

The role of balanced centrality in the creative industries adopting a crowd-funding organisational model.

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Abstract

Purpose – The aim of the present paper is to analyse the structures of the relationships between actors in the creative industries sector using crowd-funding, and how co-creation is the basis for reaching balanced centrality in the creative industries.

Design/methodology/approach – The Many-to-Many Marketing Theory, Service-Dominant Logic and Service Logic are the theoretical bases for explaining how the changing roles of the actors in the creative industries sector have given the crowd a great capacity for deciding in the value-creation process. A qualitative, case-based approach is used, given the complexity of the phenomenon to be analysed.

Findings – The findings of the empirical approach have important theoretical and practical implications. On the theoretical side, it analyses the importance of balanced centrality instead of customer centrality as the basis for system stability. Findings also have implications for service managers, as this can be considered an alternative for certain business projects, especially in the creative industries sector, where a growing demand is identified, not only as a method of financing, but also as a strategy for strengthening the bond with customers.

Originality/value – This paper is the first to analyse balanced centrality as the basis for system stability in the creative industries. The new tasks of the customer as a selector and financier of projects increase the roles assigned to the co-creation concept and improve the knowledge of Network Theory for the creative industries.

Keywords: Crowd-funding, Network theory, Service-dominant logic, Co-creation, Creative industries.

Paper type: Research paper.

1. Introduction

The roles played by the various agents who participate in value-creation processes are changing, due to a large extent to the possibilities offered by new information and communication technologies. Consumers participate actively in processes designed for the ideation, evaluation, design, testing, launch and financing of services (Russo-Spena et al., 2012; Ordanini et al., 2011).

The many-to-many network theory (Gummesson, 2006), service-dominant logic (Vargo and Lusch, 2004, 2006, 2008a) and service logic (Grönroos and Ravald, 2011) are theoretical approaches which have described the paradigm shift involved in assigning new tasks to the actors who participate in value creation. Among the premises underpinning these theories, one which stands out is the replacement of the classic concept of *value provision* with the concept of *value co-creation* as a benchmark for strategy planning and design. Consumers are seen as active agents in the co-creation process, and are able to participate in activities which were traditionally designed, managed and controlled by organisations, moving them from a central towards a more lateral position, from which they participate actively with all of the other agents. From this perspective, Gebauer et al. (2010, p. 511) consider that “organisations should take a comprehensive view of value co-creation if they are to exploit its full strategic potential”.

Gummesson (2006, 2008) points out the collaborative and interconnected nature of value creation, which must be planned through searching for benefits for all of the value network partners in order to achieve the situation which has been termed balanced centrality. Organisations manage social networks with the objective of creating benefits for all members. This new reality has led to a turnaround in the direction of marketing, which until now has been focussed on the client, introducing balance in its place.

The aim of the present study is to analyse crowd-funding experiences in the cultural sector as models of a type of collaborative behaviour which makes use of the potential offered by new technologies in order to benefit everyone. The analysis of the structure of the relationships between actors who get involved in crowd-funding is approached with the primary objective of finding out which are the factors that explain balance situations.

It is understood that crowd-funding platforms facilitate the participation of all of the agents involved in value creation. In addition, they represent a collaborative space based on the connection facilities provided by new technologies. Crowd-funding has certain unique characteristics, which set it apart from other organisational solutions. Ordanini et al. (2011) highlight the proactive role of the consumer, who chooses and finances initiatives. In this study a case-based analysis is used to link co-creation as the basis of the functioning of the balance model (balanced centrality) put forward by Gummesson (2008a).

Few (if any) studies have examined the logic that implicitly governs the crowd-funding phenomenon. The purpose of this study is, therefore, to fill this gap in the literature by utilising the balanced centrality perspective (Gummesson, 2008a) and the “Five Co-s” model (Russo-Spena and Mele, 2012) adapted to the crowd-funding context with the incorporation of the concepts of “co-investment” (Ordanini et al., 2011) and “co-consumption or pro-sumption” (Payne et al., 2008; Grönroos and Ravald, 2011; and Gebauer et al., 2010) to address the following research propositions:

P1. In the cultural sector, crowd-funding projects consist of six types of actors: the creative core, platform, financing consumers, non-financing consumers, investors and experts.

P2. Actors in the cultural crowd-funding environment have value co-creation relationships which incorporate seven dimensions: co-ideation, co-valuation of ideas, co-design, co-test, co-launch, co-investment and co-consumption.

P3. The actors who comprise the cultural crowd-funding system seek a balance of interests among all of the participants in strategy planning and design.

