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The role of the prosumer in affecting the value of cultural and creative industries – empirical evidence from Incubator of Culture

Abstract

The development of the cultural and creative industries is being transformed under the influence of changing trends in technology. In the era of processing digital information it is possible to combine competences, interact with other participants, and establish relationships with professional creative workers to create value. Today, the Internet and the development of IT allows many consumers to become prosumer. This means that the prosumer encompasses the two roles - producer and consumer at the same time. The aim of this paper is to determine who among the artists associated in the Incubator of Culture can be considered a prosumer and determine the role of the prosumer in creating value of cultural and creative industries' products. Based on theoretical assumptions, six respondents from creative workers operating in the Incubator of Culture recognized as prosumers were interviewed. The obtained results present that prosumers contribute significantly to the growth of value creation in cultural and creative industries products on the local market, increasing the supply and consumption.

Key words: cultural and creative industries, relationship approach, value creation, prosumer.

Introduction

In every field of human activity, both producer and consumer exist in two parallel worlds – real and virtual. From the point of view of economics, we are increasingly witnessing a change in approach among the producer, the good and the consumer. Transaction approach in the process of exchange of goods and services has been extended by the relational approach. The principal purpose of the relational approach for producer – creative worker is to acquire recipients – customers and maintain relationship with them through the strategy of adding value. Therefore, the main task of the creative workers is not only the identification and understanding of the customers' value, but also the desire to further develop the experience of customers, to create value for these customers, and at the same time meet their self-actualization needs (Grönroos, 2002; Ulaga & Eggert, 2006; Payne & Storbacka & Frow, 2008). Consumers, whose basic needs are met while having a high level of knowledge and access to appropriate facilities of creating and processing information, have the ability to become producers. Consumer undertaking amateur

activities in the field of cultural and creative industries, incorporates consumer and producer in one person, and becomes the prosumer (Lessig, 2008; Ritzer & Jurgenson, 2010; Ritzer, 2014). Amateurs – prosumers are driven by a passion and desire for self-fulfillment in the field of creativity and the desire for non financial gains. Acting in the longtime amateurs – prosumers accumulate experience through their own practice (Pine & Gilmore, 1998). Prosumers accepted culture of exchange of goods and services without the use of price category – "for free". Sharing access to products, services, data and talent becomes essential to the cultural and creative industries in the digital age (Anderson, 2009; Lessig, 2005). Prosumers' motivation is self-realization, where the reward is perceived as the ability to create, ecognition and prestige in the society (Campbell, 2005).

Creative industry is fragmented, and therefore consists of a large number of small companies, none of which has a significant market share (Porter, 2005). Each of the new producer is not able to affect the economic performance of the whole cultural and creative industries seriously. In relation to the local cultural and creative industries in the city of Szczecin Incubator of Culture was established to bring together artists – prosumers working in the field of culture, arts and heritage. Activity concentrated in the Incubator of Culture of individual artists and nonprofit organizations should contribute to increasing the value of the local cultural and creative industries.

The purpose of this article is to determine who among the artists associated in the Incubator of Culture can be considered a prosumer and determine the role of prosumer in creating a value of cultural and creative industries' products. In the first stage of the study the literature analysis was conducted to determine prosumer characteristics. In the second stage six representatives of prosumers operating in the Incubator of Culture were selected and qualitative research was conducted in the form of a face-to-face interview. The results enabled to determine the nature of the prosumer's role in creating value of the cultural and creative industries on the local level. The results confirm that prosumers significantly affect both the demand and supply of creative goods and services.

Theoretical background of prosumer participation in the creation of value

The development of the cultural and creative industries is being transformed under the influence of changing trends in technology and the transition of the economy in a transactional approach, to the economy in a relationship approach among the producer, consumer, and goods and services. In the transactional approach, value was supplied through the acquisition of goods and services for money in the form of single episodes. In the relationship approach the essential aim of the producer - creator is to attract customers - consumers and maintain relationships with them through the strategy of adding value (Grönroos, 2000, 2004). The transition from transactional to relational approach between the manufacturer, the good, and the consumer had a significant impact on the perception of creative goods and modification of their value. In particular microenvironment, the relationship between at least two parties (producers, middleman, consumers) is mutually beneficial. The intention is to sustain and nurture this relationship which is mutually beneficial for all the parties involved in this relationship (Prahalad & Ramaswamy, 2004). Why is the value so extremely important in the relationship with customers? The answer to this question involves the value chain creation, which is an important element of the relationship structure, determining customers' satisfaction as well as the need for quality, including expenditures necessary to obtain the particular offer. In the context of the relationship, value perceived by customers develops over a long period of time.

