

Bridging the Co-creation Gap between Co-creators, Companies and Living Lab

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Key Industry Challenges



Increasing pressure to reduce time-to-market and cost of introducing new products/services (e.g. Simchi-Levi et al., 2012).



Shift from passive consumer to active innovator (Prahalad and Ramaswamy, 2004).



In today's customer-empowered world, co-creation capabilities are critical to the future growth of a company (Bhalla, 2010).



Living labs offer a new platform for companies to engage with customers in a process of co-creation (Lusch et al., 2007) to understand both existing and emerging user needs (Westerlund and Leminen, 2011).

What is 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.** ”

Source: Sanders and Simons, 2009

What is a living lab?

“ Living Labs are defined as physical regions or virtual realities where stakeholders form public-private-people partnerships (4Ps) of firms, public agencies, universities, institutes, and users all collaborating for **creation, prototyping, validating, and testing of new technologies, services, products and systems in real-life contexts.** ”

Source: Westerlund and Leminen, 2011

How co-creation can benefit you (1/2)

- **Real Time Feedback:** Co-creative enterprises do not wait till a new product is designed and launched to obtain customer feedback. Instead, beta versions and prototypes are released to customers and other stakeholders for suggestions which are then evaluated and incorporated into the product.
- **Customer Needs:** Customer involvement helps to easily experiment with new product offerings and also to make the final product as close to the customers' needs as possible.
- **Expect the Unexpected:** Creative and value adding ideas may come from stakeholders not only about products, but also about other areas in the value chain such as product packaging, sales channels and even raw materials used.

How co-creation can benefit you (2/2)

- **Generate Brand Loyalty:** As customers start 'owning' the product from the ideation stage itself, the enterprise is able to build strong bonds and deep relationships with the user community. It also helps immensely towards developing a loyal user group for the brand.
- **Cost Reductions:** Cost cutting is a huge focus area for most companies. Co-creation as a philosophy of doing business makes good financial sense as well by helping to reduce the cost of marketing and the cost of product creation. Co-creation ensures that the company does not lose out its creative and innovative edge.
- **Risk Mitigation:** Co-creation also allows firms to mitigate risks associated with product development to a large extent. As all stakeholders contribute ideas to creating the product, the chances of a product becoming a total flop is mitigated to a large extent. However, while sharing the risk of product development, enterprises must remember that, ultimately, the product ownership resides with the company and therefore, *care must be taken to evaluate each idea* and decide which ones would go into the product.

Case Study: JOSEPHS

JOSEPHS®
DIE SERVICE-MANUFAKTUR

- Living lab
- Established in 2014
- Town centre Nuremberg
- 5 co-creation spaces
- One theme
- Rotate every 3 months
- Open to the public
- Project of Fraunhofer Center for Applied Research for Supply Chain Services & the Chair of Information Systems I at the University Erlangen-Nuremberg

Fur

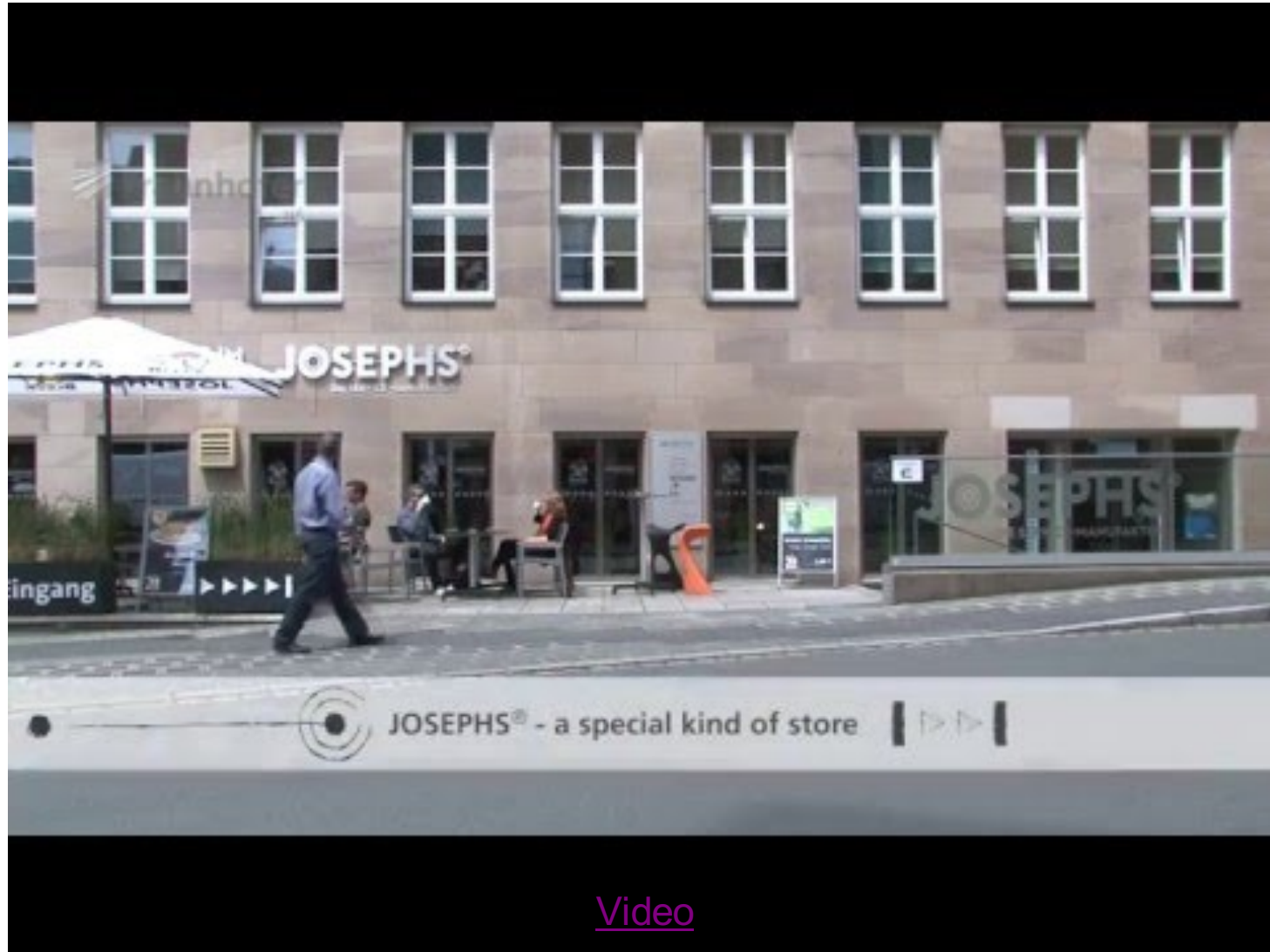
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JOSEPHS



