

CO-CREATION IN NEW SERVICE DEVELOPMENT: AN EXPERIMENT

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SUMMARY

Continually developing and launching new services is of major importance for companies' long-term success. On the one hand, the integration of consumers in new service development (NSD) for co-creating value has been stressed as critically important (e.g., Kristensson and Magnusson 2010). However, surprisingly "user involvement in NSD is an area that is almost unexplored" (Magnusson, Matthing, and Kristensson 2003, p. 113). On the other hand, creative ideas provide the seed for successful service innovations (Magnusson 2009). One way to integrate consumers in the idea creation is through co-creation, especially idea contests (e.g., Terwiesch and Xu 2008). Within such idea contests, people are invited to deal with a certain topic or problem and to upload their creative ideas. Even though prior research has called for innovation tools (Lusch, Vargo, and Tanniru 2010) and idea contests have become prevalent, there is a dearth of research regarding idea contests.

One major challenge for service companies is to identify those consumers who are most helpful during NSD (Goldsmith and Flynn 1992). Even though issues like the size of participating consumer groups has been studied previously (Terwiesch and Xu 2008), so far no research investigated the question of which type of consumer to engage for co-creating value in NSD. Thus, an accurate identification and selection of capable consumers regarding the co-creation in NSD and making use of their creativity potential is critical (Lilien et al. 2002). However, there is limited research regarding consumer characteristics and their impact on the idea quality in the realm of idea contests (Blazevic and Lievens 2008).

Although idea contests are popular, many of them do not acquire enough interested participants because they fail to motivate consumers and to yield valuable contributions (Kohler, Matzler, and Füller 2009). Thus, it has been emphasized that firms need to create an experience which motivates users to engage in virtual co-creation projects and submit their ideas (Füller et al. 2011). However, little attention has been paid toward an understanding of how user co-creation in service idea generation can be influenced (e.g., Alam 2002; see also Magnusson 2009). Blazevic and Lievens (2008) state that there is a need to investigate the motivation of users to co-create and determine why they co-produce knowledge. In general, incentives are a way to increase the motivation of the consumer

to participate and also to bring forward valuable ideas. One way to motivate participants to develop ideas of high quality is extrinsic rewards in form of financial benefits (Toubia 2006). Hence, the use of extrinsic rewards and their impact in idea contests needs to be explored.

This paper contributes to the literature by addressing the question of which users a service company should invite to co-creation and how a service company can proactively motivate consumer participation in co-creation for NSD. Our research investigates different consumer characteristics and their influence on idea quality. Whereas the characteristics are measured from the users' point of view the co-creation is evaluated from a manager's and user's point of view. Furthermore, our research focuses on the influence of incentives on co-creation.

Based on the model of creativity (Amabile 1983) this study investigates the relationships between different consumer characteristics and their impact on idea quality. Amabile (1998) arguments that different components have to merge so that creativity can emerge, namely: expertise, creativity-thinking skills, and motivation. Technical knowledge and use experience are used in this study to account for expertise (e.g., Kristensson and Magnusson 2010). Furthermore, we use being ahead of the trend (von Hippel 1986) and dissatisfaction (Füller 2010) to account for creative-thinking skills. Finally, intrinsic as well as extrinsic motivation, in form of a financial reward, account for the motivation. In the main paper hypotheses regarding the relationship between different characteristics and their impact on idea quality are derived. To test the hypotheses, a two-groups (financial reward: cash prize vs. no cash prize) between-subject experiment was conducted in form of a virtual idea contest referring to the development of an idea for online services of soccer clubs. In total, 105 people participated in the online experiment. All participants were asked to provide an idea and were informed that the assessment of the ideas would be based on the dimensions producibility, originality, and user value. This definition is derived from creativity research (Amabile et al. 2005). Whereas the characteristics were measured reflectively, the dependent variable idea quality was measured formatively. The Consensual Assessment Technique (CAT) (Amabile 1996) was followed for the evaluation of the ideas. Two experts (one heavy user of online services for success clubs and a marketing manager of such a website) were independently instructed to use their expert sense of what is creative in the domain of

question and to evaluate the ideas based on this. In order to determine the inter-rater reliability we assessed Cohen's Kappa (Cohen 1960) with very satisfying results.

Our results show that when calling for idea contests it is of utmost importance that service companies target the "right" people. Overall, we show that especially creativity-thinking skills are of major importance to obtain ideas of high quality. The characteristic with the highest positive impact on idea quality turned out to be dissatisfaction with existing services. Hence, companies need to encourage dissatisfied users to participate in co-creation. Being ahead of the trend shows a negative impact on idea quality. However, the being ahead of the trend component of lead users supports idea quality when the benefit component is given (von Hippel 1986). When service com-

panies invite people ahead of the trend to participate in co-creation, they need to offer a financial benefit. Regarding the motivation component we find a positive influence of intrinsic motivation and extrinsic motivation on idea quality. However, the effect of intrinsic motivation is weakened when offered a financial benefit at the same time. Finally, the results show that the expertise characteristic shows no (technical knowledge) or a positive impact (use experience) on idea quality. Furthermore, if heavy users are constrained by technical knowledge the idea's become less creative. Overall, companies need to install measures at the beginning of service co-creation to quickly gain knowledge about the characteristics of the participants and based on this decide whether to offer a financial benefit. References are available upon request.

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