals and communities. I will analyse how LEGO interacts with its communities from the point of knowledge management, and look at the results and effects of this company-community interaction, in relation to how LEGO co-creates value with its fans. Next, I will discuss how value co-creation is approached, and if the way LEGO interacts with LEGO brand communities may present a case of best practice guidelines, from which other companies may benefit in their company-community interactions.

1.3 Delimitation
In this thesis, the focus will be on LEGO’s interaction with fans. In my analysis of how LEGO manages knowledge and co-creates value with fans I will be analysing initiatives in place for LEGO and its fans to communicate (such as LEGO CUUSOO). However, I will exclude LEGO’s Facebook page and Twitter account, as, in relation to value co-creation, there is a difference between fans who like or follow a company’s Facebook and Twitter account, and the fans who actively engage by communicating with (and about) the company and its products. Hence, I will mainly focus on communicative platforms which invite what Li and Bernoff refer to as critics and creators (43) on their social technographics ladder (43). As such, the focus is not so much on the nature of the LEGO fan communities, but on the nature of LEGO’s interactions with the communities and individual fans.

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2 The social technographics ladder lays out profiles for different persons’ engagement on and with web 2.0 technologies.

3 As already researched by Antorini in her 2007 PhD thesis “Brand Community Innovation: An Intrinsic Case Study of the Adult Fans of LEGO Community”.
As the literature review will reveal, the topic for this thesis involves vast fields with a number of possible paths to investigate. The path that is in focus here is how knowledge management concepts, when operationalised and used, can facilitate value co-creation.

1.4 Presentation of chosen theory and method
In the following, the chosen theory and method drawn upon in the thesis will be introduced.

1.4.1 Chosen theory
The main theories drawn upon in this thesis pertain to the fields of knowledge management, fan/brand communities, and innovation/value co-creation. By drawing on theories within these fields in combination, it will be possible to investigate how knowledge management practices may be used to facilitate value co-creation between a company and its fans. As such, the knowledge management theories are not just used to analyse the situation within a company, but to assess the situation between a company and external parties, namely those of fan communities.

1.4.2 Method
The method in relation to data gathering is desk research. As such, the collected data will be secondary data. In an effort to obtain primary data through an interview with LEGO employees, I was referred to a journal article which was considered by an employee to answer my questions.

As regards the method used to analyse the data, the data will be assessed against the theories, models, concepts and notions that lie in the fields of brand communities, knowledge management and value co-creation. After the analysis, the data will also be discussed in relation to the analysis findings, in order to discuss how value co-creation is approached, and in order to discover whether the case of LEGO presents some best practice guidelines which other companies may benefit from.
1.5 Structure of report
The thesis is structured as follows: after this introduction follows a literature review which outlines the field in which this thesis is situated. Next, the theory of science on which this thesis is based is laid out, and then the considerations for the method for data gathering and data analysis are presented. After the theory of science and method have been laid out, the data analysis follows. This is then followed by a discussion, and finally a conclusion.

1.6 Definition of central concepts
The concept of fan community and brand community will be used somewhat interchangeably throughout this thesis. However, it is important to note here that there are different types of brand/fan communities (this will be expanded on in the literature review section of this thesis). LEGO communities are generally also referred to as LUGs, which is short for LEGO User Groups. In this thesis, the focus is mainly on Adult Fan Of LEGO (AFOL) communities.

Another central concept is value co-creation, which is defined by Sanders and Simons as “... one or more form(s) of value(s) produced through the collective creativity of people.” (n.pag.). The following literature review will further expand on the concept of value co-creation.

2. Literature review
This review will focus on concepts, models, frameworks and theories relating to brand communities, knowledge management and value co-creation. The purpose is to lay out the field for the topic of this thesis, and the review will hence cover material that is useful in order to understand and analyse how companies can co-create value with brand communities, through knowledge management practices and processes. The literature review will reveal appropriate concepts that can be applied in the analysis section of this thesis, in order to shed light on the problem statement.

Brand communities, knowledge management, and value co-creation are all interesting fields, however, when they are considered in relation to each other, this may reveal insights that could be of great potential, both in academia and in business. The scope of this thesis does not allow for all of the paths these fields represent to be investigated. As such, this means that there is also

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4 Other types of fan communities are KFOL/YFOL/TFOL (Kid Fan Of LEGO/Young Fan Of LEGO/Teenage Fan Of LEGO) communities.
room for further and future investigations in these fields. The specific path followed here is, as the
title of the thesis indicates, how value co-creation can be facilitated through knowledge
management tools, and how the case of LEGO can exemplify how this may be operationalised.

2.1 Brand communities
Beckmann and Gjerløff present five communication strategies applicable to brand communities
driven by companies, communities driven by consumers, and to communities driven by a company
and customers in cooperation (named “joint-ventures”) (1711). The strategies are: Fight (creating
an “us” vs. “them” atmosphere), Role models (related to endorsement and identification), Exchange
(various manifestations of reciprocity and interaction), Manifestations (relates to factors such as
traditions and icons that groups may gather around), and Progression (looking forward in relation to
development and innovation) (1711-1714). The authors argue that more approaches may be at work
at the same time, but usually one is predominant (1710). These communication strategies may be
used in an analysis of how effective a company is in its company-community interactions.

To find key members of a community, Marchi, Giachetti and de Gennaro discuss the
concept of lead users in relation to online brand communities, and point out characteristics that are
useful for identifying lead users (350). Lead users are defined as consumers who encounter a need
before other consumers, and are willing to (and motivated for) innovating, either by themselves, or
together with a company (351). The characteristics for identifying lead users are “… willingness to
collaborate, product knowledge[,] and strategic alignment with the brand identity.” (Marchi,
Giachetti, and de Gennaro 350).

