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Innomediary agency and practices in shaping market innovation

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ABSTRACT

In today's business world, the role of the Schumpeterian entrepreneur is dwarfed by that of the variety of market actors who co-create innovation by interacting with and integrating resources within performative practices. New actors have entered the market and changed how market innovation occurs. This study focuses on the "innomediary" as a new category of market actor. By moving beyond the mainstream research, we offer a fresh conceptualisation of innomediary agency and practices in shaping market innovation. Acting as catalysts of creativity and knowledge, innomediaries collect information, expertise, skills and experiences from a heterogeneous mass of actors, and encourage the interchange of ideas, tools, images and languages. Innomediary agency enables the deployment of four practices: 1) engaging; 2) exploring; 3) exploiting; and 4) orchestrating. Each practice involves a set of actions and resource integration.

1. Introduction

Innovation – who does it and how they do it – is the issue that will be explored in this paper. By adopting Schumpeter's (1934) vision of entrepreneurship and the "not invented here" (Katz & Allen, 1982) concept, most textbooks continue to conceptualise individual companies (and their R&D departments) as the main innovators. The typical storyline of economic innovation (Jamison, Christensen & Botin, 2011) describes innovation management as a linear process within a stage-gate model, and uses the metaphor of the funnel to describe how such management functions. However, market innovation does not always occur in this manner.

In examining the "who" and "how" of recent innovations, practitioners and scholars propose different stories of innovation with significant social and cultural meanings (Evanschitzky, Eisend, Calantone & Jiang, 2012; Rubalcaba, Michel, Sundbo, Brown & Reynoso, 2012). Four main ideas have shaken the traditional perspective on innovation by addressing who is involved – the customer and the generic actor – and what the process is — the model of open innovation and the role of the Internet.

Regarding who innovates, co-creation studies focus on crowd-sourced and community-based innovation (Howe, 2008; Nambisan, 2002). The key contribution of such studies is to highlight the role of the newly empowered customer who harnesses new developments in technology (e.g., the Internet) to become more involved in a company's innovation processes. Moving beyond the sole perspective of the customer, several scholars suggest the need to overcome the rigid distinction between suppliers and consumers and to adopt a more general actor-to-actor terminology (A2A: Vargo & Lusch, 2011). From this perspective, innovation is understood as a new process of value co-creation by a network of actors (co-innovators: Mele, Russo-Spena & Colurcio, 2010).

With reference to the "how" dimension, the open-innovation framework challenges the earlier paradigm of innovation by suggesting that the locus of innovation is not deeply embedded in the firm, but rather exists outside its boundaries in the market. In this context, the Internet and Web-based technologies are crucial tools in making innovation a socially interactive and open process that entails collaboration to share ideas, resources, costs and risks (Sawhney, Prandelli & Verona, 2003; Verona, Prandelli & Sawhney, 2006).

These recent developments open space for new actors to enter the market and change how market innovation occurs. This is what has been occurring with the phenomenon of virtual innomediation. Virtual (or online) intermediaries, which we refer to as the "innomediary" (Verona, Prandelli & Sawhney, 2006), are third-party agents who connect suppliers and customers (i.e., innovation seekers and solvers) using the Internet and Web platforms. These actors engage in an active systemic integration of activities and resources through which market innovation emerges; however, their agency is not fully addressed in the literature. Therefore, there is a need to further understand the agential roles of these virtual intermediaries by shifting the focus from innovation as a new outcome to innovation as something that people do; i.e., a practice (Dougherty, 2004; Mele & Russo-Spena, 2012; Russo-Spena & Mele, 2012a, 2012b). This study aims to analyse the innomediary as a new category of market actor, as well as its agency and its practices in shaping market innovation.

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The paper is structured as follows. First, the theoretical framework is introduced, which is based on the practice turn in market studies, and the role of intermediaries in innovation. By highlighting relevant gaps in the analysis, we introduce two research questions and outline the research design. Next, we present and discuss the findings. The paper concludes by addressing implications for scholars and practitioners.

2. Theoretical framework

2.1. Practice turn to market innovation

In the social sciences, scholars stress the contribution of the practice-based approach (PBA) as an epistemological means of seeing and understanding phenomena in organisations and society (Bourdieu, 1990; Giddens, 1984; Schatzki, Knorr-Cetina & von Savigny, 2001). In the PBA, the unit of analysis is the field of practices that joins the individual and the collective, as well as the human and technological dimensions. A practice is not simply an action or a process; it is a way of doing that is embedded in a context of interlinked elements (Schau, Muñiz & Arnould, 2009; Storbacka & Nenonen, 2011). This distinction is reflected in the following representative definitions of practices:

- Focus on practice involves consideration of the links between material devices, embodied skills and mental representation, and the configurations in which they come together (Araujo, Kjellberg & Spencer, 2008, p. 7).
- Practices as linked and implicit ways of understanding, saying and doing things. They comprise a … nexus of behaviours that include practical activities, performances and representations or talk (Schau, Muñiz & Arnould, 2009, p. 31).

The concept of practices is central to the debate regarding markets and market shaping. Kjellberg and Helgesson (2006, p. 842) describe markets as composed of the following interlinked sets of practices: i) exchange practices, involving individual transactions; ii) normalising practices, referring to the formulation of the rules and norms of market behaviour; and iii) representational practices, describing the structure and the functioning of specific markets.

