Co-creation of Innovative Industrial Solutions with Lead Users: Relational View

Summary of Master’s Thesis
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Research goal and research questions

Co-creation with lead user customer companies is an important way for suppliers of industrial solutions to learn about the customer needs and to develop new innovative solutions. However, the process of co-creation is not yet fully charted. The aim of the study is to describe the co-creation of innovative industrial solutions between a supplier and its lead user customer companies. The aim is targeted by exploring first how the relationship and the relational characteristics influence the co-creation, and second, how the co-creation process is carried out.

Main findings of the study

The supplier's motive to initiate the co-creation is to understand the customers' needs, and to develop commercial solutions based on these needs. That target is easier to achieve, if the supplier has a company culture that encourages and motivates employees to do innovative co-operation with both the customers and the different internal business units. The lead users are motivated co-creation partners, because they have crisp needs before others and they obtain high benefits from innovating. A trustful, long term business relationship is a good basis for the co-creation because it enables open two-way interaction, which is essential to successful co-creation.

The co-creation process has seven stages: idea generation, concept development, development and engineering, testing, pre-announcement, market launch and post-launch. The lead users can act as co-developers, testers and users of the co-created solution. The lead users are involved in the whole co-creation process but the extent of involvement varies. Based on that, the study identifies two types of co-creation processes. In the new solution development (NSD) co-creation process the lead users are involved in co-creation from the idea generation stage to the post-launch, being involved the deepest in the early stages, testing stage, and market launch. In the testing focused co-creation process the lead users are involved from the testing stage to the post-launch being involved the deepest in the testing stage.

Co-creation can improve the quality of the solution and shorten the time to market, if the co-created solution is carefully developed utilizing valuable feedback from the lead users, when the possible weaknesses of the solution can be observed efficiently and at the early stages of the co-creation. A successful co-creation process can provide the first references for the solution, speeding the build-up of the reference portfolio and, thus, the market launch. However, intensive co-creation can increase the time to market, particularly when the co-creation is based on too specific customer needs and a remarkable amount of re-engineering is needed to develop a solution with broader market potential.

The co-creation can improve the sales potential of the solution particularly, if: 1) the co-creation is based on a customer need which represents a more general need among the customer base, 2) the solution is tested intensively at the customers’ facilities enhancing the solution quality and usability; and 3) co-creating with knowledgeable and committed lead users who have own strong motives to participate in co-creation which can increase the innovativeness of the solution. In addition, the co-creation strives to support the supplier - lead user relationship and its continuance. Figure 1 presents the main findings of the study.
Managerial implications

It is crucial to involve heterogeneous customers from different market areas in co-creation and to do it starting from the early stages of the co-creation. This broadens the market potential for the solution and decreases the post-project re-engineering. In addition, this provides diverse test fields, which improves the reliability of the solution, and the possibility to acquire references from diverse market areas early on.

It is important to involve grass root level employees in co-creation. The lead users’ operator level employees do not appear highly committed to the co-creation because co-creation projects often mean changes and complications to their daily work. However, the operators have innovative potential and ideas as they know the operational processes thoroughly. The key operators from several different lead users companies could be involved in the early stages of the co-creation when the commercial solution is no yet at sight.