[Video](#)



JOSEPHS' Co-creation Process

- Definition of the research question
- Establishment of research design
- Consideration of methods: acceptance, price, usability etc.



1 BRIEFING and RESEARCH DESIGN



- Qualitative and quantitative analysis and results
- Presentation and/or workshop in-house

3 RESULTS and RECOMMENDATIONS for ACTION

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



3.000 Visitors



JOSEPHS: A brief summary of 2.5 years



11 Theme worlds (May 2014-January 2017)

62 Research partners

+700 Events

29,758 co-creators & visitors



Research Gap & Objective

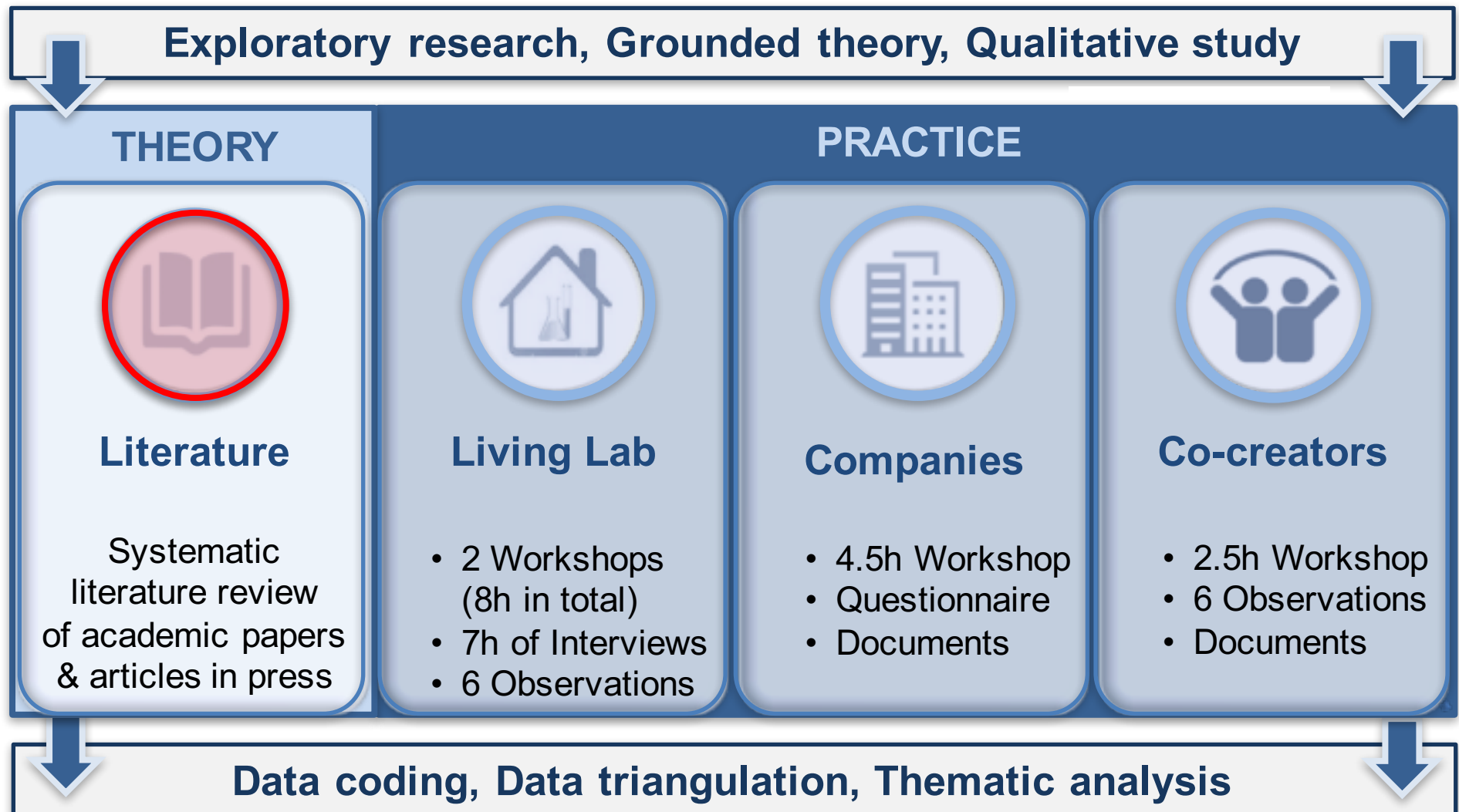
Research Gap

- In spite of a growing body of literature (e.g. Følstad, 2008; Almirall et al., 2012; Leminen et al., 2012), living lab practices are still under researched, and a theoretical as well as methodological gap continues to exist (Schuurman, 2015).
- Understanding multiple stakeholders in the co-creation process in living labs is complex due to their diverse interests. Rosado et al. (2015, p. 81) stress *“the need for more specific descriptions of the practice of running a living lab, i.e [...] how to involve different stakeholders,[...], combined with a more conceptual concern with the possibility of reconciling the interest of these different stakeholders”*.