In addition, Li and Bernoff present the social technographics ladder (43), which places
different social technographics profiles (43), on different steps, according to how involved they are
in the groundswell. The groundswell is defined as a social trend, where people fulfil needs and
desires by interacting with each other, instead of getting “… the things they need … from
traditional institutions like corporations.” (Li and Bernoff 9). The technographics profiles describe
how people are involved in the groundswell to different degrees. The technographics ladder is
useful, because it reminds us that different incentives are needed to reach the various profiles,
because people are different. It also profiles the people who engage in the groundswell the most,
which might help companies identify lead users.
2.2 Knowledge management

Storck and Hill discuss “strategic communities”. They consider a case where managers developed “... a way of working together that enabled Xerox to create and transfer knowledge more effectively.” (63). Storck and Hill argue that strategic communities are deliberately established (65), and contrast them with Wenger’s Communities of Practice, which they consider to be voluntary (65). However, the dimensions for community coherence that Wenger lays out in his text, labelled *mutual engagement, shared repertoire and joint enterprise* (73) are also used by Storck and Hill to discuss the characteristics of strategic communities.

Anthony et al. add to Wenger’s community coherence dimensions that “Communication, trust and participation are very critical building blocks required to develop collaboration activities in order to create effective CoPs [Communities of Practice].” (n. pag.). They argue that the more community members trust each other, the more openness there is between them (Anthony et al. n.pag). The authors quote Roberts who “… suggests that trust is a necessary precondition for sharing and mutual understanding that is a key facilitator necessary for the effective transfer of knowledge.” (Roberts qtd. in Anthony et al. n.pag.). Furthermore, Anthony et al. present the concept of Virtual Communities of Practice (VCoPs), to denote CoPs where communication is facilitated mainly by virtual ICT tools (n.pag.).

Wenger, McDermott and Snyder argue that Communities of Practice “… create value in multiple and complex ways, both for their members and for the organization.” (15). The different ways in which CoPs can create value are considered by Wenger, McDermott and Snyder to be in relation to short-term and long-term value, tangible and intangible value, and strategy-implementing and strategy-making value (15-17). Another useful concept presented by Wenger, McDermott and Snyder in relation to this thesis is the notion of strategic intent for a community. That is, different CoPs usually start with a primary intent, and even though they may develop to work to fulfil a number of purposes, they usually have a primary purpose. Different examples of strategic intent as identified by Wenger, McDermott and Snyder are helping communities, best-practice communities, knowledge stewarding communities, and innovation communities (76-77).

Nonaka, Toyama, and Konno lay out a model for knowledge creation which consists of three elements. The first element is the SECI model (the acronym stands for *socialisation, externalisation, combination and internalisation* (9-10), which has to do with knowledge conversion between tacit knowledge and explicit knowledge. The second element is ‘*ba*’, which
they define as “... the shared context for knowledge creation.” (5). The concept of ba is further elaborated by Nonaka and Konno, who also enter into a discussion about how ba can be created, and present different real-life cases of how companies have constructed ba (48-52). The third element in Nonaka, Toyama, and Konno’s model is knowledge assets, defined as “... the inputs, outputs and moderators of the knowledge-creating process.” (5). They argue that the knowledge creating process should be thought of as a spiral which incorporates input from the three elements, and present various models which further explain the relationship between the three elements. In addition to presenting this three-element model, they also discuss various factors and conditions which are important in relation to the different elements, for the knowledge-creation process to take place, and during the knowledge-creation process.

The author Nomura furthers the discussion of ba, by proposing a framework for the strategic design of ba so that it can support both a company’s knowledge strategy and the workstyles of individual knowledge workers (263). He argues that in order to gain competitive advantage in today’s marketplace, traditional resources are not enough, instead, companies should consider the knowledge dimension “... because knowledge adds new values to the conventional managerial resources.” (263). As such, it is necessary to establish a ba to facilitate and create the knowledge dynamics which will, in turn, lead to a competitive advantage (264-265). He argues that these ba must be created with both the knowledge strategy and people’s workstyles in mind, in order to create the most effective ba (277). Nomura’s insights are thus useful, when analysing how effective ba may be developed.

In his article, Bratianu argues that the original Nonaka model of knowledge dynamics has limitations, but he also introduces possible new directions for the development of the model. He argues that the application of the SECI spiral knowledge creation model in practice is a very difficult task (195). Furthermore, he argues that only the externalisation and internalisation dimensions are truly transforming in nature, whereas he believes the socialisation and combination dimension to be exchange processes rather than transformation processes (195).

In relation to possible new directions for the model, Bratianu quotes Harsh’ notion of “… reusable knowledge …” and the fact that Nonaka’s model does not consider the initial knowledge that may circle through the process more than just once (196). He argues that “… reusable knowledge is a fact of organisational life and it must be included in the modelling of knowledge dynamics.” (197). In brief, Bratianu argues for re-thinking the knowledge dynamics model as
proposed by Nonaka, as he considers a “… new aspect of knowledge creation and transformation …” to be present (198). Prahalad and Krishnan agree, by stating that “We know how to reuse explicit knowledge stored in digital form …” (119), and considers this to be “… the essence of most knowledge management systems.” (119). However, Prahalad and Krishnan also argue that in order to innovate, it is also necessary to create new knowledge (119), and to also pay attention to “… the implicit knowledge continually generated in their [companies’] ongoing interactions with consumers …” (119).

Paulin and Suneson argue that there are two different overarching knowledge perspectives. The first perspective considers “… knowledge as an object …” (Paulin and Suneson 81) (referred to by the authors as K-O). The second perspective considers knowledge to be “… a subjective contextual construction …” (Paulin and Suneson 81). The latter perspective is referred to as K-SCC.

Paulin and Suneson discuss knowledge transfer (KT), knowledge sharing (KS) and knowledge barriers (KBs). They argue that the definition of KT versus KS is blurry, and wish to distinguish the concepts from each other (81). The two concepts are seen to be related to the different knowledge perspectives. KS is associated with the K-SCC perspective, whereas KT is associated with the K-O perspective (Paulin and Suneson 88). Furthermore, KS is usually used by authors who focus on knowledge at the individual level, whereas KT is used by authors who focus on larger entities, such as groups of people (Paulin and Suneson 87).

