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Erasmus+ Programme
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UNIT 6: Innovation methods

We now have an idea, we know what meaning we hope to deliver and we have a pretty good idea of who our customer is. So just three things. Life is still simple.

So now that we have an idea of how to solve the customer's problem and have hopefully conducted some prototypes and testing, it's time for the rubber to meet the road: We need to actually develop the product or service. Let's assume you don't have all the money and time in the world but that you need to keep costs at a minimum and get your product or service to market as soon as possible.

One potential means to get there is to adopt an effectuation perspective. Effectuation basically means using what you have to develop a solution. This is in contrast to causation, in which you start out with a goal and then decide what you need to get there. In effectuation, what you have available will at least partly define the goal. Effectuation requires creativity and the ability to see possibilities. Remember when I asked how you would create a mode of transportation with some unlikely things.

Another potential way to develop your product or service is to use open innovation. That means involving people or companies outside of your company in your development. Co-creating with customers is a commonly used method that involves asking customers to help you develop a product or service that you then hope these customers will buy.

Open innovation is a very interesting idea. Part of this discussion is about co-creation with customers. This means involving customers in the development of new products or services in active roles. This is a very popular idea and it seems like everyone is for it. But is it always beneficial?

Co-creation is seen as being in line with customer orientation and with the growing trend of customer empowerment, brought about, for example, by social network sites, in which customers may actually want to be involved in developing new products. At the same time, there are arguments against involving customers in new product development. They are believed to lack the specialist knowledge and competence needed. They may not be able to evaluate new concepts when they lack a familiar reference, and they may not be willing or able to think outside their current needs.

So, on one hand firms would like to know what customers want so that they can fulfil these wants, but on the other hand there is the dilemma that customers may not really know what they want.

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Research has examined the effectiveness of co-creation depending on new product radicalness and whether new products are radically new in terms of utilitarian functionality or in terms of hedonic qualities.

An example of an incremental utilitarian innovation is a longer life battery for mobile phones.

A light-emitting diode, based on advanced technological research is an example of a radical utilitarian innovation.

Offering mobile phones in different colors is an example of incremental hedonic innovation.

But designing household implements to look like people or animals is a good example of a radical hedonic innovation.

The research found that, by itself, involving customers in new product development does not contribute to market success. This seems to contradict much of the hype around co-creation. The research indicated that co-creation contributes positively to market success when utilitarian radicalness is high – meaning that there is radically new technology or functionality – but negatively when utilitarian radicalness is low. When hedonic radicalness is high – which means that the product will deliver a radically new meaning for customers – co-creation contributes negatively to market success, but when hedonic radicalness is low, the contribution is positive.

So, if you're developing a product or service intended to create a new meaning – and I hope you are – involving customers in the development probably won't be helpful. You could still involve customers in developing the functional aspects of the product or service. Just keep them away from the meaning aspects.

There are a lot of other methods to develop products or services, and each product or service is going to pose its own requirements and limitations about what makes sense. In fact, part of your brilliance as an entrepreneur is coming up with new ways to do things, so following a recipe might lead to less than amazing results.

Just remember to keep the idea, the customer and the meaning firmly in sight at all times. It can be easy to lose sight of the customer when you're working on an interesting idea. On the flip side there is also a risk that listening too closely to customers will water down your idea. Meaning is something customers usually won't understand until they hold it in their hands, but you need to keep it at the forefront of your thinking during development.

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