Value Creation in Business-To-Business Crowd Sourcing

Nina Helander, Tampere University of Technology, Tampere, Finland
Hannu Kärkkäinen, Tampere University of Technology, Tampere, Finland
Jari Jussila, Tampere University of Technology, Tampere, Finland

ABSTRACT

In knowledge society the utilization of social media as a communication channel between people, groups and even companies is increasing. Current innovation and social media research has already shown the potential of crowdsourcing in the business-to-consumer (B2C) markets. The authors argue in this paper, however, that crowdsourcing has a great and yet partly undiscovered potential also in the context of business-to-business (B2B) markets. In order to get the full potential, a more detailed understanding of the logic of value creation in crowdsourcing activities between multiple stakeholders in B2B context is needed. This paper presents an exploratory study that is carried out as an empirical netnography-based multiple case study. The study opens up potential future research avenues by starting the discussion of value creation logic in B2B crowdsourcing. Practical implications are created through cases revealing what kind of value companies have already been able to gain from crowdsourcing in B2B context.

Keywords: business-to-business relationships, business to consumer, Crowd Sourcing, markets, value creation, value functions

INTRODUCTION

The increasingly important managerial paradigm, “open innovation”, emphasizes the importance of the efficient use of all available resources, knowledge and information. Besides the resources and knowledge inside the company borders, it emphasizes the significance of utilizing particularly the resources and knowledge residing outside the company borders. This is because valuable innovation-related knowledge is being increasingly widely distributed to different actors, organizations (e.g. companies, customers, suppliers, universities etc.) and communities.

Crowdsourcing (Howe, 2008) is relatively novel, but increasingly important ways to involve customers, end users and their expertise and knowledge in innovation. Crowdsourcing can be broadly defined, according to Howe (2008) as an “act of taking a job traditionally performed by a designated agent (usually an employee) and outsourcing it to an undefined, generally large group of people in the form of an open call”. Crowdsourcing can be utilized for instance to identify new business opportunities.
and new product ideas, to deepen relationships with consumers and customers, and to enhance collaboration not only inside but also between companies and other parties (Burmann, 2010; Chesborough, 2011; Whitla, 2009). However, in order to achieve novel, but useful ways of working together in business-to-business (B2B) relationships, companies should understand carefully the value created in crowdsourcing activities from different perspectives of engaged actors, such as direct customers and suppliers. According to Gillin and Schwartzman (2011) the best operating B2B relationships are symbiotic in terms of e.g. mutual engagements and alignment, which are rooted by aspiration, needs, and challenges of both parties. We also highlight the role of social media in creating new potential for crowdsourcing: crowdsourcing can be carried out in many ways, but nevertheless crowdsourcing has gained novel interest due to new possibilities and value creation options created by various approaches provided by the social media.

The current lack of organized and analyzed case evidence and examples for companies operating in B2B markets, and developing products for other companies in particular, makes it difficult for managers to estimate the possibilities of crowdsourcing in B2B relationships. Some characteristics of the B2B sector, such as B2B’s having typically far fewer customers than business-to-consumer’s (B2C’s) (Gillin & Schwartzman, 2011; Geehan, 2011), often make it difficult to locate sufficiently large crowds of customers for crowdsourcing purposes. Due to the differences between B2B and B2C markets, the currently available academic studies that almost merely present crowdsourcing examples and analysis results from companies operating fully or mainly in B2C markets, are useful as examples only in a limited way to B2B markets and relationships.

Based on earlier studies (Jussila et al., 2012; Kärkkäinen et al., 2011; Kärkkäinen et al., 2012; Simula & Vuori, 2012) we argue, however, that there is a great potential related to crowdsourcing use in the context of B2B markets and relationships. In order to get the full potential, there is a need for a more detailed understanding of the logic of value creation in crowdsourcing activities between multiple stakeholders in business-to-business context. We argue that crowdsourcing-related value creating networks can be better designed to provide significant value for the suppliers, customers and other network members on the basis of increased understanding of crowdsourcing-related value creation.

In the recent marketing literature, the conceptualization of value has divided to two differentiated main streams: the other deals with the value of products and services, while the other focuses on the value of buyer-seller relationships (Lindgreen & Wynstra, 2005). Our perspective of value creation is based on the latter stream as we utilize the function viewpoint presented by Walter et al. (2001) as an analysis tool for the value creation. We are particularly interested to analyze the value the supplier company gets from crowdsourcing, not so much to the motivation of the single individuals to participate in the innovation process nor to the value from the customer organization’s viewpoint, which is already more covered viewpoint in most of the recent value creation analyses (see e.g. Möller & Törrönen, 2003).

Thus, the goal of this exploratory study is to understand how crowdsourcing has been used and can be used in business-to-business relationships to create value for the focal supplier company. We will carry out an empirical netnography-based multiple case study, in which we examine crowdsourcing use and value creation in the context of business-to-business relationships. We analyze the empirical data through a theoretical framework that is based on Walter et al.’s (2001) value function analysis framework, which can be used to understand especially the value created by different value functions. The research seeks answers to the following research question: what kind of value is crowdsourcing able to create in B2B relationships in regard to value functions, particularly from supplier’s perspective?

The structure of the paper is as following. After the introduction we will define
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