Finally, the authors argue that different types of knowledge barriers (KBs) exist, which also has to do with the perspective (K-O or K-SCC) from which knowledge barriers are considered (Paulin and Suneson 88). Kastberg’s conceptualisation of knowledge asymmetries, defined as “a condition that is created when different people or different organizational units possess different stocks of knowledge.” (Rönkko and Mäkelä qtd. in Kastberg 137), is then also relevant in relation to how knowledge is conceived of. If different people know different things, as they have different experiences, this needs not be a knowledge barrier, but can be used as something constructive, if the people have a way of sharing and involving with each other’s experiences.

2.3 Value co-creation
Prahalad and Ramaswamy argue that leaders need “… a new frame of reference for value creation.” (“Co-creating unique” 4), and that this new frame is co-creating value with customers, instead of the
company-centric frame that has been in operation for more than a century ("Co-creating unique" 4). Prahalad and Ramaswamy introduce the notion of company think and contrast it with consumer think, as they argue that “Co-creation of value exposes the disconnect between company think and consumer think at points of consumer-company interaction (“The Future of” 39).

In addition to this, Antorini and Andersen present a model proposed by Kotler that visualises a shift from the company-oriented 4 P’s (product, price, place, promotion), to the customer-oriented 4 C’s (customer value, customer costs, customer conveniences, customer communication) (86). Further, they outline three perspectives on corporate branding: the one way perspective, the relationship marketing perspective, and the communal perspective (Antorini and Andersen 98). The first perspective involves the least consumer inclusion, and the latter perspective involves the most consumer inclusion, as the communal approach is “Mediated by brand community” (Antorini and Andersen 98), and the mantra is “We are in it together!” (Antorini and Andersen 98).

Prahalad and Ramaswamy propose the DART-model, which consists of four building blocks for value co-creation (“Co-creating unique” 6). These building blocks are Dialogue, Access, Risk assessment and Transparency (“Co-creating unique” 6-7; “The Future of” 23-31). The building blocks can be combined in different ways, which allows a company to realise different capabilities (“Co-creating unique” 7). In another text, Prahalad and Ramaswamy point out that understanding these building blocks is not just important for the company, but that it is also important that community members “... recognize that the interaction between the two - the locus of value creation - must be built on critical building blocks.” (“Co-creation Experiences” 13). They define interaction as the foundation for value creation, and furthermore state that “Co-creation experiences are the basis of value.” (“Co-creation Experiences” 11, emphasis in original). This definition is useful in relation to the topic of this thesis, as it specifically aims to look into how LEGO facilitates value co-creation through its interactions with fan communities.

Prahalad and Ramaswamy also present two exhibits that are useful for understanding the concept of value co-creation and the implications that it entails. The first presents “The new frame of reference for value creation” (“Co-creating unique” 5), and the second lays out the differences between traditional exchanges and co-creation experiences when “Migrating to co-creation experiences” (“Co-creating unique” 8). According to Prahalad and Ramaswamy, co-creation cannot be commoditized, and it is thus a significant source of differentiation that can lead to competitive
advantage ("Co-Creation Experiences" 9). Further, Ramaswamy argues that value co-creation is not just a win-win situation for companies and consumers, instead, he states that “… the emphasis on continuous improvement, communication, and learning allows customers and firms to “win more – win more” by efficiently creating unique value.” (12).

Sanders and Simons focus on the social value of co-creation and add to the notion of value co-creation by identifying three types of value; monetary, use/experience and social (n.pag.). In addition, they also identify five different phases or stages of the design process where co-creation can take place. These are: Predesign, Discover, Design, Marketing and sales, and After sales (n. pag.). They argue that “The earlier in the design development process that co-creation occurs, the greater and broader the likely impact.” (n.pag.). In addition, they also present a model which visualizes which type of value is usually co-created in the different stages of the design process (n.pag.), and as such shows which type of value co-creation takes place different places in a company’s value chain. The article is particularly useful because it may work to enlighten companies on how they can further improve their value co-creation efforts. Hence, it is also relevant for this thesis, in the analysis of how LEGO interacts with its fan communities in relation to creating value.

As such, knowledge management concepts and principles can be useful when a company endeavours to co-create value with its fans, as knowledge management offers different tools and insights, which can be utilised to set up a successful framework for value co-creation. The concepts of Communities of Practice, ba, knowledge assets, and different types of value co-creation will be brought forward, as they, as outlined in this literature review, may present a framework for the operationalisation of knowledge management for value co-creation.

3. Theory of science
This thesis is based on the social constructionism theory of science. As the topic of the thesis revolves to a large extent around the concepts of knowledge and knowledge management, social constructionism is considered a natural starting point as two of the key assumptions in the social constructionist position are that “Knowledge is sustained by social processes.” And “Knowledge and social action go together.” (Burr 3). In these two assumptions lies the position that knowledge is constructed between people (Burr 3). Furthermore, Burr argues that “Explanations are to be found
... in the interactive processes that take place routinely between people.” (5). This is because “Knowledge is ... seen not as something a person has (or does not have)[sic], but as something that people do together.” (Burr 6, emphasis in original). Hence, when people interact, they create knowledge. In a company perspective, the creation of knowledge can often be considered to also be the creation of value. As such, there is value in knowledge, and how and for which purposes knowledge is developed and used.

Social constructionists also consider power to be a relative construct (Burr 52). Burr states that “… power is never a one-way street” (52). This position is important when considering the topic of this thesis, and namely the concept of value co-creation. When a company and its customers create value together, power is also a relative concept, as a company may have financial power, but the customers have the power of demand. Hence, when they co-create value, the synergy achieved through this process can maximise value for both parties. Social constructionism is then a position which can lead to valuable insights, as social constructionism has an emphasis on processes (Burr 5), and, in particular, “… the explanations offered by social constructionists are ... often in terms of the dynamics of social interaction.” (Burr 5). This focus on processes also means that social constructionist enquiries often go to consider “… how certain phenomena or forms of knowledge are achieved by people in interaction”. (6, emphasis in original). And in addition, knowledge is “… culturally, socially, historically and linguistically influenced.” (Cunliffe 125). This means that knowledge is essentially both a product of social interaction, and of the context in which the social interaction takes place.

