Introduction

Anything that won’t sell, I don’t want to invent
Thomas Edison

In a tough business environment, innovation is the only route to gaining and sustaining competitive advantage. In the past few years, governments, journalists, CEOs and academicians have embraced innovation as the new Holy Grail for the future development of countries, industries and firms. As students of innovation for several years, we are heartened by the widespread appeal of innovation as a subject for study and practice. At the same time, we are concerned that the substance is getting lost in the hype surrounding the subject, and anecdotal success stories are becoming a substitute for serious research on innovation. Indeed, innovation is difficult to grasp at a conceptual level, and it is even more difficult to implement as a methodical and repeatable process. So when we decided to write this book, we chose to address the topic of innovation from two specific angles.

First, we limit our focus to the role that customers are beginning to play in innovation. We do not attempt to provide a complete treatment of the broad and complex subject of innovation theory and management. Instead, our book seeks to help managers understand how their firms can collaborate with customers at all stages of the innovation process. Customers are the only reason that a firm exists. Therefore, it seems logical to us that they should be the most valuable contributors to the firm’s innovation efforts. However, many issues get in the way of collaborative innovation with customers, including the ‘not invented here’ syndrome of research and development (R&D) labs, functional and business unit silos, poor quality of market research tools, and the lack of cost-effective ways to conduct a dialogue with customers. We believe that many of these barriers can be overcome by the possibilities that digital networks open up for customer collaboration.

Second, and as a direct consequence, we focus on the tools and technologies that enable co-creation as firms engage customers in innovation activities. We examine the enabling role of information and communication technologies (ICTs), and more specifically, the Internet, in collaborative innovation. The Internet is a powerful force for transformation of innovation, and we show how firms can leverage the network to take co-creation...
to the next level. We believe that the Internet and more generally ICTs have distinctive characteristics that can turbo-charge innovation, and that these characteristics have not been studied adequately in innovation and marketing textbooks.

The thesis of our book is simple – customers offer valuable creativity and expertise that can be harnessed in digital environments to enhance the effectiveness of the new product development process. The Internet is the source of the problem that firms face today in innovation – the life cycle of innovative products is shrinking in a network-enabled world where information is transparent, competitors are just one click away, and products get commoditized rapidly. However, the Internet also provides the solution – enabling new forms of value creation with customers and an efficient way to harness distributed competences. Specifically, we highlight the role that digital environments play in allowing firms to engage customers in product design and testing. We define the management of these processes as ‘collaborative innovation’.

We provide a comprehensive review of technology-based tools for marketing interaction and then show how these tools can be mapped to each stage of the collaborative innovation process. We also extend our scope beyond the firm, to study how collaborative innovation is part of the broader phenomenon of distributed innovation – that is, the phenomenon of extending innovation beyond a firm’s boundaries. Indeed, at the network level, innovation is empowered not only by customer collaboration, but also by ‘communities of creation’, virtual knowledge brokering and open-source systems. We provide actionable recommendations for putting collaborative innovation and distributed innovation to work in each chapter.

We hope that our book will enrich an important debate in the academy about ‘innovating innovation’ as we come to grips with the possibilities of the networked digital world we live in. And we hope that managers can glean actionable and insightful ideas on how they can master the innovation challenge by partnering with customers with the powerful tools they now have at their command.