Facilitating co-creation in living labs: The JOSEPHS study

Katharina Greve | kg403@cam.ac.uk
University of Cambridge

Dr Veronica Martinez
University of Cambridge

Dr Julia M. Jonas
University Erlangen-Nürnberg

Prof Andy Neely
University of Cambridge

Prof Dr Kathrin M. Möslein
University Erlangen-Nürnberg
“Companies must escape the firm-centric view of the past and seek to co-create value with customers”

(Prahalad and Ramswamy, 2004, p. 7)
Industry Problem

• High failure rate of new product and service innovations - up to 80% of new service innovations fail (Clancy and Shulman, 1991).
• Increasing pressure to reduce time-to-market and cost of introducing new products/services (Simchi-Levi et al., 2012).
• Shift from passive consumer to active innovator (Prahalad and Ramaswamy, 2004).
• Co-creation in living labs is gaining popularity, yet many living labs have failed to fulfil expectations (Schuurman et al. 2012).

Research Objectives

The research objective is to explore, identify and analyse factors that are critical to the facilitation of co-creation in living labs.
Co-creation

The term co-creation refers to any act of collective creativity where more than one individual is involved, resulting in something that is not known in advance (Sanders and Simons, 2009).

Living Lab

Living Labs are defined as user-centred, open innovation ecosystems based on a systematic user co-creation approach integrating research and innovation processes in real life communities and settings (European Commission, 2016).
Research Approach

**THEORY**

- **Literature**
  - Systematic literature review of 278 core papers

**PRACTICE**

- **Living Lab**
  - 2 Workshops (total: 8 hours)
  - 2 Interviews (total: 2 hours)
  - 3 Observations (total: 6 hours)

- **Companies**
  - 1 Workshop (total 4.5 hours)
  - Questionnaire
  - Documents
Research Approach

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Case Study: JOSEPHS

- Living lab
- Established in 2014
- Town centre Nuremberg
- 5 co-creation spaces
- One theme
- Rotate every 3 months
- Open to the public
JOSEPHS’ Co-creation Process

1. BRIEFING and RESEARCH DESIGN
   - Definition of the research question
   - Establishment of research design
   - Consideration of methods: acceptance, price, usability etc.

2. THREE MONTHS TEST PHASE at JOSEPHS
   - Creation of the business island
   - Start of the theme world
   - Interim results, where required adjustments
   - Feedback from about 1000 co-creators

3. RESULTS and RECOMMENDATIONS for ACTION
   - Qualitative and quantitative analysis and results
   - Presentation and/or workshop in-house

3,000 Visitors
<table>
<thead>
<tr>
<th>Customer Engagement</th>
<th>Relationship Management</th>
<th>Operating Principle</th>
<th>Design Layout</th>
<th>Data Collection Approach</th>
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<tr>
<td>Type of product/service</td>
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**JOSEPHS**

“We figured out that these status-quo emails are quite nice because even when you not have been there you just get a short summary of the day, what happened here.”

–Research Team member at JOSEPHS

**Companies**

“An internal communication tool would help us to communicate effectively and carry on dialogue which is key to this experience.”

–Company Founder & CEO
### JOSEPHS: Critical Factors for Facilitating Co-creation in LL

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**JOSEPHS**

“You also have to communicate [...] that the things which are displayed here, they might break. [...] if they break they are poorly designed, so actually expectation setting is important.”

–Research Team member at JOSEPHS

**Companies**

“I think what would be good from JOSEPHS side is to clearly describe the expectations to company representatives that would like to develop products here. It is not about the great amount of empirical data that you can rely on here but based on our perspective, it is about identifying the problem.”

–Business Development Manager
Companies: Critical Factors for Facilitating Co-creation in LL

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**Companies**

“From JOSEPHS side documentation of best practice would be beneficial whether this is contents wise, links to other company projects or tools that have been successful in other projects. The beauty is that you can create a knowledge base as time goes on and hence, added value can be created which is based on best practices. Experience starts to build up and more potential to enable interactions becomes possible through documentation that is made available.”

