Social Media Use and Potential in Business-to-Business Companies’ Innovation

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ABSTRACT

The use, potential and challenges of social media in innovation have received little attention in the literature, especially from the standpoint of the business-to-business sector. Therefore, this paper focuses on bridging this gap. The purpose of this paper is to study the use and potential of social media in the innovation context, especially from the perspective of business-to-business companies. The paper starts by defining social media and Web 2.0, and then characterizes social media in business, social media in the business-to-business sector and social media in the business-to-business innovation process. The paper also studies the essential differences between business-to-consumer and business-to-business in the given respects. Finally the authors present and analyze the results of their empirical survey of 110 respondents from Finnish companies. The results suggest that there is a significant gap between the perceived extensive potential of social media and current social media use in innovation in business-to-business companies. They have also identified potentially effective ways to reduce the gap, and clarify the found differences between B2B’s and B2C’s.

Keywords: Business-to-Business, Innovation, Innovation Management, Social Media, Survey

1. INTRODUCTION

The recent innovation management literature has recognized a new increasingly important innovation paradigm, which is based on an open innovation model (Chesbrough, 2003; Gassmann, 2006; Von Hippel, 2005). This paradigm, “open innovation,” emphasizes the importance of the efficient use of all existing and available knowledge and information. Besides the knowledge available inside the company, it particularly emphasizes the knowledge located outside the company borders. In this paradigm it is recognized that valuable innovation-related knowledge is being increasingly widely distributed to different actors, organizations (e.g.,

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companies, customers, suppliers, universities etc.) and communities (Chesbrough, 2003). In addition, the significance of knowledge creation by e.g., open communities of peers is also emphasized. Various types of collaborative web tools and approaches, such as social media, can enable and significantly increase the use of the distributed knowledge both inside and outside the company (Levy, 2009; McAfee, 2006), and also support the transition to more open innovation processes.

The significance of innovation-related collaboration is reflected in the many so-called “success factor studies” that investigate the factors affecting the success and failure of innovations. According to these, successful inter-organisational and intra-organisational cooperation are major success factors in innovation (Read, 2000). Some studies even claiming cooperation to be the most important detected success factor (Muffatto & Panizzolo, 1996). Social media provides quite novel and useful ways of interacting and collaborating in the innovation process, and also for creating new information and knowledge for innovations (e.g., Barker, 2008; Bernoff & Li, 2008; Cachia, Compano, & Dacosta, 2007). These novel ways and approaches have been little investigated because of the novelty of social media concepts and approaches, and because the possibilities of social media are not fully understood in the context of innovation.

Social media utilization in enterprises is a current and popular research topic. Although there do exist studies and information about how companies currently use social media, knowledge about social media use in innovation activity is relatively scarce, both the theoretical and empirical research is quite fragmented, and the empirical research is mainly based on individual, often not too systematically and analytically reported fragmented cases. Furthermore, little is known about how companies see the potential benefits of using social media in enhancing innovation efforts and customer involvement. In addition, the use of social media in different specific contexts, such as the business-to-business sector and in different types of industries, is not well understood. The aim of this research is to illustrate both the current state and potential of social media use in innovation as perceived by Finnish business-to-business (B2B) companies.

The purpose of our paper is to study the use and potential of social media in the innovation context, especially from the perspective of business-to-business companies. We also wanted to ascertain what kinds of important challenges there are currently in implementing social media in the innovation activities of B2B’s. On the basis of the literature available, it can be assumed that the challenges, benefits and useful approaches are at least somewhat different from those of business-to-consumer companies. It has been a relatively common assumption (Eskelinen, 2009; Lehtimäki, Salo, Hiltula, & Lankinen, 2009) that it is much more difficult to utilize social media in business-to-business innovation and customer interface, for instance, because of the many significant differences in the business-to-business products, markets and product development. In addition, it is assumed that the objectives and applications of social media differ in many significant respects between these two sectors, e.g., due to the given differences (e.g., Gillin & Schwartzman, 2011; Kho, 2008). These B2B characteristics and differences are described and analyzed later in this study in more detail.

2. SOCIAL MEDIA IN BUSINESS-TO-BUSINESS

2.1. Definition of Social Media and Web 2.0

Web 2.0 refers to technologies that enable users to communicate, create content and share it with each other via communities, social networks and virtual worlds, making it easier than before both to have real life experiences in virtual worlds and to organize content on the internet with content aggregators (Lehtimäki et al., 2009). Such tools and technologies emphasize the power of users to select, filter, publish and edit information, as well as to participate in the creation of content in social media (Tredinnick, 2006). According to

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