Given the complexity of the information, and the need to get in-depth information on the phenomenon, we employed a qualitative, case-based approach that facilitates the exploration of answers within its context, using a variety of data sources (Yin, 2009; Gummesson, 2006).

The findings of the empirical approach have important theoretical and practical implications. On the theoretical side, it introduces new dimensions for the co-creation concept, considering the financial labour and the selection process as a part of the consumer value-creation process and it analyses the importance of balanced centrality instead of customer centrality. Findings also have implications for service managers, as this can be considered an alternative for certain business projects, especially in the creative industries sector, where a growing demand is identified, not only as a method of financing, but also as a strategy for strengthening the bond with customers.

The remainder of this paper is arranged as follows. The first section describes the theoretical model of the study, tackling the crowd-funding system, the actors who participate in this and its relationship with the balanced centrality theory. The paper then describes the research methodology. The study concludes with a discussion of the findings, managerial implications and future research opportunities.

2. Theoretical framework

2.1. Crowd-funding as a balanced system of co-creation relationships

From a service-driven perspective, co-creation is a form of innovation in a service which enriches its functioning, highlighting its complexity in the simultaneous relationship between many different actors (Gummesson and Polese, 2009; Chandler and Wieland, 2010; Mele, 2009; Mele et al., 2010). This perspective is based on the many-to-many marketing theory (Gummesson, 2006), service-dominant logic (Vargo and Lusch, 2004; 2008a; 2011), service logic (Edvardsson et al., 2008; Grönroos, 2010, 2011) and service science (Maglio and Spohrer, 2008; Vargo et al., 2008).

Vargo (2011, p. 220) states that service-dominant logic (S-D logic) is essentially “a value co-creation model that sees all actors as resource integrators, tied together in shared systems of exchange – service ecosystems or markets”. Vargo (2009) and Frow and Payne (2011) emphasise the role played by relationships in reciprocal value creation and Bhattacharya and Korschun (2008) underline the need for gaining a better understanding of the relationships within the network of agents involved.

Relational marketing theories have an important role as the precursors to the many-to-many marketing and S-D logic theories. From this perspective, researchers have sought to identify all of the different agents of interest who take part in the value-creation process of organisations on the market (Gummesson, 1995; Christopher et al., 1991; and Morgan and Hunt, 1994). S-D logic constitutes an advance with respect to the role played by the consumer, who is much more active, participative and involved in decision making, and a development of the evolutionary chain of marketing theories.

With respect to the co-creation relationships which can arise in crowd-funding, the present study falls within the context of the need expressed by Vargo et al. (2008): “[...] (the) exploration of value co-creation raises as many questions as it answers. For example, what exactly are the processes involved in value co-creation?”

It is important to bear in mind that the context determines, to a large extent, the way in which value is created and the type of value created, as pointed out by Vargo (2008), who coined the term value-in-context, and that “crowd-funding, although sharing some characteristics of traditional resource-pooling and social networking phenomena, has some unique elements related to creating service platforms through which individual customers can pool monetary resources to support and sustain new projects initiated by others” (Ordanini et al., 2011, p. 445).

The crowd-funding phenomenon is “an initiative undertaken to raise money for a new project proposed by someone, by collecting small to medium-size investments from several other people (i.e. a crowd)”, according to Ordanini et al. (2011, p. 444). Crowd-funding systems are complex in the sense described by Gummesson (2006), as many different agents participate in them, and their structure and functioning include much broader functions than mere financing; they are structures which are created to enable value co-creation for all of the various actors through the application of the resources of all of the participants in order to create a market-oriented and relationship-based product.

The analysis of the co-creation relationships in a crowd-funding experience takes as its reference seven types of co-creation, which have been described in prior studies: co-ideation, co-valuation of ideas, co-design, co-test, co-launch, co-investment and co-consumption (Table 1).

Table 1. Types of co-creation relationships.

Type	Concept	References
Co-ideation	The co-generation of ideas to obtain direct, external voices; companies open the idea-generation phase to an external network of actors that includes not only lead users but also consumers, fans, customers, partners,	Russo-Spena and Mele, 2009.

	professionals and intermediaries who actively participate in idea generation and shaping.	
Co-valuation of ideas	Companies seek to involve actors in the appraisal of proposals. The practice consists of two main activities: commenting and voting.	Russo-Spena and Mele, 2009.
Co-design	Co-design encompasses a wide range of practices based on the engagement of many actors linked by a shared context and interest: to bridge the gap between identified ideas or needs and the possibility of finding a solution.	Russo-Spena and Mele, 2009.
Co-test	Co-test activity is used to support the improvement of prototype products/services before they are marketed.	Russo-Spena and Mele, 2009.
Co-launch	Launch of the product onto the market.	Russo-Spena and Mele, 2009.
Co-investment	Co-participation in financing a project.	Ordanini et al., 2011.
Co-consumption or “pro-sumption”	This refers to collaboration for use and consumption.	Payne et al., 2008; Grönroos and Ravald, 2011; Gebauer et al., 2010.