Grönroos (2004) divided the value creating process in the relational approach into three stages. In the first stage, the value perceived by customers depends on the assessment made on the basis of the exchange ratio of the potential benefits to the potential sacrifices. These potential benefits are a combination of tangible and intangible offer attributes represented by the creative worker. This additional benefit may increase or decrease, depending on the situation's status confronted by customer. In the second stage the context of perceived consumer value is calculated as a combination of the core value and added value. It should be emphasized that the added value can be seen either in positive or negative context. Core value of the offered product (in this case: book, film, computer games, music, and the attributes of each of them) may be reduced as a result of late or incorrectly executed orders and actions. This situation leads to a reduction in the product's core value and results in its negative added value. The final stage of customer perceived

value is created in terms of episodes and relationships which include: characteristics of the offer, brand/image, the information content, exchange of information, additional services.

In turn, for Ulaga and Eggert (2006) the relationship value always precedes relationship quality. These authors concluded that the value is reflected in the subjective concept of product and varies depending on the types of consumers and the role the product plays to them. Moreover, the value is integrated in the exchange of benefits, combined with the physical attributes of the offered product and service. In turn, numerous combinations of benefits and sacrifices vary depending on the situation and time horizon. These combinations sometimes lead to uneven results and provide customers with an alternative value.

Another group of researchers, as Payne et al. (2008) came to the opposite conclusion that the consumer is always involved in the value co-creation in order to gain experience. Moreover, the value evolves in the course of the manufacturer's offer use and depends on the customer experience and value perception during the relationship. The consumer creates value in a process consisting of a series of dynamic and interactive tasks (information, knowledge, skills), which are used to achieve a specific objective. During this process experience is co-created, accompanied by a greater focus on the relationship itself than on the attributes of the offer. In the result a value in use is created. Therefore, the main task of the manufacturer is not only to identify and understand the value system of the consumer. But also the desire to further develop the consumer's experience to create value for them and at the same time raise the consumer's own value as a result of their actions. To achieve this goal, manufacturers need to either expand the competencies and skills of consumers or carry them through this process in order to enhance the practical use of their resources. At this final stage, when manufacturers provide consumers with the right tools, a relationship based on processing information arises. In this perspective, the consumer is directed to activities that help him achieve the goal which is to collect information and evaluation of available solutions. It is possible however, that such a relationship based on experience is not established in relation to the product itself but in relation to experience. Both the relationship based on processing information and is based on experience creates relationship experience.

Pine and Gilmore (1999) found that the purpose of the experience gained by the customer in the process of market exchange is to obtain the maximum value from the market. In this context, the

design of products and services is based on the principle that in addition to utility, the experience path accompanying the consumer in the process of using them should be included. Currently, a bike path is not designed only to experience the support of cycling. Apple does not only design computers but also the philosophy of IT device usage. Today, producers' success is to integrate the experience into products that previously seemed trivial. Thanks to new technologies the scope of the possibilities in this aspect has considerably widened. The essence of the experience increases the value of products and services on the market. Creating experiences around the creative products may have a different level of impact on the consumer. Consumer's experiences integrate his emotional, physical, intellectual and spiritual involvement in the consumption of goods and services. With this approach, the consumer has a sense of co-participation and co-creation in different types of activities, and thus the involvement and identification with the product. The price of this hybrid offer is therefore higher than the purchase of the goods themselves. In practical terms, the relationship between the producer and the consumer may take two extreme types of behavior - active or passive. In the active relationship producer allows the consumer to participate in the co-creation process of selected product or service, which consumer intends to purchase (Stickdorn & Schneider, 2011). In the passive relationship the producer recognizes no need to involve the consumer in the co-creation process of the product.

Referring to the new economic approach presented by Lessig (2005) and Anderson (2010), sharing access to products, services, data and talent becomes essential to the cultural and creative industries in the digital age. There is a new culture of exchanging goods and services without the use of price category – "for free". The habit of free access to the mass media was initiated by the use of radio and television which was financed mainly by advertisers. In the digital age where the Internet becomes a public good, users treat access to any online information, images, sounds, knowledge as free. Especially in the area of creative goods, Internet users have almost unlimited access to movies, books, music, and art in the network. In much of the cases access to creative goods is for fee. However, there are technical possibilities to avoid price barrier and obtain the creative good for free or for a price much lower than the market price. Undoubtedly, widespread access to the Internet resulted in the integration of the producer and consumer in one person. This also gives rise to some doubts in defining intellectual property rights. It occurs quite often that some creative goods are recreated version from the original good of professional artist, and their

author is a completely anonymous person, appearing under the fictitious name or pseudonym what is specially underlined by Keen (2011).

