

Money from nothing, and the clicks are free: An investigation into the commodification of non-pecuniary compensation in the Digital Economy

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The purpose of a firm is to achieve *superior financial performance* (Hunt 2010). From a Service Dominant Logic (SD-Logic) point of view, it can be argued that firms achieve this as resource integrating actors, which (as part of a larger service ecosystem), co-create value for the consumer (beneficiary of the service ecosystem). This is achieved through the consumer's acceptance of a *value proposition* afforded by bundles of resources in a specific use context (Ng 2013). According to SD Logic, service is exchanged for service (Vargo & Lusch 2004; Vargo & Lusch 2007). Hence, for an exchange to occur, not only must the value proposition be accepted by the consumer, but the provider of a service must also be compensated with a value proposition afforded by bundles of resources in a specific use context. This compensation can be viewed as the 'exchange value' (Ng & Smith 2012) of the service provided to the consumer. In traditional (single) markets this 'exchange value' manifests as purchase price, and hence the compensation to the firm is money (Perlman 1972).

However, compensation from a consumer to a firm does not have to be financial in nature (non-pecuniary). So if the purpose of a firm is to achieve *superior financial performance* (Hunt 2010), at some point a firm must receive financial compensation (as part of a service for service exchange). Ideally, the non-pecuniary compensation received as part of one service ecosystem should be integrated into a different service ecosystem (as part of the value proposition), as in the case of *two-sided markets* (Rochet & Tirole 2003). This is the 'commodification' non-pecuniary compensation (Cherry 2013).

In the connected Digital Economy (DE), many types of non-pecuniary compensation are used (for example, friend referrals, 'likes' or personal data), and it is possible to map more than one service for service exchange, leading to a prevalence of *two-* and even *multi-sided markets*. However it is clear that while there are certain success stories, the 'commodification' non-pecuniary compensation is still a challenge for many firms in the DE (Cherry 2013). The paper proposes a philosophy, methodology and unit of analysis for investigating this issue.

References

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