Source: own work.

2.2. Conceptual model

The scope of this study has been limited to experiences of crowd-funding in the cultural and creative industries sector. There are various reasons for this restriction of the phenomenon being analysed. Firstly, the number of crowd-funding initiatives in the cultural sector is significantly higher than among other economic activities. Secondly, creative projects, for the most part, require the investment of small sums, and the motivations for taking part are very diverse in nature: cultural, social, economic, etc. (Ordanini et al., 2011).

Our study, on the basis of the literature reviewed, is concerned with identifying whether new agents appear in crowd-funding projects in the cultural sector, whose participation

is based on different needs and interests. As such, the first research proposition is as follows:

P1. In the cultural sector, crowd-funding projects consist of six types of actors: the creative core, platform, financing consumers, non-financing consumers, investors and experts.

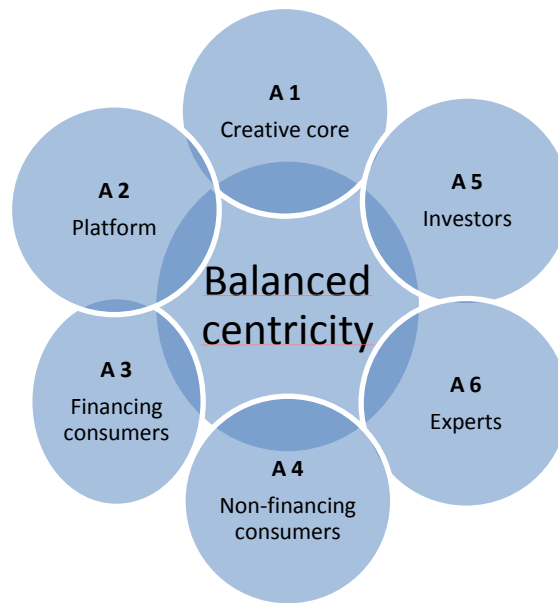
Taking the identification of actors in the context offered by the phenomenon of cultural crowd-funding as a starting point, a second research proposition is advanced:

P2. Actors in the cultural crowd-funding environment have value co-creation relationships which incorporate seven dimensions: co-ideation, co-valuation of ideas, co-design, co-test, co-launch, co-investment and co-consumption.

Value co-creation among cultural crowd-funding actors displaces clients from their position at the top of organisations' planning templates, putting the balance of the system in their place. In other words, all of the agents take all of the other agents (not just the consumer) into account when making their decisions, thus making system balance the fundamental objective for all involved. In the words of Gummesson (2008a, p. 17): "all stakeholders have the right to satisfaction of needs and wants". It is this concept that has been given the name "balanced centrality", and this constitutes the basis of the third research proposition and of the conceptual model put forward in the present study (Figure 1).

P3. The actors who comprise the cultural crowd-funding system seek a balance of interests among all participants in strategy planning and design.

Figure 1. Balanced centrality in the creative industries adopting a crowd-funding organisational model.



2.4. Practices and experiences: behaviour indicators in cultural crowd-funding organisations

Helkkula (2012) considers that practices and experiences can be an excellent indicator for understanding how value is co-created for individuals and their networks. Korkman et al. (2010) have pioneered establishing the link between value co-creation and practices. This focus was supported by Vargo and Lusch (2008a), who characterise that value is phenomenologically determined in a social context of networks. Such is the case in the crowd-funding context dealt with in this work, in which practices will be used as a subject for study in the empirical part with the aim of finding out how organisations co-create value.

Practices have multiple definitions. In our study, we adopt the Reckwitz (2002, p. 249) perspective: “(...) A routinized type of behaviour which consists of several elements, interconnected to one another: forms of bodily activities, forms of mental activities,

“things” and their use, a background knowledge in the form of understanding, know-how, states of emotion and motivational knowledge.”

Experiences are a regular reference factor in the context of service marketing (Helkkula, 2010; Reynoso, 2010; Tronvoll et al., 2011; etc.). Helkkula et al. (2012) distinguish between experience as a process, experience as a result and phenomenological experience. The latter perspective, which is linked to S-D logic, will be adopted in the empirical analysis of the present study. It incorporates the concept of co-creation by the consumers and all of the other actors into experience (Carú and Cova, 2005; Meyer and Schwager, 2007 and McColl-Kennedy et al., 2012). The tenth fundamental premise of S-D logic indicates that “value is always uniquely and phenomenologically determined by the beneficiary” (Vargo and Lusch, 2008, p. 7).