Cunliffe also presents epistemological interests for social constructionism (126). Particularly interesting in relation to this thesis are the interests referred to as “context-related interpretive insights.” (Cunliffe 126), “Meaning created in on-going moments.” (Cunliffe 126), “Theoretical generalizations about organizations, identities, [and] organizational processes ...” (Cunliffe 126), and “Research and learning as a reflective process.” (Cunliffe 126). The notion of context-related interpretive insights is relevant as this focus might help to investigate how LEGO co-creates value with its fans in certain contexts, and which contextual factors are especially important. Meaning created in on-going moments creates the possibility for looking into how knowledge sharing can lead to value co-creation. Theoretical generalisations and research and learning as a reflective process may be used to discover best practices and make them accessible to other companies.
Cunliffe argues that social constructionism is a broad theory of science, which encompasses different perspectives (128). One example is the different perspectives on knowledge. One perspective regards “Knowledge as an object” (Paulin and Suneson 87) and the other sees knowledge as something that is “... a subjective contextual construction” (Paulin and Suneson 87). The latter perspective, referred to as the K-SCC view (Paulin and Suneson 87), will be the guiding principle here, as this perspective is considered to be related to the notions of knowledge sharing and socialisation (Paulin and Suneson 88), and this terminology is also relevant in the field of value co-creation. Hence, this view opens up for a discursively appropriate approach to value co-creation.

The perspective referred to as relational social constructionism (Cunliffe 128) appears to be an especially apt approach in relation to this thesis, as it highlights that “… Our actions and interactions are both implicitly knowledgeable (a kind of knowing that is not typically theoretical) and a means of creating knowledge.” (Cunliffe 132). As a result, it is important that managers “... create opportunities for open dialogue.” (Cunliffe 131).

In discussing “… relationally responsive ‘knowing’.” (Cunliffe 133), Cunliffe argues that reflection about the way organisations communicate is necessary, because “... shared understandings of organizational experience allow possibilities for action to emerge.” (135), and these shared understandings can be surfaced through conversation. The critical reflection that is important in relational social constructionism also means that learning can be facilitated, and learning is important in improving organisational practices.

In sum, the social constructionist approach as a theory of science ensures a perspective in relation to this thesis which can highlight how a company and its fans create knowledge, as knowledge is a socially created construct, and how that knowledge, in turn, can be used to co-create value.

4. Methodology
Two topics will be treated in this section. The first topic revolves around the data gathering method for the thesis, and the second topic relates to the methods used to treat and analyse the gathered data. Hence, this section will show how the purpose of this thesis, the gathered data, and the methods used to collect and treat the data, are aligned.
4.1 Data collection
In order to gather data and analyse these, the data collection has been conducted as desk research, which has resulted in secondary data. The secondary data include videos of speeches taped at conferences, PowerPoint slides from conferences, journal articles, entries on websites (both blogs and brand community websites), interviews with LEGO, and materials from the LEGO Group. Together, these data provide valuable insights about the communication and relationship between LEGO and its fans, as the data stem from different sources, and relate to both considerations about the early beginnings of LEGO’s interaction with adult fans and through to considerations about some of the company’s newest initiatives for interacting with the fans.

The intention was to also conduct field research which would have resulted in primary data. The primary data were to be gathered by way of eight qualitative open interview questions addressed to LEGO, and sent via e-mail. The questions were formulated in a way that made them directly relevant for the purpose of this thesis. The questions are featured in appendix 1. The purpose of the interview questions was to collect data that were immediately relevant to this thesis, and as such were difficult to retrieve as secondary data. Hence, LEGO was contacted directly, to gather more concrete data about the company’s relationship and communication with its fans in relation to knowledge management and value co-creation. This means that the questions were asked in a way that was guided by theory. However, when LEGO was approached with the interview questions, the company replied that it thought that most of the questions could be answered by the journal article “Collaborating With Customer Communities: Lessons From the Lego Group” by Antorini, Muñiz, and Askildsen. The article is used to answer part of the problem statement, though it does not answer the questions raised at the level of detail that was intended, which is why the set of questions were sent to LEGO. As such, the article will be used as part of the secondary data framework for the purpose of analysing how LEGO co-creates value with fans, from a knowledge management perspective. The discussion of best practices will also be based on secondary data in various formats.

4.2 Conceptual lens for treatment of data
For the purpose of analysing the gathered data, the data will be analysed by applying knowledge management and value co-creation models and concepts, to analyse how LEGO goes about co-creating value with its fans through the use of practices which can be considered to belong to the
field of knowledge management. The fields of knowledge management and value co-creation contain a wide array of different concepts, as presented in the literature review. The concepts in focus for this thesis are the concepts of Communities of Practice (and strategic communities), ba, knowledge assets (primarily experiential knowledge assets), and value co-creation. These concepts are relevant, because they can be used to analyse the incentives that LEGO have for communicating with its fans from a knowledge management perspective, and to analyse how LEGO co-creates value with its fans, and which types of value are co-created. As such, the concepts can be used to analyse how knowledge sharing and value co-creation is facilitated in the relationship between LEGO and its fans, and thus, how value co-creation may be operationalised through knowledge management tools. Hence, the key concepts will be used to analyse the gathered data, by investigating the data from the perspectives of knowledge management and value co-creation, through using the concepts related to the fields as conceptual tools. The link between the fields of knowledge management and value co-creation is important here, as the sharing of insights and knowledge (facilitated by knowledge management incentives) is what can make value co-creation between a company and consumers possible.

As such, the knowledge management and value co-creation concepts are used to set up a conceptual lens. This conceptual lens can work to shed light on the gathered data, in relation to answering the problem statement indicated in the introduction to this thesis. As it was not possible to obtain more detailed information from LEGO by way of an interview, the concepts will be applied to a variety of the information and knowledge that already exist on LEGO, LEGO communities, and how the two work together, in order to answer the problem statement. The gathered data have been chosen due to their applicability to the purpose of this thesis, and because they, when analysed through the use of knowledge management and value co-creation concepts, will shed light on how LEGO and its brand communities go about co-creating value.

Hence, the data treatment method is to analyse knowledge management and value co-creation in relation to LEGO and its fans, by way of knowledge management and value co-creation theories, concepts and models. The application of the concepts presented above related will serve to answer the problem statement by shedding light on what types of value LEGO and its fans co-create, how they co-create value and how this is facilitated, and what the results of this co-creation of value are, both for LEGO and for the fans, from a knowledge management perspective. The
analysis will then serve as the basis for a discussion about the approach to value co-creation, and to discuss possible best practices, from which other companies might learn.

