Chapter 14
Customer Involved
Open Innovation:
Innovation of New Products with
End Users and Customers

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ABSTRACT

Because of both technological developments on the internet and user preferences, user or customer involvement in NPD is becoming more popular and receives broad attention from both academia and businesses. One of the major advantages of involving the customer in product development is that user needs and preferences can be implemented at an early stage of NPD, therefore enhancing the chance on acceptance and adaptation of the new product in the user market. This advantage leads to firms and companies wanting to involve their customers in the innovation process at every possible moment. But then questions arise on when, in which phases, which customers to involve, and which tools to use to support the involvement. This chapter addresses these questions by providing guidelines for customer involvement in NPD.

INTRODUCTION

Industrial society has changed a lot since the development of the service economy and information technology. We have entered an era in which customers take part in the value creation processes of firms, either on their own initiative or on invitation by these firms, and thus creating and producing their own goods and services. Initiatives from companies like Adidas, LEGO Factory, Starbucks and Dell are only a few of the many examples where consumers are invited by firms to supply ideas for new products and services, sometimes to even co-design and co-develop them, and, in a few cases, co-produce the goods and services. The “co-” in these terms indicates that it concerns activities, conducted by two or more actors together. This togetherness does not necessarily imply that these activities take place.

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in the same time or at the same location; they can be asynchronous and remote. As actors, we mean, in this particular chapter, customers or end users and the firm.

However, there are still a lot of organizations that think that customer involvement is just a fad, a hype. A recent survey among Dutch marketers exhibited that about 70% of researched companies has never made the step to invite customers in co-creation, half of them state they fear to do so, because the company is not ready for the step, but also because of fear of an assertive and empowered customer (Helkema, Vugt, & Bosveld, 2008). Other surveys show that organizations think it is costly to involve customers (Chan & Lee, 2004). And many R&D driven organizations also are reluctant because of IP-breaches or disclosures (West & Gallagher, 2006). These fears and uncertainties can be taken away, when proper guidelines can be provided on how to harness these customers’ potential.

Based on research synthesis (Denyer, Tranfield, & van Aken, 2008) we will explore this phenomenon which is often called co-creation (Prahalad & Ramaswamy, 2003), and will provide guidelines for companies that want to make use of the ‘wisdom’ of their customers in innovation projects. These guidelines are for selecting the customers to involve, identifying the innovation phases or activities that can benefit from customer participation, and applying techniques and tools best suited to support the process of customer involvement in innovations.

(THEORETICAL) BACKGROUND

Prosumerism

Until the industrial revolution it was very common for production and consumption to be fused into a single life-giving function; the producer consumed his own goods. The industrial revolution changed this situation dramatically and created a civiliza-
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