The two perspectives (experience and practice) on the same crowd-funding phenomenon will constitute the basis for responding to the research propositions put forward. P1 and P2 will be addressed using an empirical approach to practices, information which can be accessed through the corresponding netnographic study. Finally, in order to address P3, the concept of phenomenological experience will be used, which incorporates the concept of co-creation by the consumer and all of the other actors into experience.

3. Research design

3.1. Research aim and context

The aim of this study is on the one hand to carry out a descriptive analysis, the objective of which is to discover how an organisational phenomenon occurs within its real context. In this case, the subject for analysis is who the agents participating in crowd-funding are (P1), and how they co-create value through crowd-funding platforms (P2).

An explanatory analysis is also carried out in an attempt to analyse how system balance (balanced centrality) is achieved (P3).

Specifically, the focus of the research is on the interactions between system actors, whose roles we will attempt to define: what do they contribute and what do they gain from the system, and how do they achieve the balance that leads them to continue the relationship. The different forms of co-creation identified in the marketing literature allow us to describe the actions and interactions of the different actors with great precision, as well as their influence on the process of achieving balance between the various elements, which brings stability to the system.

3.2. Research methodology

Crowd-funding is a recent and very new phenomenon which is undergoing a transformation. This circumstance explains why theory and research are still in the preliminary stages. Taking into account, furthermore, the complexity of the information relating to the relationship between agents, this study employs a qualitative methodology, based on an analysis of cases which facilitates the exploration of responses within its context, and using a variety of information sources (Yin, 2009; Gummesson, 2006). Gummesson (2006b, p. 171) writes that “(...) *addressing the complex reality of management issues, qualitative methodology supported by modern natural sciences is superior to quantitative methodology emanating from traditional natural sciences*”. Along the same lines, other authors (Dubois and Gadde, 2002 and Yin, 2009) consider qualitative methods to be the most appropriate for obtaining in-depth information on new phenomena, as is the case here.

In designing and structuring the qualitative research in terms of case analysis, the method referred to by Yin (2009) has been used.

3.3. Case selection

The scope of the study being limited to the cultural sector, case selection was carried out according to a review of cases published on the most dynamic crowd-funding platforms in terms of proposals of a cultural nature. The platforms which were reviewed were Verkami, Goteo and Lanzanos.

For case selection a judgement-based sampling method was employed, in which the researchers determined the capacity of the cases chosen to describe the context which was the subject of study. When it came to selecting cases, various criteria were taken into account:

- Cases which had sufficiently exceeded their objective in terms of the financing amount and in which the project would subsequently have been realised. This criterion represents an indicator of success in value co-creation relationships and is an indication of system stability.
- Cases which had generated a high level of activity on the Internet. This criterion is an indicator of the size of the project in terms of active participants. In this respect, participation in forums and the impact on social networks were taken into account.
- Cases in which consumers could participate in different ways. This criterion is an indicator of the typology of forms of co-creation which can arise. In case selection, a detailed analysis of the returns offered by the various projects was relevant.

In this investigation five cases which used crowd-funding were analysed: “El Cosmonauta” (film); “Freedonia”, (musical work); “Orxata Sound System”, (musical work); “La Puerta de Ishtar”, (book); “Diagonal Web”, (newspaper).

3.4. Data collection and analysis

Information gathering was carried out using a variety of information sources with the objective of achieving a more complete and complex understanding of the phenomenon (Järvensivu and Törnroos, 2010). The use of multiple data sources ensured a large

number of perspectives, which were required for the qualitative methodology (Yin, 2009).

The information analysed contained primary data from in-depth interviews and secondary data obtained from a netnographic study of forums and crowd-funding platforms and the impact of each of the projects on social networks.

The context in which the process of crowd-funding takes place is limited to the Internet and online platforms created to facilitate interaction between participants. This situation meant that a netnographic study, along the lines developed by Kozinets (2002, p. 62), emerged as the most suitable approach, given that, as the author indicates, “(...)“Netnography”, or ethnography on the Internet, is a new qualitative research methodology that adapts ethnographic research techniques to study the cultures and communities that are emerging through computer-mediated communications”.

The netnographic analysis was very important for gaining prior knowledge of each of the cases and designing the interviews, identifying the agents participating in the crowd-funding projects, and defining the practices which enabled the different types of co-creation relationships existing between the various agents to be discovered.

