



# Orchestrating innovation with user communities in the creative industries<sup>☆</sup>



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## ARTICLE INFO

### Article history:

Received 6 December 2011

Received in revised form 13 March 2013

Accepted 14 March 2013

Available online 21 April 2013

### Keywords:

Online communities

User

Innovation

Video game

Community management

Co-innovation

## ABSTRACT

The digital creative industries exemplify innovation processes in which user communities are highly involved in product and service development, bringing new ideas, and developing tools for new product uses and environments. We explore the role of user communities in such co-innovation processes via four case studies of interrelations between firms and their communities. The digitization and virtualization of firm/community interactions are changing how boundaries are defined and how co-innovation is managed. The transformation of innovation management is characterized by three elements: opening and redefining firm boundaries; opening of products and services to community input and reducing property rights; and reshaping organization and product identities. Innovation in collaboration with user communities requires firms to orchestrate their communities and their inter-relationships to encourage the creativity and motivation of users, and develop the community's innovatory capacity.

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## 1. Introduction

The digital creative industries exemplify innovation processes where users bring new ideas, develop tools to play, create new game environments, and innovate directly. The digital creative industries are creative industries based on digital content. These creative firms engage with user communities [1] – whether amateurs or hardcore video gamers – to promote new scenarios, games or ways of using existing devices [2], and the two converge to share in developing new products, even if they value them for different reasons (users for the pleasure of playing and the chance of using their individual creativity to improve the product, and firms for the chance that such innovations offer for increased turnover and profits). It is

common to say that gamers can simultaneously be both users and developers, but what is new is that the blurring of firm frontiers in digitized industries allows for fluid interactions between user communities and firms [3,4].

Users participate in online user communities, which support and stimulate the diffusion of on-line products. The digitization of content and virtualization of interactions between firms and their user communities changes the definition of boundaries between the two, and may even modify their respective identities. Firms not only interact with individual users, they also have relationships with organized communities [5]. The goals, values and organization of firms and user communities differ, even though they collaborate actively in creating new products and services, and in order to manage innovations, firms orchestrate their relationships with online user communities who co-develop innovations and thus achieve on-going product transformation [6]. Lead user approach [7] mostly reports interactions between the organization and individuals. Digitalization and the subsequent virtualization of interactions change the nature of the relation. Users are forming communities, leading to a new model of innovation; and the online user

<sup>☆</sup> The authors would like to thank the participants of the OI seminar series at Grenoble Ecole de Management, the anonymous reviewers and Dr. Elke Schuessler as editor of the special issue for their helpful comments on the different versions of the paper. Usual caveats apply.

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community innovation model emphasizes the central role of community which blurs the boundaries of organization, and requires additional understanding of what communities are, how they work and how they interact with firms.

Based on four case studies to maximize the variety of contexts we examine two original case studies (Trackmania and Freebox), for which we collect and analyze data, and two indirect case studies based on secondary data (Propellerhead and MySQL) for which we explore the interrelations between firms and their online user communities to co-innovate on-going product development. We examine the activities of three communities which are closely related to the firms involved and one that is independent – in each case, we study interactions between communities and firms, and the ways in which creativity and innovations are stimulated or restrained. The paper characterizes the co-innovation process with user communities.

The next section introduces the theoretical background, highlighting gaps in the knowledge about user communities in the digitized creative industries, and considers the need to manage interactions between firms and on-line user communities at the micro (i.e. firm) level. We then discuss our methodology, outline the cases and provide a detailed representation of our findings, before discussing the results in the light of existing theory and drawing implications for management practice and for the digital creative industries. The paper contributes to existing theory in three ways: first digitization of firms' interactions with online communities increases fluidity of their interactions and allows co-innovation process [3,4,8]; second it underlines the blurring of the boundary between existing and on-going product, since the community of users contributes to changing the product on a continuous basis (Web 2.0 spirit). Third, it emphasizes the blurring of boundaries between firm and communities. As digitization progresses, user communities become the new loci of innovation in the creative industries, blurring the boundaries between firms and their communities, as well as the differentiation between production and post-production. Users are involved in developing products which are only stable only for short periods. The identities of user community and firm become merged in 'product communities' shared by both parties. Orchestrating their user communities becomes a central firm concern, as the continuum between creation, production and post-production allows communities and firm to retain their own identity but at the same time to collaborate in the on-going development of the usage and utility of products.

## 2. Background and knowledge gaps

Since von Hippel's seminal work [9], the 'lead user' approach has been seen as the major avenue via which firms involve users or their representatives in their product or service development processes. These are users with advanced requirements who involve themselves with the firm to satisfy those requirements – but the development effort remains essentially located within the firm. The collaboration of on-line communities with digital creative industries exemplifies a new model where users are directly involved in the co-development of products, blurring the frontiers of the firm and the identities of users and developers.

### 2.1. Innovation with digital on line communities

The lead user approach developed by von Hippel describes how firms source new knowledge from users who have themselves experimented intensively with the product and who are expecting benefits from the improvements to which they contribute. Although it underlines the role of distributed knowledge in the innovation process, the lead user approach maintains a clear distinction between users and firms. In concrete terms, the company identifies lead users and invites them to participate in workshops within the company in order to help design new products [10,11] but while lead users bring new ideas and knowledge, the company remains the undisputed owner of any resultant new product concepts: the innovation process remains internal, the boundaries are clearly defined and the firm orchestrates its relationships with individual lead users [6].

Mahr and Lievens [12] examine the creation of innovation by lead users in virtual communities, describing their traits and analyzing how such features contribute to the innovation process. They find that lead users in virtual communities tend to propose solution-focused contributions which provide greater value to the firms than problem-focused solutions, and have valuable expertise along design and usability dimensions. Lead users in virtual communities are more likely than regular lead users to make contributions on their own initiative, and more likely to codify their contributions, so providing the firm with more valuable innovations. Pitta and Fowler emphasize the role of communities of interests, and identify community leaders, those who are highly involved in such forums [13], and find that they can play a key role as coordinators of such communities. Burger-Helmchen and Cohendet [2] extend this approach from lead users to online communities; focusing on the game industry, they produce a categorization of user communities: developers, testers, hardcore players and average users. The communities of users who interact with different firms and communities to produce new video games tend to involve the first three first types. Dahlander and Magnusson [1] define "harnessing a community" as "accessing a community to extend [a firm's] knowledge base, aligning [its] strategy with that of the community and assimilating the work developed within the community in order to integrate and share results". Burger-Helmchen and Cohendet analyze the practical interactions between firms and communities, emphasizing the alignment of interests between the two. On-line communities, with their lack of structural mechanisms, open generative spaces in which new organizational mechanisms of collaboration can be explored and replace traditional ones to facilitate knowledge collaboration and enable the unconstrained recombination of knowledge. Faraj, Jarvenpaa and Majchrzak [3] characterize on-line communities as fluid entities, where boundaries, norms, participants, artifacts, interactions and foci continually change over time, and it is this central characteristic that enables new knowledge collaborations, as it leads to novel alignments and allows for the reciprocal assimilation of knowledge by both firms and communities.

Faraj et al. emphasize the ways in which on-line communities can lead to dynamic changes. By introducing interactions in the community, by shortening reaction times, and by discussing a wide variety of ideas, online communities generate responses that are valuable to firms' product development efforts, and the

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