Research Objective

- This study explores and analyses **elements that are critical to the facilitation of co-creation in living labs** by integrating findings derived from existing literature with primary data collected with managers and researchers of a living lab called JOSEPHS as well as companies and co-creators.

Research Approach



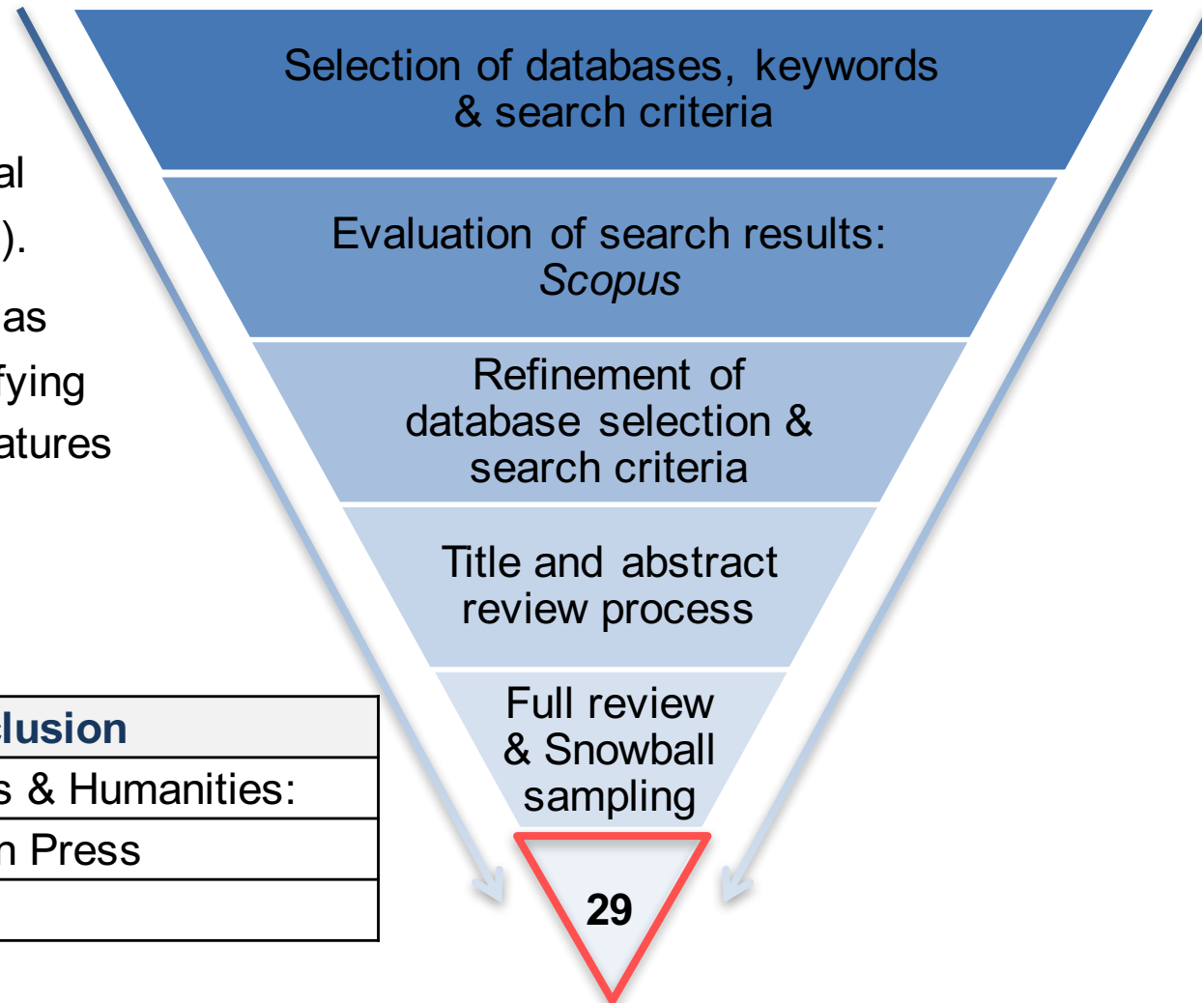
Systematic Literature Review

Rationale