The in-depth interviews were carried out with the individuals responsible for each of the initiatives chosen. The interview protocol used for conducting the interviews had a semi-structured format, allowing the option of including unplanned questions during the interview procedure.

Once all of the information had been classified according to codes, a cross-case analysis was able to be performed with the aim of comparing the information obtained from the primary and secondary data, thus strengthening the research results, as suggested by Eisenhardt (1989).

4. Results

Analysis of the data allowed the three research propositions to be confirmed, providing in-depth information on each of the questions raised concerning crowd-funding and its functioning in a cultural context.

In the projects analysed six different types of actors were identified: the Creative core (A1), the project creators; the Platform (A2), managers of an online space for interaction between agents; Financing consumers (A3), who participate by financing the project; Non-financing consumers (A4), who participate in the capacity of consuming the product; Investors (A5), who seek a predominantly economic benefit from their actions; and Experts (A6), who create economic value through different means of co-creation.

Each of these agents adds value to the end result of an experience which begins with the design of a project requiring financing. Nevertheless, a key factor in explaining the success of the projects analysed is the existence of a community prior to the launch of the crowd-funding proposal. In this respect, we can differentiate between two types of proposal. On the one hand, there are proposals put forward by creative agents in relation to a prior activity which has generated a community of followers who will lay the foundations for the feasibility of the crowd-funding project. On the other hand, there are emergent creators who manage to generate interest concerning their proposal through specific communication actions on the Internet by creating expectations about the proposal requiring financing via crowd-funding.

The platform increases the dimension of the proposal through the dissemination and advertising mechanisms available to projects on the Internet. Furthermore, the platform makes certain other important contributions, such as advice on the design of the project, providing security and making payment methods available to participants.

The participation of financing consumers (A3) is motivated by their interest in the production of the work. In this way, they participate through making small contributions

to its financing. We can distinguish between three types of motivations. In the first place, the experiential motive explains the participation of those who wish to feel that they are part of a project and participate in the process of the creation of a work. This type of agent was particularly visible in the proposal for the film *El Cosmonauta* which would become the first feature film to be financed by crowd-funding and which created a sense of participation in an important experience. On the other hand, we can identify the participation of people who through their involvement show their commitment to a type of work or a production method. *Diagonal Web* is an aspect of the media whose editorial line captures the interest of a section of the population which is interested in continuing to access this type of content. Likewise, in the case of *Freedonia*, its success was based on a particular community's desire for a type of non-commercial music to continue being produced. As such, "there were people who waived their reward" as their motivation was purely to support music production. Finally, there is the consumer whose behaviour can be defined as an advance purchase of the product. For this kind of agent within the platform, the definition of the rewards system is the key as they act in the capacity of a buyer. The financing of *La Puerta de Ishtar* was achieved due to the involvement of this kind of agent.

In contrast to other crowd-funding contexts, in the cultural milieu the figure of the agent who participates in exchange for an economic return is present to a lesser extent (Ordanini et al., 2010; Belleflamme et al. 2012; and Lawton K., 2013). Due to the smaller economic scope that cultural projects usually have, this figure has a reduced presence.

Non-financing consumers (A4) do not participate in the crowd-funding project but they have an interest relating to the production of the work. Through actions for publicising

the project, or due to a prior awareness of the creative core, they gain access to the financed work, increasing the size of the project.

Finally, experts can be identified as the agents who are most active in the co-creation process, participating in crowd-sourcing processes which are related to the design and production of a work. In all of the cases analysed different types of co-creation appeared; these are assessed in the next section and relate to the study's second research question (P2). Individuals take part for different reasons. To those already mentioned in relation to financing consumers, it is necessary here to add an additional motive which is the professional interest of some co-creators. According to the creators of Freedonia and El Cosmonauta, if these contributions had been valued in economic terms, the projects would have cost significantly more money.

4.1. Value co-creation among cultural crowd-funding actors

For the analysis of co-creation relationships a typology of seven different categories was used: co-ideation, co-valuation of ideas, co-design, co-test, co-launch, co-investment and co-consumption.

The creative core (A1) maintains relationships with the other agents through five forms of co-creation which are revealed through various practices, i.e.: the drafting and preparation of projects (co-launch); the creation of a Twitter account to raise awareness about the project and source ideas (co-ideation); forums for improving the product (co-test); setting up a Facebook page to create events relating to the project for the purpose of evaluating the product through comments and votes (co-valuation of ideas); and outsourcing activities which require creative energy from collaborators to achieve an improvement to the product or service.