The purpose of this thesis is deemed to be relevant both for the academic world, and to businesses. The relevance for academia lies in the investigation of how knowledge management can be used to facilitate value co-creation, which Prahalad and Ramaswamy consider to be “The Future of Competition” (front flap). The purpose is furthermore considered to be of interest to businesses, as it is very important to have significant competitive advantages to succeed in today’s marketplace. Value co-creation is one business process that is considered to be a source of competitive advantage (Prahalad and Krishnan 57).

5. Analysis

The facilitating factors for value co-creation among LEGO and its fans, and the nature of the value co-creation will be analysed here. The first step of the analysis will be carried out in terms of Communities of Practice, business assets and knowledge assets. Step two is to analyse how these factors in combination facilitate value co-creation, and which types of value are co-created in the interactions between LEGO and its fans. The purpose of this analysis is to shed light on how knowledge management can be operationalised to facilitate value co-creation. The findings will then be the basis for a discussion of best practices in the discussion section of this thesis.

5.1 Communities of Practice

Communities of Practice are defined by Wenger, McDermott and Snyder as “… groups of people who share a concern, a set of problems, or a passion about a topic, and who deepen their knowledge and expertise in this area by interacting on an ongoing basis.” (4). Wenger argues that three dimensions ensure coherence in Communities of Practice: mutual engagement, joint enterprise, and shared repertoire (Wenger 72-73). In the following, LEGO’s interaction with its fans will be analysed in relation to these concepts.
5.1.1 Mutual engagement
LEGO and its fans engage with each other in various ways. For instance, when LEGO was developing a train set for adult fans in the recognition that they had been overlooked (while also hoping to be able to sell the set to children, since they are the primary target group), LEGO invited five members of a LEGO train set community to comment on a developed train set which had not yet been launched for sale (McKee) [17m, 25s]5. When the fans saw the set, they were not really satisfied, and mentioned that they had much higher expectations for what LEGO could deliver (McKee) [18m, 45s]. The LEGO developers then developed new sets, which became big successes (McKee) [19m, 00s]. This example goes to show how the expectations of the fans, and the wish of the company to deliver only the best products to the market6 resulted in a better product and a better user experience, as the product could better live up to LEGO and its fans’ expectations, through mutual engagement.

5.1.2 Joint enterprise
An example of a strategic intent in the relationship between LEGO and its fans can be that of innovation communities (Wenger, McDermott, and Snyder 77). In these communities, LEGO and its fans may agree that the purpose is idea generation. However, there is still room for generating ideas that move in different directions. This ensures that even though the company and the fans have a negotiated common practice (Wenger 80), the CoP is still open enough to allow for different types of input. As with the example above, the purpose of the company-community interaction may either be to develop a new product, or to improve an already developed product.

5.1.3 Shared repertoire
Wenger states that an example of shared repertoire can be words (83). In the case of LEGO and its fans, the parties use LEGO jargon when they communicate with each other. For instance, when posting on Lugnet.com, LEGO also refers to the adult fans as AFOLs, and even makes a joke about the many acronyms in LEGO jargon (see appendix 2). This shared repertoire may work to increase

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5 Refers to a point in time in the video.
6 LEGO’s motto is “Det bedste er ikke for godt” (Lunde 16) which roughly translates to “The best is not too good” (my translation), which signals an emphasis on quality.
trust, which Anthony et al. point out to be important for people to discuss what they have in common (n. pag.).

5.1.4 From CoP to strategic community
Occasionally, AFOLs are invited to take part in projects with a specific focus (Antorini, Muñiz, and Askildsen 79). When this happens, the communication between LEGO and the fans can be said to develop from CoP participation to being located in what Storck and Hill refers to as a strategic community (63), as CoP-membership is voluntary, while strategic communities are established with a deliberate purpose in mind (Storck and Hill 65). The virtual project rooms that LEGO sets up are referred to by Antorini as a “Lead User Dialogue platform” (“Value” 18). As such, the AFOLs who are invited to take part in specific projects are considered to be lead users. The LEGO Ambassador programme is a formalised programme for LEGO lead users in relation to online LEGO communities (Antorini “Value” 20; the LEGO Group “LEGO®” n.pag.).

5.2 Ba
In this section, the focus will be on how the communication and interaction between LEGO and its fans can be said to be facilitated by and take place in a number of different types of ba. The concept of ba is also considered to mean “place” (Nonaka, Toyama, and Konno 14). Ba is an important concept in the context of how LEGO and its fans interact as “Knowledge needs a physical context to be created …” (Nonaka, Toyama, and Konno 14) and ba (place) is considered to offer that context (Nonaka, Toyama, and Konno 14). There are four different types of ba, which offer different contexts in relation to the process of creating knowledge (Nonaka, Toyama, and Konno 16). In Nonaka, Toyama and Konno’s terminology, the four ba are referred to as: originating ba, dialoguing ba, systemising ba\(^7\) and exercising ba (16 (see appendix 3)). The focus here will be on two types of communication platforms that have been created specifically with the intention in mind that LEGO and its fans can communicate. Although the communication platforms are virtual rather than physical, and the above quote mentions a “physical context”, the virtual platforms here may still be analysed as types of ba, as technology, especially with the rise of web 2.0, has evolved to be more social and interactive. In addition, Nonaka and Konno argue that “Value creation in

\(^7\) Nonaka and Toyama refer to dialoguing ba as interacting ba (46), and they refer to systemising ba as cyber ba (46).
knowledge-creating companies emerges from interactions within shared *ba* but is not restricted to the physical *ba.*” (41).