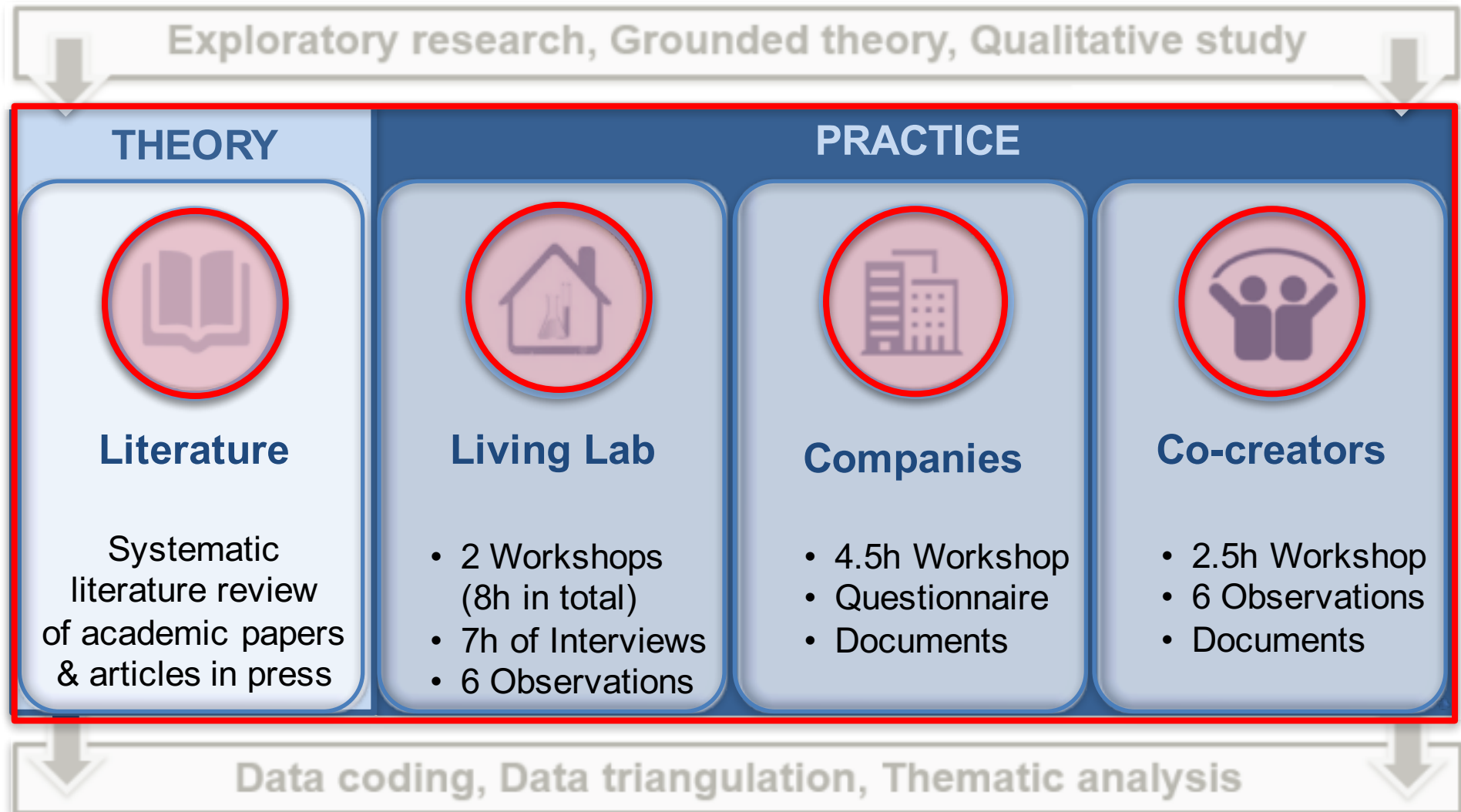
- Performed to first map and assess the relevant intellectual territory (Tranfield et al., 2003).
- It is the most efficient as well as high-quality method for identifying and assessing extensive literatures (Mulrow, 1994).

Inclusion Criteria

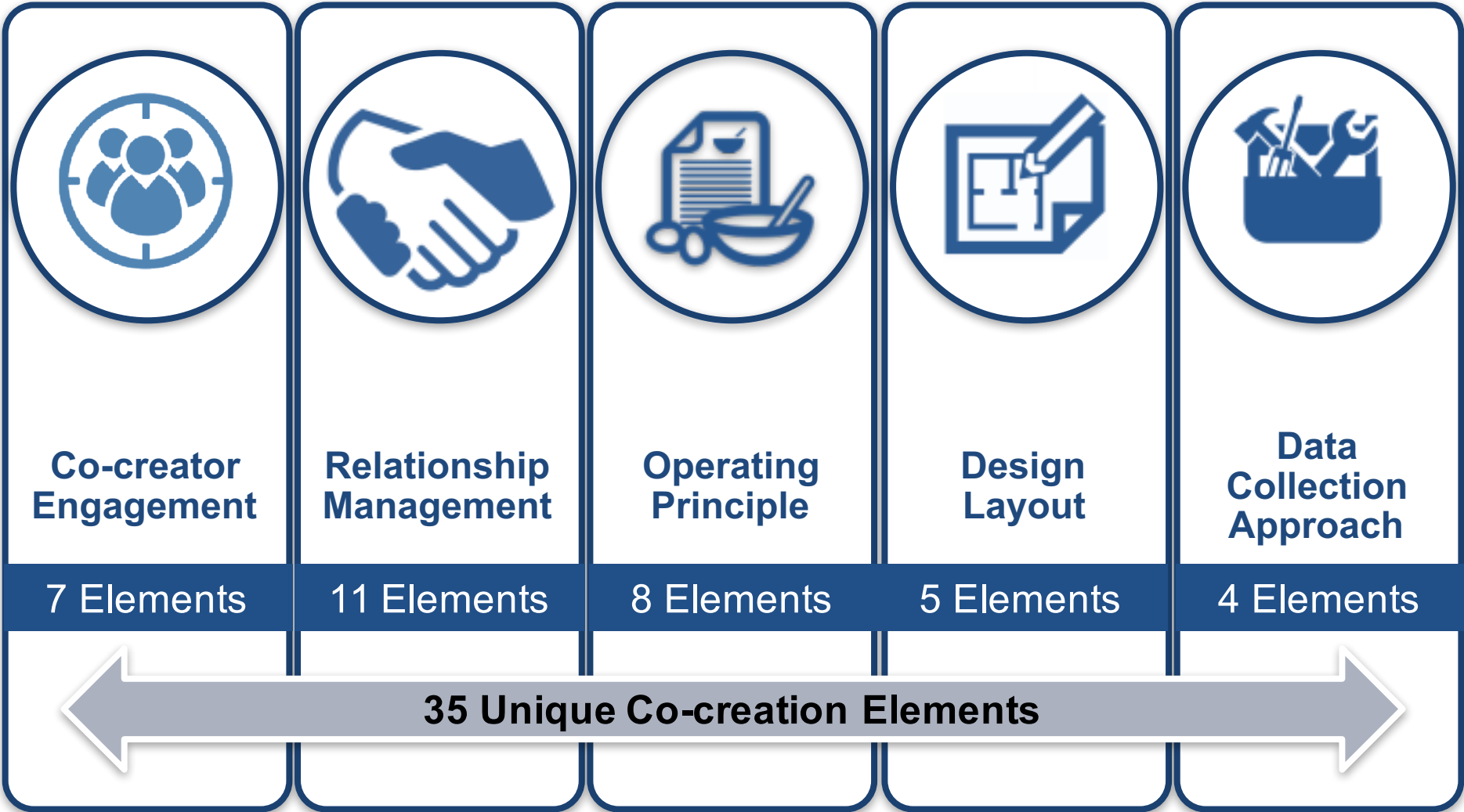
Criteria	Inclusion
Subject Area	Social Sciences & Humanities:
Document Type	Article, Article in Press
Language	English