The platform (A2), in its interactions with the creative core (A1), financing consumers (A3) and investors (A5), carries out activities pertaining to co-launch and co-valuation

of ideas. For example: Goteo, Verkami and Lanzanos have a forum for the creative core to explain their projects, they use social networks for disseminating them (co-launch), and they have a forum on which all of the participants can interact to obtain ideas (co-valuation of ideas).

Financing consumers (A3) interact with the creative core (A1) and the platform (A2) through various practices: forums or social networks for discussing a product and participating in its design (co-ideation); financing projects (co-investment); testing and proposing alternative approaches on forums (co-test and co-launch); voting on project options to ensure a critical mass (co-valuation of ideas). Financing clients consume and recommend the product, building a unique experience around it (co-consumption) and they also collaborate with the creative core and the platform in the collective production of a good or service (co-design).

Non-financing consumers (A4) interact with the creative core and financing consumers through practices such as purchasing the product (co-consumption) and recommending and disseminating the project (co-launch).

Investors (A5) are connected to the creative core (A1), the platform (A2), financing consumers (A3) and non-financing consumers (A4) through financing the project (co-investment).

Experts (A6) are connected to the creative core (A1), the platform (A2) and financing consumers (A3) through their participation in forums for the discussion of alternative approaches to the proposed ideas (co-ideation), the joint production of a good or service (co-design), voting for evaluating proposals (co-valuation of ideas) and discussions on the good quality of products and the launch of these (co-test and co-launch).

Table 6. Value co-creation practices between the actors in cultural crowd-funding platforms.

Agents	Interactions between agents	Forms of co-creation	Practices carried out
Creative core (A1)	A2, A3, A4, A5 and A6	Co-launch	Writing and preparation of the project in order to introduce it on the platform.
		Co-ideation	Creation of a Twitter account for informing people about the project and seeking possible collaborations, and using this to gather ideas for the product or service.
		Co-test	Participation in forums, both on the platform and within the communities of users who form the critical mass. The objective is to improve the product or service.
		Co-valuation of ideas	Setting up of a Facebook page on which events relating to the project are created with the objective of evaluating the product through comments and votes.
		Co-design	The creative core or <i>crowd-sourcer</i> outsources activities which require the creative energy of collaborators to achieve an improvement to the product or service.
Platform (A2)	A1, A3 and A5	Co-launch	Goteo, Verkami and Lanzanos have a page in their directory that is available to the creative core for explaining projects and they use social networks for dissemination. In short, they provide the means necessary for launching the product or service on the market.
		Co-valuation of ideas	Goteo, Verkami and Lanzanos provide a forum where all participants can interact as a way of obtaining better ideas for the product or service.
Financing consumers (A3)	A1 and A2	Co-ideation	Consumer-investors are connected to the creative core through forums and social networks so that participants can discuss, ask questions or suggest alternative approaches in order to solve a problem collectively.
		Co-investment	A relationship arises between the consumer-investor, the platform and the creative core at the financing stage.
		Co-test and co-launch	Consumer-investors are connected to the creative core through forums and social networks so that participants can discuss, ask questions or suggest alternative approaches in order to solve a problem collectively.
		Co-valuation of ideas	A variation of the previous practice is contributing to forums with the objective of voting for a project option that will be reflected in a service or product based on votes by all users; this is a way of ensuring that you will have a critical mass of

			followers of the product or service.
		Co-consumption	Consumer-investors act as project recommenders on social networks, and as such they increase the critical mass of people who might be interested in collaborating.
		Co-design	Consumer-investors collaborate with the creative core and with the platform for the joint production of a good or service.
Non-financing consumers (A4)	A1 and A3	Co-consumption	These are connected to the project's creative core when they buy the product.
		Co-launch	They are related to other non-financing consumers with the goal of publicising the project that they have discovered.
Investors (A5)	A1, A2, A3 and A4	Co-investment	A relationship arises between investors, the platform and the creative core when a project is financed.
Experts (A6)	A1, A2 and A3	Co-ideation	Crowd-workers or experts are connected to the creative core through forums and social networks so that participating experts can discuss and suggest alternative approaches in order to solve a problem collectively.
		Co-design	Crowd-workers or experts collaborate with the creative core and with the platform for the joint production of a good or service.
		Co-valuation of ideas	Forums can be used for the purpose of voting for a project option that will be reflected in a service or product based on votes by all experts.
		Co-test and co-launch	Crowd-workers or experts are connected to the creative core through forums and social networks so that participants can discuss, ask questions or suggest alternative approaches in order to solve a problem collectively.