—Company Founder & CEO
### Five Critical Factors for Facilitating Co-creation in LL

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<td>Willingness to co-create</td>
<td>Participation</td>
<td>Room for action/ interaction/ discontinuation</td>
<td>Service Facilities</td>
<td>Explicit research question</td>
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<tr>
<td>Social context</td>
<td>Relationship</td>
<td>Comfortable atmosphere</td>
<td>Clear structure &amp; storyline</td>
<td>Workshops to reach specific audience</td>
</tr>
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<td>Perceived relevance of service</td>
<td>Integration/ Involvement</td>
<td>LL as a consulting/ service provider</td>
<td>‘Hands-free’ approach</td>
<td>Capture first impression &amp; receive authentic feedback</td>
</tr>
<tr>
<td>Customer capabilities, skills &amp; motivation</td>
<td>Interaction</td>
<td>Continuous feedback &amp; immediate adjustments</td>
<td>Design of Island: key elements &amp; order</td>
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</tr>
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<td>Mobilizing behaviour</td>
<td>Expected Benefits</td>
<td>Establishing ‘themes’</td>
<td>Intuitive elements of familiar behaviour</td>
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<td>Type of product/ service</td>
<td>Managing expectations</td>
<td>Relevance for B2C &amp; B2B</td>
<td>Reflect WIP status to encourage feedback</td>
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### Relationship

**JOSEPHS - Customer**
- Convey the seriousness of customer contribution
- Tailored approach for guidance
- Opportunity to give feedback about JOSEPHS
- Recruitment and continuous training of guides

**JOSEPHS – Company**
- Background information about company
- Sharing best practices
- Consulting through a tailored project template
- Creation of networking opportunities

### Theory, Living Lab & Companies agree

- Literature
- JOSEPHS
- Companies
### Findings

<table>
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<th>JOSEPHS</th>
<th>Companies</th>
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<tr>
<td>• Focus on behavioural aspects, motivation, and incentives of the customer</td>
<td>• Strong focus on operational goals and the relationship to the customer, the data collection approach and design layout of the living lab.</td>
<td>• Focus on operating principle of the living lab, the data collection approach, and the relationship between them and JOSEPHS.</td>
</tr>
<tr>
<td>• Lacking attention on the operating principle, design layout of a living lab and data collection approach.</td>
<td>• Lacking attention on strategic objectives.</td>
<td>• Spend less thought on the relationship between JOSEPHS and the customer.</td>
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*Not much agreement between theory and practice with regards to how co-creation can be facilitated in living labs.*
Conclusion

Contributions

• The framework identifies 41 elements grouped in five critical co-creation categories
• First insights into the operational activities and design structures which are implemented to facilitate co-creation in living labs.
• Living labs and companies gain deeper understandings on the factors that are relevant to consider when engaging in co-creation.

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Thank you very much for your attention!

Questions or Comments?

Katharina Greve
PhD Student
Cambridge Service Alliance
University of Cambridge
Email: kg403@cam.ac.uk
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<tr>
<th>Date</th>
<th>Topic</th>
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<tr>
<td>Sept 12th</td>
<td>Webinar Tool. <em><strong>TOOL</strong></em></td>
<td>Prof. Andy Neely</td>
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<tr>
<td>July 18th</td>
<td>Service platform context: a review of the state of the art</td>
<td>Xia Han and Dr. Veronica Martinez</td>
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<tr>
<td>June 13th</td>
<td>Facilitating co-creation in Living-Labs: the JOSEPHS study</td>
<td>Katharina Greve and Dr. Veronica Martinez</td>
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<tr>
<td>May 9th</td>
<td>Supplying innovation: unlocking innovative behaviors in the supply chain</td>
<td>Dr. Jingchen Hou</td>
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<td>April 11th</td>
<td>Mapping Ecosystems: Identifying Service Innovations. <em><strong>TOOL</strong></em></td>
<td>Prof. Andy Neely</td>
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<tr>
<td>March 14th</td>
<td>A small-scale analysis of health service stakeholder networks: insights from social media</td>
<td>Dr. Benjamin Lucas and Dr Mohamed Zaki</td>
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<td>Feb 8th</td>
<td>The seven critical success factors in the shift to services. <em><strong>TOOL</strong></em></td>
<td>Dr. Veronica Martinez</td>
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<td>Jan 11th</td>
<td>Innovating Your Business Model: The Capability Assessment Tool. <em><strong>TOOL</strong></em></td>
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References (1/3)


References (2/3)


References (3/3)

Schuurman, D., Lievens, B., De Marez, L., and Ballon, P. (2012). Innovation from user experience in Living Labs: revisiting the “innovation factory”-concept with a panel-based and user-centered approach. ISPIIM XXIII Proceedings