Research Approach



Five Critical Factors Facilitating Co-creation in LLs



Co-creator Engagement



Co-creation Element
Firm and co-creator willingness and motivation to co-create
Co-creator knowledge, skills and resources
Co-creator attitudes towards the type and brand of service/product
Co-creator's clarity about personal goals for co-creation
Benefits the co-creator derives from co-creation
Social context
Mutual learning

Literature Perspective

“We position the customer in a social context [...]. Different customers may perceive the same service differently, and the same customer might perceive the service differently between occasions in a different social context. (Edvardsson et al., 2010, p. 4)

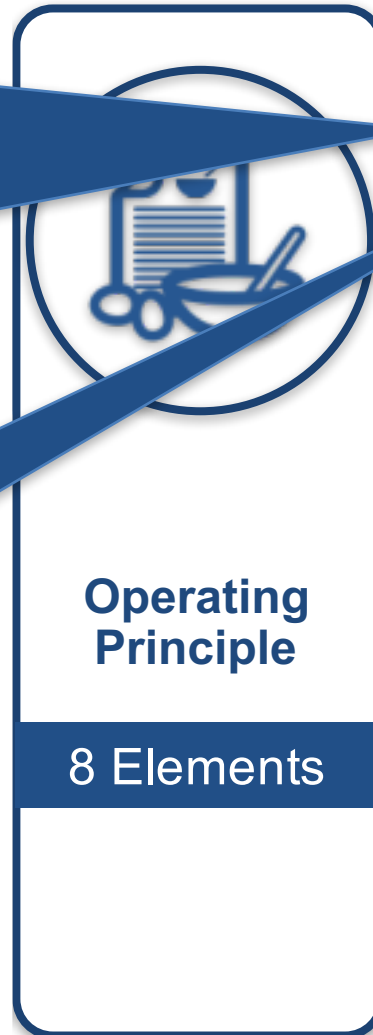
Operating Principle

Companies' Perspective

*"It has to be **informal and casual**. This is extremely difficult to achieve and not everyone can create this atmosphere. I think the idea of JOSEPHS to achieve exactly this is executed really well."*

Living Lab Perspective

*"It is basically the possibility to give feedback within the team [...] there is this **atmosphere** that these problems can be **talked about** with your colleagues and then improved."*



Co-creation Element

Informal and casual atmosphere

Organisation of the LL in changing themes

Central location of the LL

Presentation of drafts and early prototypes

Provision of professional consulting services through the LL

Continuous feedback and iteration of prototypes

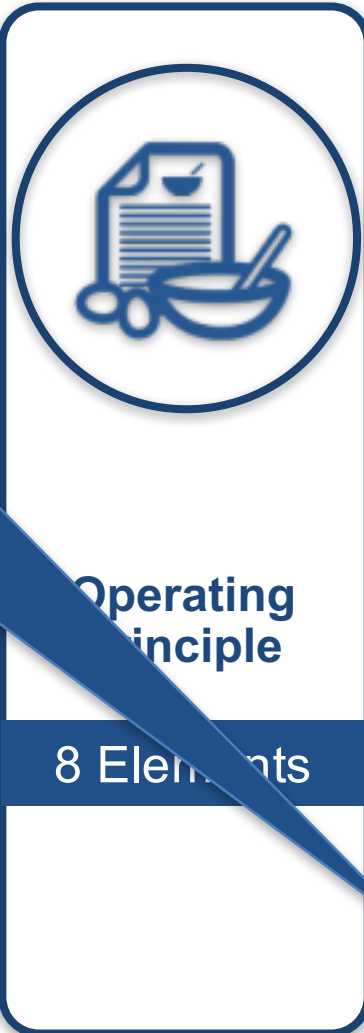
Relevant infrastructures for B2C and B2B projects

Clear explanation of the LL concept

Operating Principle

Co-creators' Perspective

First and foremost, for co-creators it is key *“to understand the concept of JOSEPHS in order to enter the living lab in the first place, participate and leave feedback”*.