4.3. Balanced centrality

Case analysis based on personal interviews with project promoters allowed the importance of a balance of interests among all participants in a crowd-funding project based on the experiences of each of them to be investigated. The experiences analysed prove the importance attributed to taking into account the perspectives of all of the agents involved in the project, corresponding to the balanced centrality theory which was the basis for the third research proposition (P3).

The means of success of a crowd-funding project are related to the existence of a community prior to the launch of the project. This concept has been noted in all of the cases analysed. The formation of such communities explains participants' desire to obtain some kind of benefit from their joint participation with other agents. The description that has been given of the agents involved in a crowd-funding process enables us to identify different interests linked to each typology of participant. The organisational solution should be satisfactory and should respond to the interests of all of the groups involved. Similarly, it must be made possible for the various participating agents to add value.

As such, in a crowd-funding project, the processes which ensure participation in value creation and the chance of achieving the objectives that each participant aims to reach are considered to be essential. For the promoters of the film *El Cosmonauta*, "crowd-funding is a system which works when balance is achieved. Each agent contributes according to their means. There are those who finance the project with a few euros, there are those who feel part of the *El Cosmonauta* community, and then there are the experts who lend their support with hours of work to help the project to grow, who contribute ideas and who make the project possible. This balance has been achieved by striving towards an obvious quality in the project and by treating possible collaborations

as important. Without crowd-sourcing and without contributions from experts it is difficult to achieve balance.”

Crowd-funding can lead to solutions which are balanced in a way that other solutions based on an exchange of resources such as the market do not manage to guarantee. In this respect, the experience of the group Freedonia shows crowd-funding as a solution for gaining access to “products which do not come out on the market because there is not sufficient demand. Crowd-funding empowers minorities thanks to the Internet which allows the production of works which would not be commercially viable. In order to create this solution which is satisfactory to all involved it is necessary to persuade agents to get involved and feel part of the project.” In order to be able to generate all of the economic value of the end result, it is necessary to co-create with people who are interested in music production. Collaboration is necessarily linked to crowd-funding. A community is created not only with followers but also with experts. In our case, crowd-sourcing was involved in publishing videos, posters, books, translations and photographs. This translates into a large amount of money saved by the project thanks to collaborative work. An approach focused on a balance of interests was observed in all of the cases analysed. The publication of the book *La Puerta de Ishtar* was made possible thanks to the participation of financing consumers whose interests lay in the publication of and access to the work. Their actions in terms of pre-purchasing meant that the necessary work could be carried out, facilitated to a large extent by co-creation experiences with experts. Being a commercial work aimed at the market, the promoters took into consideration the interests of agents who did not participate in the process but who would participate at some point in the future by distributing the work. As such, the reward system was designed without resorting to “discounts or packs of several books, so that distributors would not be harmed at a

future date. Ultimately, it is taking the rest of the agents into account when making decisions.”

A balanced solution is achieved on the basis of two principles: the principle of transparency and the principle of horizontality. First and foremost, the stability of the system depends on the quality of the information received by each of the agents. It is important to secure the greatest possible level of transparency and information during the whole project-creation process. Such behaviour promotes co-creation relationships. On the other hand, the relationships between the different participating agents must be horizontal in nature, rather than being led by the participation of just one of the agents.

5. Conclusions

The present study examines co-creation as a basis for achieving balance in a crowd-funding environment from an empirical perspective. No other study has performed an in-depth analysis of the logic which underpins crowd-funding cases, making this an important advance regarding the theory in the domain of many-to-many network theory (Gummesson, 2006) and S-D logic (Vargo and Lusch, 2004, 2006, 2008a).

In the theoretical field, the balanced centricity perspective (Gummesson, 2008a) has been used along with the “Five Co-s” model (Russo-Spena and Mele, 2012) adapted to the crowd-funding context with the incorporation of the concepts of “co-investment” (Ordanini et al., 2011) and “co-consumption or pro-sumption” (Payne et al., 2008; Grönroos and Ravald, 2011; Gebauer et al., 2010). From a theoretical perspective, the results represent three insightful contributions to the previous literature:

- (1) Seven dimensions of co-creation are identified in the crowd-funding context.
- (2) Co-creation is linked to strategy development for achieving balanced centricity.
- (3) A relationship management model is put forward based on system balance (balanced centricity).

Taking the contribution by Vargo (2011) as a reference, which establishes that service-dominant logic is essentially a co-creation model, a theoretical analysis was carried out based on the existing literature which allowed us to identify the various types of co-creation which arise in the crowd-funding setting: co-ideation; co-valuation; co-design; co-test; co-launch; co-investment; and co-consumption.

