Online Review Site Data in Service Innovation

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ABSTRACT

The increased emphasis of customer understanding and involvement in successful service innovation has resulted to the development of various co-creation approaches striving for tight coupling between customers and companies. While highly integrative methods certainly have their place, there is also a need for lighter means for gaining customer understanding amidst the organizational reality of limited budgets and time famine. Given this, the objective of the study is to examine ways of virtual customer integration, namely utilizing feedback customers give on public online review sites as a source of new ideas and inspiration for service innovation. This study brings new understanding on how firms can best leverage online review sites as a part of their customer integration tool portfolio to support their innovation activities.

KEYWORDS

Customer Integration, E-Services, Online Review Sites, Service Innovation, Virtual Idea Collection

INTRODUCTION

Benefits of companies integrating their customers to their innovation processes have been discussed in the innovation literature for a long time, both in product (e.g. Von Hippel, 1986; Gruner and Homburg, 2000) and service development (e.g. Alam and Perry, 2002; Kristensson et al., 2002) contexts. This discussion is all but waning now thanks to the increased popularity of service dominant logic thinking, which emphasizes the importance of thoroughly understanding customers’ value creation processes and the experienced value-in-use (Vargo and Lusch, 2011). Such an approach requires companies to increasingly integrate customers to development processes when creating new offering and operational improvements.

A wide variety of means for actually realizing customer integration in new service development have been proposed ranging from more arms-length methods such as customer surveys and interviews (Eloranta et al., 2015) to more intensive alternatives like observation and emphatic design techniques (Leonard and Rayport, 1997) or participatory collaboration with users throughout the design process (Ellis and Kurniawan, 2000). In terms of key differences between various approaches, Gustafsson et al. (2012) found increased benefits in more active and in depth collaboration with customers compared to passive and unidirectional ways of involvement. Similarly, Witell et al., (2011) have argued that companies should strive for methods that allow tight integration with customers. However, tight integration also has its drawbacks. Magnusson et al. (2003) noted that if integrated too closely, customers can start forming similar mental constraints that professionals working in companies have, which reduces their creativity. Further, tight integration can be resource intensive (see Edvardsson, 2012), and companies have been found to prefer low-cost options both in financial and human resource terms in real life situations (Alam, 2002). Thus, while more integrative and in depth methods bring
benefits, it is crucial to also examine the more lightweight methods as they certainly have their place in the hectic daily life inside companies.

From this perspective, IT mediated customer integration is very interesting for several reasons. First, the interaction can be asynchronous and not necessarily tied to a specific time or place. The increased temporal and spatial flexibility should make activity less cumbersome for all parties involved in the process. Second, due to the proliferance of user generated content containing consumer opinions on products and services in various virtual environments such as discussion forums, social networking sites and public online review sites, companies can access vast amounts of data containing information about their customers’ preferences, simply and nonintrusively (Lu and Stepchenkova, 2015). Interesting in these involvement arenas is also the fact that the customer’s themselves are taking initiative in providing feedback for the company (Pantelidis, 2010), which combined with the previous point translates to low costs of data collection. Finally, and perhaps most importantly, Ryzhkova (2015) found that companies that actively collaborate with their customers online for innovation purposes were more likely to introduce new service innovations than firms not doing so.

Online review sites - public web-based services that allow consumers to rate and give open feedback to service producers - are especially intriguing source for customer understanding as their main purpose is sharing of product and service evaluations between consumers and companies. Unlike Facebook, Twitter and many other social networking sites, the content of which is in practice difficult to search and access (see Lu and Stepchenkova, 2015), online review site data is technically rather easily available. Further, as the consumers generating the content in online review sites should have direct experience from a real life service use situations and contexts, they have the capability reflect on the actual service use and its key value drivers, which is highly beneficial in terms of capability to offer insight for service innovation (Edvardsson et al., 2012).

Still, the suitability of online review sites for gaining insight for service development is not completely straightforward. Open innovation research has shown that when customers air their ideas and feedback in virtual environments, they don’t necessarily spend much time doing it (Majchrzak and Malhotra, 2013). This raises questions whether the content is profound enough to act as input for development activities. Promising observations on utilizing online review data for service innovation have been made (e.g. Brejla and Gilbert, 2014; Stringam and Gerdes, 2010), but these studies have mainly been conducted in tourism context and utilize quantitative research methods instead of more in-depth qualitative content analysis. While this work provides a solid foundation for the present study, to fully understand the potential of utilizing online review sites as means of customer integration we need more qualitative studies studying in depth the nature of online review site content in a variety of different contexts.

This study aims to address this gap, focusing especially on what kind of input collection and analysis consumer reviews in public online review sites can provide for the purposes of e-service companies service innovation activity. The main research question of the study is:

What kind of ideas or inspiration for new services or improvements to existing offering could e-service companies gather from online review site data?

These questions are examined using multiple case study of three e-service companies’ online reviews in the public online review site Trustpilot.com. The findings show that online reviews contain only very incremental ideas for service innovation mainly related to small improvements to existing services. Regardless, reviews do manage to provide interesting windows to the actual service use situations and experiences, making it an interesting source for information in terms of service innovation.
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