Market-practice studies (Andersson, Aspenberg & Kjellberg, 2008; Araujo, 2007; Azimont & Araujo, 2007; Kjellberg & Helgesson, 2006, 2007; Korkman, Storbacka & Harald, 2010; Peñaloza & Venkatesh, 2006; Skalen & Hackley, 2011; Venkatesh & Peñaloza, 2006) are based on a postmodern vision of the market in which social reality is understood as an ongoing process of creation. Thus, markets are socio-historically situated institutions (Peñaloza & Venkatesh, 2006) that are subjectively defined by market actors (Storbacka & Nenonen, 2012) and stabilised by interacting actors (Rosa, Porac, Runser-Spanjol & Saxon, 1999):

- Markets are not universal, self-contained entities, but rather take on distinct discursive forms and material practices across various social contexts and over time (Araujo, Kjellberg & Spencer, 2008, p. 5).
- Markets are what actors make them to be. They are socially constructed human artefacts, created by the actors who populate a specific context and link resources within this context (Storbacka & Nenonen, 2012, p. 184).

The conceptualisation of markets as nets of interlinked practices shifts the focus from theoretical normative approaches to the study of how ideas shape realities by translating ideas into practices (Kjellberg & Helgesson, 2006, 2007). A market contains "a variety of market actors" (Azimont & Araujo, 2007, p. 850) whose agencies enact the innovative reconfiguration of market-shaping processes (Geiger & Finch, 2009; Kjellberg & Helgesson, 2007). From this perspective, the concept of market innovation assumes a different meaning lying far from its traditional view (Johne, 1999). It involves a process of market shaping (Azimont & Araujo, 2007) and market scripting (Storbacka & Nenonen, 2011), by understanding the dynamics of the market and searching for opportunities in the core as well as in the "periphery of the market" (Storbacka & Nenonen, 2012, p. 211).

Callon (2007, 2008) highlights the importance of innovation in structuring new market forms in which networks and individuals play complementary roles. The performative idiom directs attention to the social–material practices (Orlikowski, 2007) that agencies engage in to construct markets. This approach is similar to that of Jamison, Christensen and Botin (2011), who suggest that we describe innovation as a storyline of social construction in which "actors co-construct scientific facts and technological artefacts with non-humans to satisfy social interests" (p. 21). This perspective of innovation focuses on social processes in addition to economic ones, with storytellers employing "a language or vocabulary of sociology, anthropology and social philosophy to recount their tales of networking" (p. 22).

From this perspective, innovation can be understood as a social process of construction by a group of actors in which a company's borders and the distinction between the internal and the external disappear in favour of an actor-to-actor market ecosystem (Vargo & Lusch, 2011). Thus, innovation is co-created through a set of practices, while innovators are perceived as carriers of practices who perform actions by using and integrating resources (including symbolic, linguistic and material ones) (Russo-Spena & Mele, 2012a). As Vargo (2009) posits, true innovation is no longer the making of novel units of output, but the design and creation of new markets.

2.2. The intermediary in innovation

Many of the activities performed in market shaping may be characterised as intermediation (Andersson, Aspenberg & Kjellberg, 2008) where the role of intermediaries (third-party agents) in innovation is to connect suppliers and customers, a topic that has not been addressed in market studies. Scholars within the innovation literature have addressed the variety of intermediation forms, such as intermediaries (Watkins & Horley, 1986), third parties (Mantel & Rosegger, 1987), bridgers (Bessant & Rush, 1995; McEvily & Zaheer, 1999), superstructure organisations (Lynn, Reddy & Aram, 1996), brokers (Hargadon & Sutton, 1997), knowledge brokers (Hargadon, 1998), innomediaries (Prandelli, Sawhney & Verona, 2008; Sawhney, Prandelli & Verona, 2003), infomediaries (Cillo, 2005), innovation intermediaries (Howells, 2006), bridge builders (Lagnevik, Sarv & Khan, 2010), virtual knowledge brokers (Verona, Prandelli & Sawhney, 2006), innovation brokers (Klerkx, Hall & Leeuwis, 2009) and open-innovation accelerators (Diener & Piller, 2010).

The intermediary agent performs an array of functions (Diener & Piller, 2010; Howells, 2006; Lopez-Vega, 2009), such as demand articulation (i.e., needs of technology or problem diagnosis), network composition (i.e., scanning, scoping and matchmaking of possible partners) and innovation-process management (i.e., enhancing alignment in networks) (Klerkx, Hall & Leeuwis, 2009).

The innovation broker is an organisation that is neither the source of the new idea nor its developer (Winch & Courtney, 2007), but rather acts as an agent "in any aspect of the innovation process between two or more parties" (Howells, 2006, p. 716). Third-parties function "as knowledge brokers, helping companies overcome the gaps in knowledge about the customers that impede innovation" (Sawhney, Prandelli & Verona, 2003, p. 77). This process-mediated innovation is called "innomediation", and the third-party actors who facilitate it are "innomediaries" (p. 77).

Some scholars (Chesbrough, 2003, 2006; Diener & Piller, 2010) offer interesting insights in their analyses of the growing roles of intermediaries in open-innovation initiatives. By interacting with many sources, intermediaries conduct more efficient and effective searches as a result of their position — that is, in the middle. This position fosters links between actors and helps to construct and maintain a network by