However, in the era processing of digital information it is possible to combine competences, interact with other participants, and establish relationships with professional creative workers to create value. Today, the Internet and the development of IT allow many consumers to become prosumer. This means that the prosumer encompasses the two roles - producer and consumer at the same time (Ritzer & Jurgenson, 2010). Because the production process takes place simultaneously with the consumption process and vice versa. In the prosumer's performance one process dominates over the other, coming more towards one of the two processes – production or consumption, but even these two processes are inseparable and mutually reinforcing (Ritzer, 2014). Prosumption falls into creative work performance, which is of the market and social value, but not in form of a financial reward in return for the work done (Toffler 2006). In terms of Maslow's hierarchy of needs, prosumers are people who -from passive consumers- become active producers. Prosumer having met the basic needs, at the same time has a high level of knowledge and access to amenities, intends to change to the role of creator. It can be concluded that the prosumer shifts his direction from financial incentives to the socially oriented motivation, dictated by the desire of entertainment. Mostly, prosumers' motivation in the highest form is self-fulfillment, which is rewarded in the form of the ability to create, social recognition and prestige (Campbell, 2005). Internet supports the dissemination of prosumer's – amateur's work in the network, becoming its distribution channel. The various software replaces the technical processing of audio, text and images, bringing all operations to a single device – the computer. This universal access enables to produce goods and services from home, at minimum cost, without the need for expensive equipment. For this reason, prosumers' behavior differs from the behavior of professionals, as all intellectual effort of prosumers is focused on the realization of their passion for production. In other words, by combining different competencies prosumers create additional value and with respect to the original source, increase the value of the produced good or service, trying to reach the largest possible audience.

Research of prosumers operating in Incubator of Culture

The study involved representatives of the cultural and creative industries operating in the Incubator of Culture in Szczecin (Poland). Incubator of Culture is a center established by the Local Government of Szczecin in 2011, and is managed by the Mediadzajn Association. It focuses on organizations and individual artists operating in the field of arts and culture on a nonprofit basis. Based on theoretical assumptions, I selected six respondents from this group of creative workers whom I recognized as prosumers (see Annex 1). In the qualitative study, conducted in the form of an in-depth face-to-face interview, individual artists participated, as well as persons representing associations and foundations in the field of music, literature, visual art, photography and cultural animation. The interviews were conducted from March to May 2014. Two respondents have characteristics close to the producer because of their professional background which is in the same area they function as a non-profit organization. The remaining four respondents perform various non-artistic professions which sustain their living in order to dedicate themselves to creative work in the Incubator of Culture because of their passion and talent. Each respondent answered 13 questions of the same content. The questions which were asked concerned the value creation by creative workers for the audience and their perception of other artists in the category of potential contributors or competitors, as well as the desire to become a professional creative worker. The results enabled to determine the nature of the prosumer's role in creating the value of cultural and creative industries.

The first set of questions referred to the value creation by creative workers for the audience. All respondents –prosumers- stressed that they are recipients of creative producers and other prosumers products. Respondents in their statements acknowledged that other prosumers are a group of suppliers who inspires them the most. Prosumers – amateurs having no artistic education have a more original look, fresh ideas in the product creation that may be more revealing. Prosumers – amateurs that were considered a group of people who prefer to be working with the respondents, as is derived by the needs to gain experience in their amateur creativity and the desire to gain recognition and satisfaction. Three respondents – the writer, the visual artist and the musician confirmed cooperation with their consumers. This cooperation involved the product created by the consumer under the leadership of prosumers from their fields of art. Respondents – prosumers indicated that professional producers have limited creative inspirations because of

routine production and creation methods. Active relationships that exist between consumers and prosumers increase the new product value of creative work. In contrast, passive relationships often fall to contact with the creative product only, and not the actual creative worker. This sometimes leads to copying part of the product or introducing minor changes to be recognized by the prosumer as own product.

The second set of questions referred to the issue of other artists' perception in the category of potential contributors or competitors. Prosumers recognized that professionals as producers have the skills specific for entrepreneurs and the technical and financial resources. In addition, professionals in relation to prosumers have brand and market position potential. Therefore, their products reach very wide audience. Respondents – prosumers indicated that they have little technical and financial potential and they are focused on creating products for their own needs and the closest environment. Two prosumers indicated that except for extraordinary cases of broad recognition obtained from consumers, they are not competitors to producers. They stated that every creative worker today acquires significant attention of consumers by the originality of his work and not by use of technique. The rest of the respondents – prosumers perceives producers as competitors, as both groups strive for their customers (audience). On the other hand, all respondents mentioned all prosumers – amateurs from the closest environment are their competitors, if these prosumers do not cooperate with them. The development of new technologies is a tool supporting the competition strength and the market impact for both prosumers and manufacturers. All respondents agreed that the Internet as a new technology tool enables them to distribute the products of all parties present on the market. The Internet gives market participants the cognitive value of the selected creative product, which allows the consumer to review the strengths and weaknesses of this product.