5.2.2 Project forums
Information on these project forums is limited (presumably due to the fact that they are restricted (Antorini, Muñiz, and Askildsen 79)), but it is possible to analyse their characteristics as types of *ba*, based on the information about them offered by Antorini, Muñiz, and Askildsen (79). Virtual project rooms are set up by LEGO to “typically … gather input from very skilled users on complex, long-term projects.” (Antorini, Muñiz, and Askildsen 79). This is the purpose of a project forum. The project forums can be said to share the characteristics of a systemising *ba* and an exercising *ba*. The project forums can be seen to exemplify a systemising *ba* as they are used to gain input on possible improvements and problems with LEGO products (Antorini, Muñiz, and Askildsen 79). As such, they can be used to “… collect and disseminate knowledge and information effectively and efficiently.” (Nonaka, Toyama, and Konno 17). Hence, this *ba* can also be said to be an exercising *ba*, as LEGO product developers may take action based on the input in the *ba* (Nonaka, Toyama, and Konno 17).

5.2.3 LEGO CUUSOO
Websites where AFOLs can share their LEGO creations abound. LEGO CUUSOO is a platform launched by LEGO, where fans can submit pictures and descriptions of their creations. If a creation gets 10,000 supporters, it will be reviewed by employees from LEGO at one of four quarterly reviews. At each review, one model may be chosen to be put into production. The fan who designed the creation will then receive royalty from the sales of his/her creation (LEGO CUUSOO 00:00-01:22).

LEGO has a number of considerations about how the CUUSOO platform can be further developed in a way that will be beneficial to both LEGO and the users of the website (Bricker n.pag. (see appendix 4)), and LEGO has also sent a small survey with four questions to the users of CUUSOO, which is intended to improve the platform based on LEGO increasing its knowledge about the users (Moore n.pag. (see appendix 5)). As such, it seems that when the website leaves the
beta version (see appendix 6), the development of the new version will have been based on user input, and considerations related to the users.

LEGO CUUSOO can be seen as exemplifying systemising ba and exercising ba. It is a systemising ba, as it allows users to submit creations, and the information related to these projects is “… easily transmitted to a large number of people in written form.” (Nonaka, Toyama, and Konno 17). Importantly, this easy transmission can facilitate that a project gets 10,000 supporters and then qualifies for a review, as CUUSOO users can see the project, but it is also possible to share the project through a large number of different social networks (LEGO CUUSOO 00:37).

CUUSOO is also an exercising ba. On LEGO CUUSOO, there is an affiliated blog (http://blog.lego.cuusoo.com/8). On this blog, different entries are written, about issues and news that relate to the CUUSOO website. As such, when a user reads an entry on the blog, he/she may then act on the explicit knowledge (or information) that is exhibited in that entry. For instance, if a user read the blog entry about the four questions for improving CUUSOO (Moore n.pag.), he or she may then afterwards have gone to the personal profile page, and answered the questions. Nonaka, Toyama and Konno refer to this ba, as a ba where “… individuals embody explicit knowledge that is communicated through virtual media …” (17).

Systemising and exercising ba combined in one platform can be said to facilitate the fulfilment of the purpose of CUUSOO. CUUSOO is a crowdsourcing initiative (The LEGO Group “Progress” 124). The submitted creations with the most supporters will qualify for the quarterly reviews. Here, CUUSOO as a systemising ba facilitates that it is easy to spread the word about a project. CUUSOO as an exercising ba then helps to facilitate that the submitted projects are creations with strong potential, as users have access to information on the blog. For instance, if a user has read the blog entry “Link Roundup: Your LEGO CUUSOO Tips” (LEGO CUUSOO n.pag. (see appendix 7)) he/she may have internalised the explicit knowledge in this entry, and then created projects which reflect that the knowledge has been internalised, and, in turn, this may have helped create a project with more potential. A good project is likely to get more supporters, which will help it qualify for the review, and in the end it might also help it to be the project that is chosen to be put into production. Hence, systemising and exercising ba in combination help ensure that, at the quarterly review, the LEGO employees have a range of quality contributions to review.

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8 Before 30 April 2013, the address of the blog was http://legocuusoo.posterous.com/.
According to the LEGO Group, “… the user generated ideas have so far resulted in four new consumer LEGO products.” (“Progress” 124).

5.3 Knowledge assets
Nonaka, Toyama and Konno define knowledge assets to be “At the base of knowledge-creating processes …” (20), and define knowledge assets as “… resources that are indispensable to create values for the firm.” (20). There are four types of knowledge assets; knowledge, conceptual, systemic and routine assets (Nonaka, Toyama, and Konno 21 (see appendix 8)). In this section, the relationship between LEGO and its fans will be analysed in relation to the types of knowledge assets that can be said to exist in this context.

5.3.1 Experiential knowledge assets
LEGO can be said to have the possibility to draw on a number of the different types of knowledge assets. The first type of knowledge assets present in the context of LEGO are experiential knowledge assets. Experiential knowledge assets are for instance “Skills and know-how that are acquired and accumulated by individuals …” (Nonaka, Toyama, and Konno 21). As such, LEGO has a number of sources of this type of asset. The company’s employees can be said to be one source of knowledge assets as they can be assumed to have developed a pool of know-how in relation to for instance product development. LEGO fans, such as members of AFOL communities, are another source of experiential knowledge assets, as they may have developed the skill to build LEGO models on their own, without the guidance of building manuals.

As experiential knowledge assets usually relate to individuals, they are considered to be tacit sources of knowledge (Nonaka, Toyama, and Konno 21). This might make it difficult to realise the full potential of this type of knowledge assets. However, it might also be considered a strength, as “Their tacit nature is what makes experiential knowledge assets the firm-specific, difficult-to-imitate resources that give a sustainable competitive advantage to a firm.” (Nonaka, Toyama, and Konno 21).
5.3.2 Conceptual knowledge assets
In the relationship between LEGO and its fans conceptual knowledge assets also exist. An example of this is the LEGO Architecture product line. This line was co-developed by LEGO and a man named Adam Reed Tucker, who is both a LEGO fan, and an architect (Antorini, Muñiz and Askildsen 77). As such, Adam Reed Tucker is an experiential knowledge asset, who used both his skills and know-how in relation to architecture, and his love of LEGO to co-develop a conceptual knowledge asset together with the company. This also exemplifies Nonaka, Toyama and Konno’s statement that “… knowledge assets are dynamic, and new knowledge assets can be created from existing knowledge assets.” (22).

