

Chapter 16

Open Innovation through Customers: Collaborative Web-Based Platforms for Ethically and Socially Responsible New Products Part 1

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ABSTRACT

This chapter aims at analyzing how firms can successfully embrace an Open Innovation (OI) process through customers, involving them, individually or in communities, in the co-creation of ideas, knowledge, products, services, processes, putting into action and integrating their creativity with firms' resources. Three main areas of interest are analyzed through a literature review process, to create a framework able to show the challenges organizations have to meet simultaneously externally (i.e. consumerism) and internally (i.e. organizational changes) in this shift of the innovation paradigm: consumerism features and challenges, OI approach and web-based platforms, and organizational issues involved in the OI paradigm shift. This chapter affords consumerism and OI approach, while the next, which is the sequel of this one, discusses OI platforms and organizational changes as well as the resulting framework. Four contributions distinguish this study: (i) the link between consumerism and OI; (ii) the focus on customers as a source of external innovation; (iii) the identification of alternative ways to access OI with customers and their features; (iv) the disclosure of a "hybrid" mode to develop OI through customers.

INTRODUCTION

Consumerism studies have their roots at the very beginning of the marketing discipline. Buskirk and Rothe (1970) stated that consumerism can be related "to what has been popularly accepted

as the marketing concept for the past 20 years, which suggests that the purpose of a business is to provide customer satisfaction" (p. 61). Kotler (1972) defined consumerism as the "social movement seeking to augment the rights and power of buyers in relation to sellers" (p. 49). Over

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time the power of buyers has become central to marketing and customer-centric strategies and a “must” for firms oriented to customer satisfaction and long-term profitability (Kaufmann & Khan Panni, 2013).

From a customer perspective, consumerism can be “defined as the organized efforts of consumers seeking redress, restitution and remedy for dissatisfaction they have accumulated in the acquisition of their standard of living” (Buskirk & Rothe, 1970, p. 62). Evidently, consumer dissatisfaction causes change over time with the undertaken corrective actions, following social and economic environment evolutions (Granzin & Grikscheit, 1976) and call for firm continuous attention, because their development is even more rapid and radical than in the past. This is due to globalization and new interactive communication tools, understood as Web 2.0 features, which provide instant information flows all over the world and an on-going socio-economic change with cross influences between countries, unimaginable until a few years ago.

Globalization and the rapid exchange of information and knowledge, enabled by new technology features, are the engines (Perrone, 1996) of hypercompetition (D’Aveni, 1994), and assume a major role in changing consumer - firm reciprocal attitude. Today customers play a decisive role in firms’ decisions, their satisfaction and loyalty is vital for firm survival, even more so when competition is a worldwide game.

Customers are aware of their role in firm success and of their power in affecting firm decisions about new products and strategies. These aspects represent both an opportunity and a threat for firms; an opportunity because their willingness to participate in firms’ decisions can be used to better answer their needs involving them in different stages of new product development; a threat because customers claims and dissatisfaction motives and causes towards a firm can be known, wrongly or rightly, all over the world thanks to a

“click,” disseminating panic and opening a firm crisis (e.g., Mattel).

Considering customer willingness to participate in the firms’ decision as an opportunity, at an early stage, firms have used web 2.0 features to create blogs, forums, chats and communities in which customers can express their opinions, exchange information, thus creating a new and ever updated source of information and knowledge, sometimes with the firm’s support.

On their own, customers have generated their own blogs, forums, chats and communities developed by or around them which have become a valuable source of information and suggestions for firms, sometimes despite their wishes.

Parallel to this ever more growing awareness about the opportunities and threats of these tools, a new scenario for customer involvement in firms decisions has become possible, leading to OI through customers, spotlighting their priorities which today call for a more ethically and socially responsible course of action by the firm.

The OI approach highlights the opportunities to open up firm boundaries offering the possibility to internalize and combine external knowledge sources with internal ones, allowing the acquisition of complementary resources and competences (Chesbrough, 2003a).

This model, thanks to the web 2.0 interactive features (e.g., social networking sites, folksonomies and wikis, etc.) has developed rapidly above all in B2B context, leading to OI web-based platforms (e.g., Innocentive, NineSigma, etc.), which are useful to facilitate and aggregate customers willing to participate in firms’ innovation processes. These platforms stimulate creativity and innovation aimed at creating and developing products, services or technologies, also solving potential problems within this process. In addition, they support business through: (a) a wide access of experts and contributors (von Krogh & von Hippel, 2003); (b) an earlier proximity to the customer; (c) a support in problem solving,

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