Co-creation Element

- Informal and casual atmosphere
- Organisation of the LL in changing themes
- Central location of the LL
- Presentation of drafts and early prototypes
- Provision of professional consulting services through the LL
- Continuous feedback and iteration of prototypes
- Relevant infrastructures for B2C and B2B projects
- Clear explanation of the LL concept

Data Collection Approach

Literature Perspective

*“First, methods applicable for living methods must go beyond those already established and implemented in social research. In the case of social living labs, methods must be devoted to **being interactive and engaging** to fulfil the attribute of “living methods” and creating a real-life environment that is capable of stimulation co-creation.”*
(Franz, 2015, p. 63)

Co-creation Element

Capture the first impressions and authentic feedback

Complementary workshops to reach specific audience

Communication of an explicit research question

Interactive, engaging and tailored data collection tools

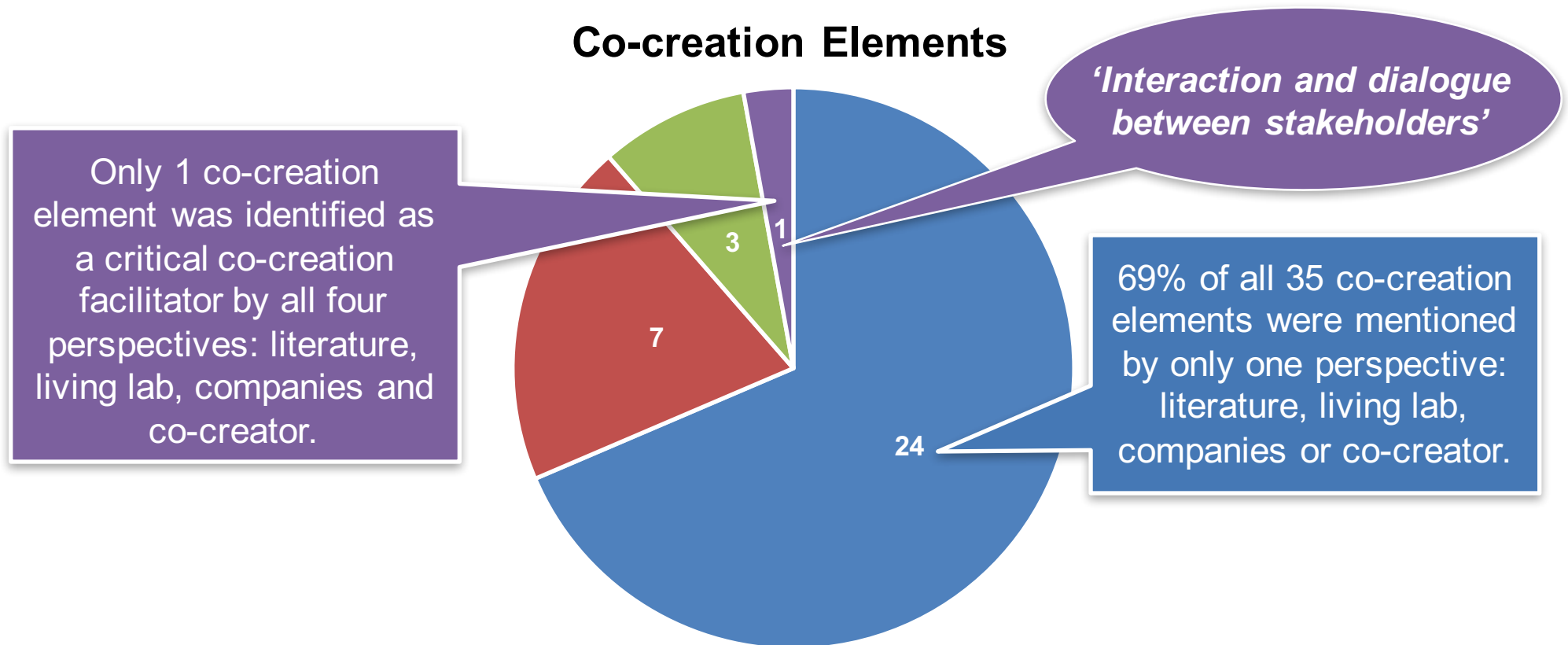
Co-creators' Perspective

In a living lab, there should be *“a **new way of getting feedback.** It has to be interactive.”*



35 Co-creation Elements but Agreement Over Only 1

Co-creation Elements

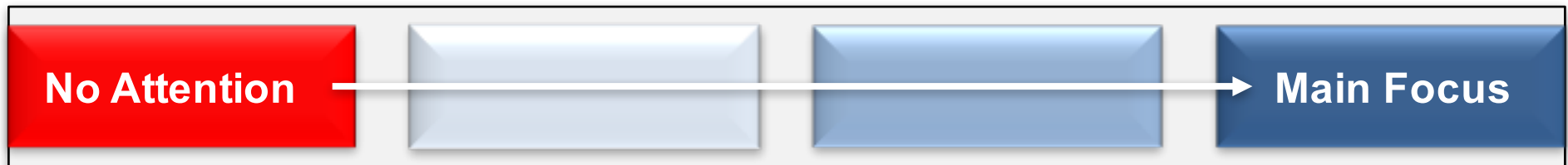


Co-creation element considered as critical by:

- One Perspective
- Two Perspectives
- Three Perspectives
- Four perspectives

Distribution of Co-creation Elements by Perspective

Factor Perspective	Co-creator Engagement	Relationship Management	Operating Principle	Design Layout	Data Collection Approach
Literature					
Living Lab					
Company					
Co-creator					