As such, when LEGO co-developed the new product line with an experiential knowledge asset (in the form of Adam Reed Tucker), they essentially also co-developed another type of knowledge asset (a conceptual knowledge asset in the form of the LEGO Architecture product concept). The notion of co-creation is the topic of the next section.

5.4 Value co-creation
In the above, a range of the factors which facilitate knowledge sharing and value co-creation between LEGO and its fans have been analysed. In this section, the value co-creation as such will be analysed. That is, how the facilitating factors in combination lead to value co-creation, and which types of value co-creation emerge from the interactions.

5.4.1 Facilitation of value co-creation
The first facilitating factor is Communities of Practice (CoPs). For the value co-creation to take place at all, there must be mutual engagement, shared repertoire, and joint enterprise, which are the characteristics of effectively functioning CoPs through coherence (Wenger 72-73).

The second facilitating factor is ba. According to Kampf, de-centering of an organisation holds potential, as it can be a first step towards realising co-creation of value (n.pag.). Prahalad and Ramaswamy’s value co-creation building blocks (dialogue, access, risk assessment, and

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9 Love is considered to be emotional knowledge, and another contributor to experiential knowledge assets (Nonaka, Toyama, and Konno 21).
transparency (DART) (“Co-creating unique” 6-7; “The Future of” 23-31)) offers information regarding the constituents of effective value co-creation. However, Kampf argues that the building blocks do not as such offer a guide for how to operationalise them (n.pag.). Value co-creation, Kampf argues, may be operationalised “When co-creation of value is built into the conception stage of corporate projects . . .” (n.pag.). It can be argued that LEGO has developed such initiatives as the LEGO Ambassador programme and LEGO CUUSOO to facilitate value co-creation. As such, the LEGO Group has operationalised co-creation of value through different programmes (places, or ‘ba’). These programmes de-centralise part of the company’s business processes, in various ways, and the company has built new processes around the inclusion of its customers. Nonaka and Konno state that “Ba is the platform for the “resource concentration” of the organization’s knowledge assets . . .” (41). This is exemplified in the LEGO case by CUUSOO and the project forums being examples of ba where the communicative interactions between LEGO and its fans can take place. As such, ba is connected to the third facilitating factor, namely that of knowledge assets.

According to Antorini, Muñiz, and Askildsen “Cocreating [sic] knowledge-intensive innovations with users allows Lego [sic] to obtain the skills and knowledge important to these activities.” (77). This shows that LEGO has realised that its fans may have knowledge that is valuable in relation to innovation. It also means that the concept of knowledge asymmetries is realised as something positive. LEGO and its fans each have a pool of knowledge which is beneficial to the other party. According to Kastberg, this means that their relationship “. . . feature[s] a mutually obligate interdependence, which in turn renders them complimentary.” (Kastberg 141). As such, the knowledge asymmetries in their relationship may be considered as constructive, because it can lead to value co-creation, when the parties interact with each other. This, in turn, may lead to a synergistic relationship. That is, through the complementary interaction of the two parties, they together create value, which none of them could have created on their own.

Through Communities of Practice, a variety of ba, and the inclusion of fans as knowledge assets, LEGO and its fans can share knowledge, which in turn leads to value co-creation. Hence, knowledge management concepts and tools can be seen to be facilitators of value co-creation in the relationship between LEGO and its fans.
5.4.2 Types of value

As Sanders and Simons discuss, companies can co-create different types of value with consumers (n. pag.). In the case of LEGO and AFOLs, a number of value types can be argued to be co-created through their interactions. The analysis of value here will draw on Sanders and Simons’ typology, as their suggested types of value are directly related to co-creation\(^\text{10}\).

LEGO co-creates monetary value with its fans, through the product innovations that they develop in collaboration. Monetary value is created for LEGO, by way of product sales. However, monetary value is also created for the LEGO fans whose submitted designs to LEGO CUUSOO pass the reviews, and are put into production.

LEGO and its fans also co-create use/experience value. This type of value is primarily related to the fans who contribute to the co-creation process, and to other consumers. The fans may experience heightened use/experience value, through products that offer more benefits to the user. Other consumers of LEGO may also experience this heightened use/experience value, even though they have not been part of the co-creation process.

Finally, AFOLs and LEGO co-create social value. Through their interactions, LEGO and the fans can get to know each other better. As they get to know each other better, this can also lead to the co-creation of the previously mentioned types of value. This is in line with Sanders and Simons’ statement that the different types of value “… are at times inextricably linked.” (n.pag.).

As such, different types of value are co-created in the interactions between LEGO and its fans. LEGO can extract monetary and social value from the co-creation, while the fans can, in some cases, extract monetary, use/experience, and social value. In addition, fans that are not directly involved in the interactions and the resulting value co-creation may experience increased use/experience value through the value co-creation that has taken place among other contributing parties.

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\(^{10}\) As opposed to Wenger, McDermott and Snyder’s value typology, which relates to which types of value CoPs generate for a company and the employees who are members of the CoP (15, 18), but as such does not relate to co-creation of value between a company and an external party.
6. Discussion

The discussion is divided into two. The first topic is a word of caution about how companies may approach involving and co-creating value with consumers. The second topic is how the LEGO case presents best practices, which other companies may learn from.

6.1 Co-creating value: a word of caution

It is important to stress that companies may engage with their customers in a number of ways. Not all of these qualify as endeavours to co-create value. Prahalad and Ramaswamy argue that conceiving of “Consumers as innovators.” (“Co-creation Experiences” 10) is not the same as co-creating value with consumers. They state that “… as long as the process remains firm centric and product centered, it is at best a variant of the current dominant logic.” (“Co-creation Experiences” 10). As such, the production of social value, as presented in the analysis section of this thesis, becomes the differentiating factor between including customers in the innovation process, which may create monetary and experience/use value, and developing an experience environment for consumers, which allows them to co-create value with the company, through meaningful interactions. As Prahalad and Ramaswamy state “Co-creation puts the spotlight squarely on consumer-company interaction as the locus of value creation.” (“Co-creation Experiences” 10).