The last set of questions concerned the self-evaluation of prosumer whether in the future he or she is going to become a professional. All of the respondents clearly stated that the basis of their involvement in creative production is a passion for art, freedom in expressing their identity and dialogue with the society, and not the trade of their work. Half of the respondents considered didn't becoming professional artist, because creative works are not guided by the needs of the consumers only by self-realization. In addition, respondents stressed that they receive income from non-artistic activities and do not feel the need for earning from the activities of the cultural

and creative industries. The second group of respondents took the view that the demand on the current art market is too small and would not provide sufficient income for their existence. In addition, respondents reported that at the current stage of their artistic development, their qualifications are too low to create products to be competitive enough with the professionals. The activity of these respondents in the Incubator of Culture allows them to raise the entrepreneurial qualifications and skills in their field.

Conclusions

Previous studies in the field of prosumer showed that the processes of production and consumption are inseparable and mutually complementary. For example, Ritzer (2014) presented that in the prosumption one process dominates over the other, coming more towards one of the two processes – production or consumption. However, these studies relate to the role of the prosumer in Internet. On the other hand, I investigated the role of prosumers in shaping value of the cultural and creative industries on the example of the Incubator of Culture (Szczecin, Poland). These findings complement those of Payne et al., confirming that commitment to mutual cooperation between prosumer and consumer in the product value co-creation in order to gain experience (Payne et al. 2008). In addition, it can be concluded that the active relationships that exist between producers, consumers and prosumers enable them to create products with the new value. This study indicates that the basis of value creation for the prosumer is their involvement in a creative production, passion for art, freedom in expressing their identity and dialogue with the society, not the trade of their product. I identified that the term prosumer is a new and incomprehensible concept for the local community of cultural and creative industries workers. This study proves that prosumers contribute significantly to the growth of value creation in cultural and creative industries products on the local market, increasing the supply and consumption. However, certain limitations in this study should be considered. The study was subject to insufficient number of prosumers from one community. Passive customers who do not participate in the co-creation of the product also did not participate in the study. Future research should therefore include a larger number of prosumers with different backgrounds of cultural and creative industries and passive consumers. Expanding the scope of the research, the results will allow a more accurate determination of the role of the prosumer in creating value of the cultural and creative industries.

Annex 1

List of organizations and individual artists who participated in the in-depth structured interviews:

1. **CAFE RICO** is a duo composed of Richard Słowicki and Przemysław Igiel, playing broad World Music. CAFE RICO music is an intuitive improvisation based on authors' own topics, spontaneous sounds of nature, inspired by the sounds of the Middle and Far East. Richard Słowicki - singer, poet, composer, instrumentalist. He also deals with graphics. As an author, director and one-man editorial staff in 1992-95 produced over 200 music programs and cultural columnist for the Polish Television. Przemysław Igiel - composer and instrumentalist.
2. **Natalia Szostak** is a visual artist working in both traditional and new media. She received a BA in painting from San Francisco State University and an MA in graphic arts from the Szczecin Academy of Art. Winner of the 2009 Emerging Artist Special Award at the International Art Competition held by X-Power Gallery in Los Angeles. Two-time recipient of the Artist Scholarship of the City of Szczecin. She is the founder of the independent project Platerówka, whose main objective is to promote art outside the traditional gallery and museum structure.
3. **OFFicyna the place of art** (Miejsce sztuki OFFicyna). OFFicyna is an institution that cares about art, culture and education in their mutual relations. Profile of its activity thus consists of activities that include those three areas. OFFicyna organizes gallery exhibitions, workshops, projects co-created by the participants, the activities in urban environment, trips to other places of art, concerts of improvised music, action performance, multimedia and syncretic arts festivals.
4. **Socio-Cultural Association POMIEŚCIENOGA**, pomieścienoga literally means 'foot on the city' (Stowarzyszenie Społeczno-Kulturalne POMIEŚCIENOGA) was founded to manage architecture-related project "Tenements of Szczecin". The idea of the project is to map relations between people and buildings, buildings and urban spaces. The first and most important project's element is a route "Exceptional citizens of Szczecin and their tenements". The project originated from the need of doing something good for Szczecin. It is open, independent, has no commercial nature. This is an initiative of few Szczecin-lovers.
5. **Polish Writers' Union**, Branch in Szczecin (Związek Literatów Polskich) supports the continuation of the projects implemented over the years, promotions of writers by literary meetings co-organized with cultural institutions of Szczecin city. The Union patronages literary ventures such as literary competitions or recitation. Members of the union participate in meetings of authors in the region or in the country.
6. **Collective photographic Powidok**, powidok literally means 'afterimage'. It is a group of four enthusiasts who live photography and share their passion with others.

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