Each of these forms of value co-creation links the actors involved in cultural crowd-funding to determine the specific way in which value-exchange ecosystems are created. Taking the concept of “value in context” (Vargo, 2008) as a starting point, it was observed that it is the crowd-funding context that determines the specific way in which value is created between actors. It was also sought, therefore, to specify and describe the profiles of the participants in the specific context offered by cultural crowd-funding, and six types of actors were distinguished: the creative core, the platform, financing consumers, non-financing consumers, investors and experts.

An empirical analysis of six successful projects taken from the three most important crowd-funding platforms in Spain enabled the interrelations between all of the various actors to be described precisely, identifying the practices of each one and determining what type of underlying value co-creation was present for each.

Finally, a theoretical model was proposed which has been given the name of “balanced centrality in cultural crowd-funding”. This is founded on the co-creation relationships described between agents, in which the main objective established by the various actors in their decision making is system balance, or in other words, benefitting all of the participants. This information was confirmed in the empirical analysis performed for all of the success cases analysed.

6. Implications for management, limitations and future research

The study has implications for practitioners and scholars. With respect to managers, in the cultural milieu relationships between agents have traditionally been a determining factor in organisations' management (Quero and Ventura, 2011; Hume, 2008). Although relational marketing theories already contained this perspective (Frow and Payne, 2011), the "balanced centrality in cultural crowd-funding" model constitutes a significant contribution, because it replaces the prominent position which until now has been enjoyed by the consumer (Christopher et al., 1991) with the overall balance of the system, in other words, with aiming to benefit all agents (Gummesson, 2008a). This translates into a change in how strategies are understood and applied in organisations, as in every decision organisations will have to keep in mind the implications that their decisions and actions have on the rest of the agents, with the objective of managing to exploit their "strategic potential", as sustained by Gebauer et al. (2011).

It will be necessary, therefore, from a strategic planning point of view, to include the following actions:

- a. Identification of the actors.
- b. Identification of the interrelations between actors.
- c. Identification of the co-creation practices between actors and specification of the types of co-creation.
- d. Identification of the implications of strategic decisions for each of the actors, allowing a strategy selection criterion to be identified in which priority is given to benefitting the greatest possible number of actors and in which the implications of decisions on system balance are assessed.

From a tactical point of view, the empirical analysis covered the practices which are carried out in each of the different types of co-creation and for each of the various actors. The context provided by social networks and the Internet means that, up to now,

this field of communication is of particular relevance from the perspective of strategy planning and design.

Concerning implications for scholars, we point out that the essence of this study lies not in its power to generate generally held theories but in its ability to understand the crowd-funding phenomenon in a cultural context, providing a theoretical model which puts the concept of balanced centrality based on interconnections between agents through value co-creation into practice (Gummesson, 2008; Gebauer et al., 2010; Vargo, 2011).

The analysis of the practices identified in the value co-creation process between actors in the cultural crowd-funding system can be interpreted from the point of view of the fundamental premises of service-dominant logic. Crowd-funding models are structures which are created to enable value co-creation for all actors through the application of the resources of all participants in order to create a market-oriented product based on these relationships. From this perspective, the interviews carried out show: that the most participative clients create value through their comments about a product, through making choices, giving their opinions, communicating and providing financing (FP 6); that the value created is inseparably linked to the collaboration between actors (FP 7); that the perspectives of crowd-funding organisations are, by definition, oriented towards consumers and are inherently relational (FP 8); and that all of the agents who are part of the crowd-funding relationship network generate resources and create value for the system (FP 9).

The results of the present research could be used as a foundation for future studies which go into greater depth concerning the types of value created in crowd-funding, the practices which reflect such behaviour and the marked tendency towards

interconnection between agents which facilitates the emergence and maintenance of ecosystems based on balanced centrality.

Certain limitations to the study arise from the research context. We chose to analyse specific cases of crowd-funding through the most representative platforms in Spain. The sampling design could be improved by broadening the type of cultural projects considered and by including experiences of projects in other countries in the analysis. Likewise, it would be possible to go into greater depth in performing the analysis of practices, creating a specific classification for the crowd-funding environment and its connection to the types of co-creation identified.

This study gives rise to many potential channels for carrying out future research. It would be interesting to check the validity of the theoretical model developed against environments other than the cultural setting. Furthermore, a more profound study of the different factors which underlie the emergence of sustainable ecosystems would be recommended. The crowd-funding phenomenon is just one formula which, with the context offered nowadays by new technologies and the Internet, has found a suitable environment for certain projects. However, the evolution of the world of technology and the growing interrelation between actors will continue to facilitate the development of new models which it will be interesting to include from a theoretical and empirical point of view.

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