Distribution of Co-creation Elements by Perspective

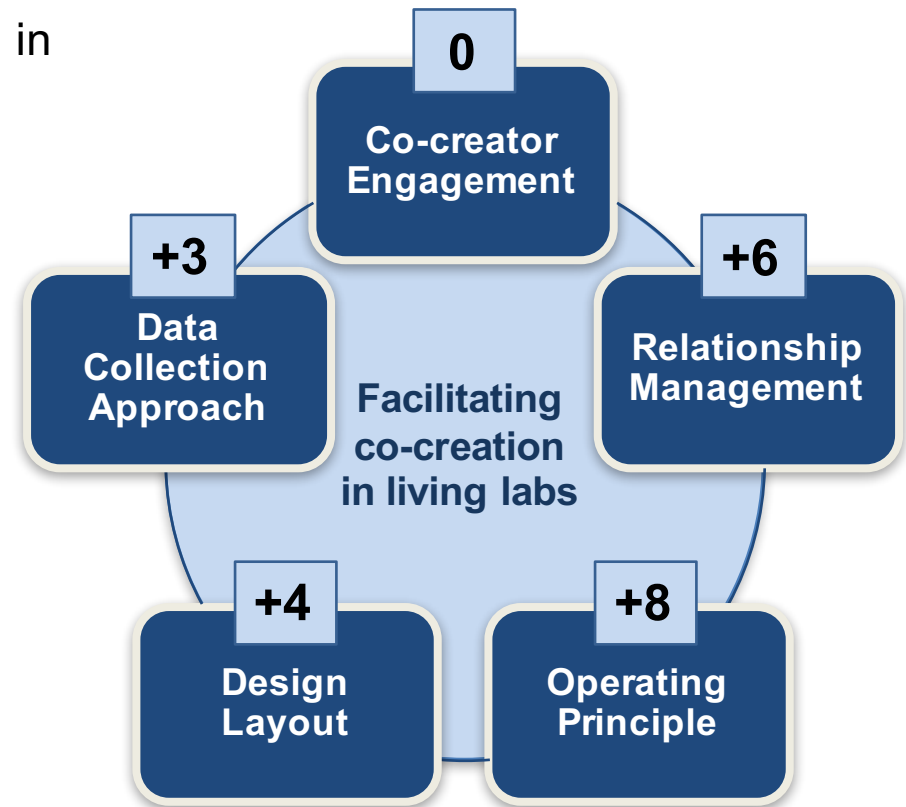
Factor Perspective	Co-creator Engagement	Relationship Management	Operating Principle	Design Layout	Data Collection Approach
Literature	Dark Blue	Light Blue	Red	Light Blue	Light Blue
Living Lab	Red	Dark Blue	Light Blue	Light Blue	Light Blue
Company	Light Blue	Light Blue	Dark Blue	Red	Light Blue
Co-creator	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue



Contributions

Contributions

- The framework identifies 35 elements grouped in five critical co-creation categories.
- This study offers a deeper and holistic understanding of the factors that are relevant to consider when engaging in co-creation in LL.
- Only one co-creation element '*Interaction and dialogue between stakeholders*' (Relationship Management) is identified by all perspectives.
- Each perspective privileges some factors and neglects others. Stakeholders lack a complete and integrated understanding of all factors contributing to successful co-creation in LL.
- Thus, a large gap between theory and practice as well as different stakeholder perspectives appears to exist.



Next Steps



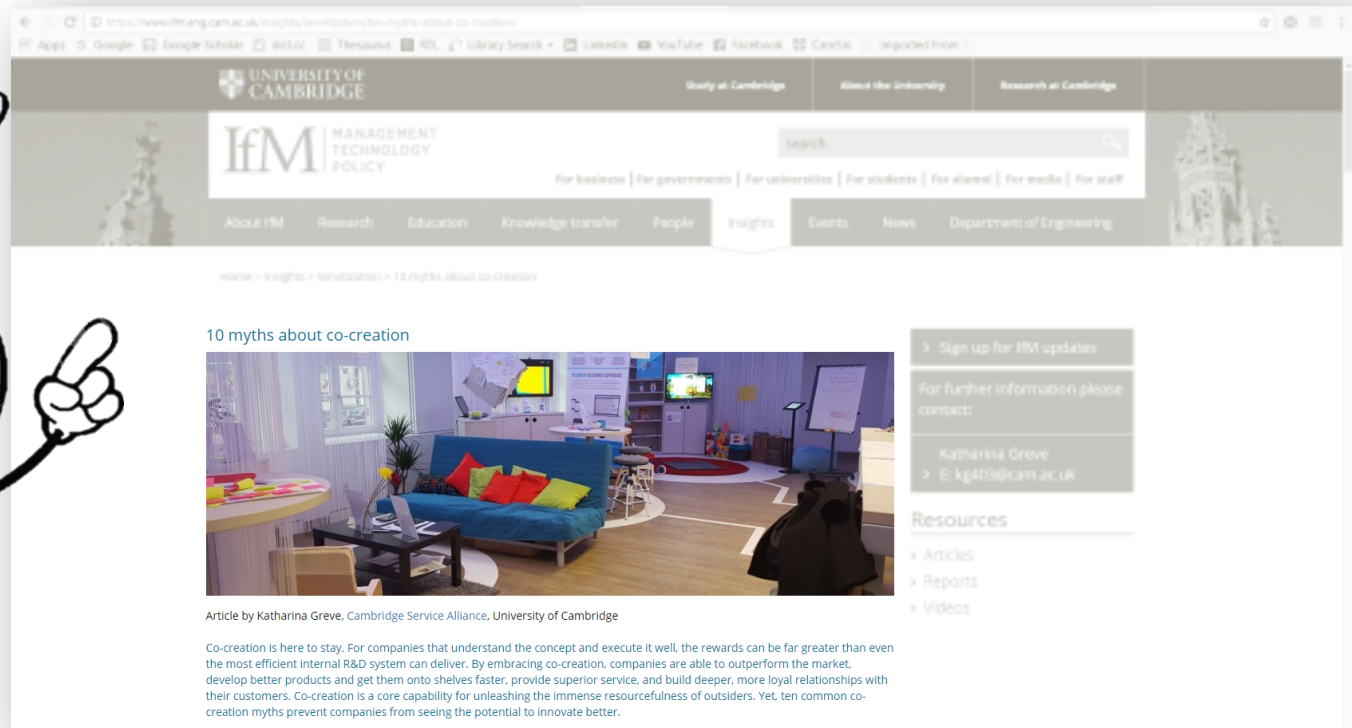
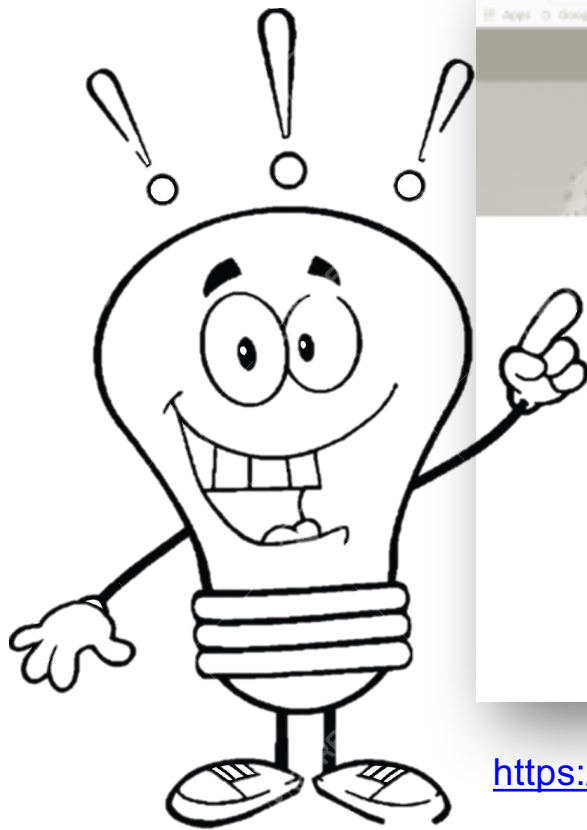
Work in progress