When companies and customers enter into a dialogue regarding what types of value each expects to be able to extract from their interactions, these negotiations can lead to the development of social value, which, as Sanders and Simons argue, may, in turn, lead to the development of other types of value (n.pag.).

6.2 Best practices

The analysis section of this thesis reveals a number of best practices, from which other companies may benefit. First, when it comes to value co-creation, it is important that a company recognises its customers not just as passive consumers, but as active users (Ramaswamy 11). This realisation may, eventually, lead to sustainable competitive advantage. As Prahalad and Ramaswamy argue “High-quality interactions that enable an individual customer to co-create unique experiences with the company are the key to unlocking new sources of competitive advantage.” (Prahalad and Ramaswamy “Co-Creation Experiences” 7). As such, in order to realise the potential of this source
of competitive advantage, a shift in how companies think about their customers and the market conditions must take place.

Second, it is important to acknowledge that fans are different, as individuals are different from each other. Thus, it is a good idea to offer fans different platforms that offer different possibilities. According to Prahalad and Ramaswamy “A personalized co-creation experience reflects how the individual chooses to interact with the experience environment that the firm facilitates.” (“Co-Creation Experiences” 10). LEGO facilitates this, for instance, through the CUUSOO platform, where a user can submit his/her own projects, choose to “just” look at others’ designs, and then support the ones that he/she likes, or both. Platforms that allow for different types of interaction will, as such, facilitate that users with different competencies can take part with different types of input.

As such, the value for a company of interacting with its fans should not be underestimated. Developing interfaces for this interaction may be costly, as such, this approach may be critiqued if a company looks at Return on Investment (ROI), in the traditional sense, where the company tracks the return it gets when it invests resources. However, Hoffman and Fodor argue that when it comes to this new type of interactions, companies should be “… tracking the customers’ investments …” (41), instead of their own, as this will reveal the level of customers’ engagement.

7. Conclusion
This thesis has investigated how value co-creation may be achieved through concepts and tools from the field of knowledge management. LEGO was used as a case for this endeavour, as the LEGO Group is known for its large number of engaged fans. As such, the thesis sheds light on how a company may enter into a mutually beneficial relationship with its customers, in a way where the interaction can be said to be facilitated by concepts developed in relation to knowledge management.

Howe asks “If the customer is always right, why not give him better tools to express his preference?” (Howe 229). By giving the customer tools to express his/her preference, as LEGO has done through various platforms (for instance LEGO CUUSOO), the company and the customers

11 Using the social technographics profiles, a submitter would be a creator, and a voter would be a critic (Li and Bernoff 43).
can co-create value, as the company can gain knowledge of consumer desires (which may reveal future market trends), and the customers (and fans) have a place \((ba)\) where they can articulate their desires and expectations to the products that LEGO produces. Sceptics may argue that facilitating these interfaces for interaction is costly, however, a counterargument here is that, if done right, it could also be very valuable both to the company and its customers. A main benefit of facilitating value co-creation is that it could be a very valuable source of sustainable competitive advantage, especially as it is a form of value creation that creates value for both the company and the users of the company’s products. This value co-creation is, in the case of LEGO, facilitated by the way LEGO and its fans can interact, and share knowledge through their interactions.

This thesis has shown that there is a beneficial relationship between knowledge management and value co-creation, as a number of knowledge management concepts can be argued to be facilitating factors for value co-creation. In the case of LEGO and its fans, value co-creation is analysed in relation to such knowledge management concepts as Communities of Practice, \(ba\), knowledge assets, and how these concepts can lead to the co-creation of different types of value. First of all, the company and the fans have a common ground through their mutual interest. Community of Practice terminology has played a major role in the investigation of this aspect. Second, LEGO and its fans have communicative platforms in place that provide the context (place) for their interactions. This shows how \(ba\) can play a role in value co-creation. Third, LEGO understands that its customers are not “just” customers in a traditional sense, but users, who generate knowledge about the products through their experiences with them. This brings in the concept of knowledge assets. These factors together facilitate that LEGO and its fans can co-create value.

The analysis shows that LEGO and its fans co-create three different types of value. As they first and foremost co-create value by engaging with each other, this is argued to represent the co-creation of social value. Through their interaction, they also co-create monetary value and use/experience value. A special aspect of use/experience value co-created by LEGO and its fans is that this type of value can also be accessed by a third party (namely, other customers) who is not directly involved in the co-creation.

The thesis also reveals a number of best practices represented in the LEGO case. First of all, when a company begins to recognise its fans, and acknowledges their expertise, open communications through different platforms can lead to competitive advantage. In the LEGO case,
the different initiatives for interaction present benefits both for LEGO and for the fans. The different initiatives allow fans to interact in the way that they prefer, while also allowing LEGO to be able to realise different types of outcomes and strategies. For instance, CUUSOO may be used to generate ideas and discover future market trends, while face-to-face meetings (such as in the case with the train sets) can ensure that the products that LEGO delivers to the market live up to customer expectations. Companies must understand that in order to co-create value, communicative involvement with users is necessary. This communicative involvement means that instead of talking to the customers, or the customers talking to the company, the company and the customers must talk with each other. This mutual recognition can ensure benefits, such as the co-creation of the different types of value.

Knowledge management is valuable in relation to value co-creation, as it ensures access to a large pool of knowledge. As such, knowledge management as a facilitator of value co-creation, which may also be a source of sustainable competitive advantage, is also an example of how the individual people component is brought back into business. When companies learn that their customers are not all alike, and develop interfaces to communicate with different users, they can better develop products that suit individual users’ needs, together with the user, especially when the users are considered as knowledge assets with valuable insights.

*Number of characters, excluding blanks: 54,999 ≈ 25 pages*
Works cited


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12 Alternative links:  


Links:

http://lego.cuusoo.com/

http://blog.lego.cuusoo.com/

http://www.lugnet.com/

Front page illustration:


**List of abbreviations**

AFOL: Adult Fan Of LEGO  
CoPs: Communities of Practice  
KFOL: Kid Fan Of LEGO  
LUGs: LEGO User Groups  
ROI: Return On Investment  
TFOL: Teenage Fan Of LEGO  
TLC: The LEGO Company  
YFOL: Young Fan Of LEGO