- Clarifying and rephrasing co-creation elements to improve readability and understanding based on initial feedback.
- Validation of five co-creation categories (12-14 academics – outside the research team).
- Advancing the current framework by integrating 14 individual interviews with companies (in total about 12hours).



Additional Resources

IfM Insight Article: “10 myths about co-creation”



<https://www.ifm.eng.cam.ac.uk/insights/servitization/ten-myths-about-co-creation/>

Thank you very much for your attention!

Questions or Comments?

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Additional Resources!

Available online
Conference Paper
Podcast
Webinar
Blog



www.cambridgeservicealliance.org/

Forthcoming Webinars

Date 14:30hr BST	Topic	Invited speaker
2017		
June 12th	Exploring the Service Journey	Veronica Martinez
July 10th	Business Ecosystems: Towards a Classification Model	Florian Urmetzer
Sept 11th	Bridging the Co-creation Gap between Co-creators, Companies and Living Lab	Katherina Greve
Oct 2nd	Barriers and Facilitators to Incident Reporting in Servitized Manufacturers	Chara Makri
Nov 13th	A Systems Perspective on Business Model Evolution: The Case of an Agricultural Information Service Provider in India	Chander Velu
Dec 12th	Using outcome-oriented contracts to foster performance improvements in logistics outsourcing relationships	Torsten Steinbach and Florian Urmetzer

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Literature Perspective: Co-creation Elements

Co-creation Element	References
Attitudinal factors	Van Doorn et al., 2010
Consumer's/firm's willingness to co-create	Lazarus, Krishna & Dhaka, 2014
Social context	Edvardsson et al., 2011
Perceived relevance of the service	Aggarwal & Basu, 2014
Personal goal clarity	Aggarwal & Basu, 2014
Customer capabilities, skills and motivation	Payne et al., 2008
Mobilizing behaviour	Jaakkola & Alexander, 2014
Type of service/product	Lazarus, Krishna & Dhaka, 2014
Participation	Aarikka-Stenroos & Jaakkola, 2012
Dialogue	Auh et al., 2007
Strong relationships	Jaworski & Kohli, 2006
Integration/involvement	Baron & Harris, 2008
Interaction	Payne et al., 2008
Expected benefits	Füller, 2010
Quality of employee interactions	Aggarwal & Basu, 2014
Firm's willingness to integrate customer resources	Jaakkola & Alexander, 2014
Access to operant resources	Payne et al., 2008
Service facilities	Aggarwal & Basu, 2014

Additional Exclusion Criteria

Co-creation outside Management literature	Explanation
Education	Co-creation in the education field refers to the cooperative and constructive relationship between teachers and students (e.g. Journal of Management Education, Journal of Transformative Education, Journal of Research on Technology in Education).
Psychology	In psychology, the patient-professional relationship is often considered in respect of co-creation (e.g. Journal of Counseling & Development).
Family Studies	The same holds for Family Studies, addressing the role of children in the family, as well as gender roles.
Interorganizational Cooperation	In the area of interorganizational cooperation, for example joint ventures, co-creation includes different businesses and institutions (Long Range Planning).
Planning and Development Studies	Moreover, Planning and development studies regularly use the term co-creation to address new venture designs, involving multiple agencies, and constituencies in the project (e.g. European Planning Studies).