Open Innovation Marketing
A Case Study

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Abstract: Social networks and communities like facebook and myspace gain increasing importance in people’s everyday lives. Companies start to see these platforms as a chance for communicating to an attractive target group and deriving innovation ideas from this group. Yet, methods and tools to efficiently initiate and use open innovation projects in these environments are limited. This article explores open innovation projects as a new method for systematically utilizing the creative potential of social community users and turning them into brand ambassadors.

1 Open Innovation Marketing

For open innovation as a competitive strategy, rather than a marketing tool, customers are seen as a great source for creating innovative products and services. [Ch06] This trend has been a buzz-topic in marketing as well as innovation management in recent literature. Another buzz topic is social media, therein especially social networks like facebook, and the marketing therein [Ro05].

This article discusses how the two trends open innovation and social network marketing can be combined. It shall answer the question of how companies can reach consumers where they spend their time as well as how to create viral effects using open innovation projects. These topics will be discussed using the case study of the facebook application prototype “unserAller”. The open innovation enabler innosabi has established this new platform in order to enable communication about new products between users and companies inside the social network facebook. It can be seen as a demonstration of a new service to enable open innovation and leverage its marketing potential.
1.1 Basic Problem

innosabi observed that consumers are not longer willing to buy what is offered at the market but increasingly want to influence and participate in companies’ decisions. This can for example be seen in the organic and fair-trade movement, where consumer do not buy a product due to its concrete features, but because they want to send the industry a message, like e.g. „treat the environment and your suppliers well“.

At the same time it becomes more difficult for companies to reach consumers between 20 and 35 years. This target group often does not trust in traditional advertising any more and uses methods to avoid advertising, e.g. online advertising-blockers or digital video recorders. Yet they spend an increasing amount of time in social networks like facebook, XING or myspace. These networks already created a change in consumer behavior [Ni09]. Thus companies start to see social networks as a chance for interaction and innovation contrary to the unidirectional communication pattern of traditional marketing tools.

2 The Internet Platform unserAller

unserAller is a platform where companies can collaboratively create products with its’ users in a standardized process that aims at creating brand ambassadors. It has been designed as a facebook application, since “elements of an effective user innovation process are in place within facebook”: It encourages exchange and reactivity [FD09].

![Diagram](image.png)

Picture 1: Interlink between facebook and the application unterAller

2.1 Underlying Ideas

unserAller standardizes the process of product development for line extensions and render it accessible for companies with a focus on the consumer goods sector. This communication has the goal of creating brand ambassadors in social networks.
The platform shall enable “community development” or “social product development”. Product features shall be the result of community agreement and the final result is a product that the whole community supports as brand ambassadors. This process of social product development inside facebook is especially of interest to companies in the sector of fast moving consumer goods, since the majority people have a need and opinion towards their products.

In order to show that producers are taking the uttered opinions and suggestions seriously, the project partners need to commit on manufacturing and marketing of the winning product. These products will be available in the unserAller online shop, as well as the manufacturers distribution network.

2.2 Functionality

The main sections of the unserAller platform frontend are:
1.) Homepage with introductory video
2.) Project overview, displaying all upcoming, active and archived projects
3.) Project pages, consisting of
   • project blog
   • suggestion/discussion pages and
   • voting pages
4) Shop, where the developed products are sold

unserAller makes use of facebook’s viral tools that are triggered by functionalities like wall-posts. Therefore unserAller users can inform their friends about certain events with posts on their own facebook wall. E.g. a suggestion posted for a project could be posted on a users wall in order to ask friends for support and comments.

2.3 Product Development Process

The product development process on unserAller is structured in five phases and aims at developing line extensions in existing product categories.
These five phases, are *occasion*, *product design*, *material*, *name* and *packaging*. Each phase can be split in several sub-phases or left out. This allows very different products to be developed on the *unserAller* platform and yet standardize the product development process.

In each phase, consumers first post suggestions and eventually photos that can be discussed, and further developed in the community. Suggestions are displayed anonymously which ensures that the best suggestion and not a person wins. Users can assign „hearts“ to suggestions they like. In the voting step of each phase users have seven votes each that can be distributed amongst all suggestions, with three votes maximum for a single suggestion. The voting step determines the final result of a phase, which provides the basis for the following phase.

During suggestion steps, user innovation toolkits [HK02] are sent to the most active participants in order to increase motivation and fun in the product development. These packages contain materials necessary to prototype the products to be developed and also some materials that are not expected in order to trigger the users’ creativity. People can try at home what they like best and post their suggestions and photos. For graphics based challenges user innovation toolkits [HK02] are posted in form of downloadable pdf-files, so that users can visualize their ideas, using only glue and scissors.

The main tool for transmitting information are short videos, since web 2.0 platforms are increasingly making use of videos and thus users get used to “watch” instead of “read“.

### 2.4 Incentive System

Participants collect points for their participation. Points can be gained for all main activities on the platform like posting a suggestion, winning a phase, receiving a heart from others or linking *unserAller* on other websites. The points can be traded into rebates for products or even into cash – depending on the project. This incentive system aims at increasing user’s intrinsic motivation – since the one with the highest benefit is not the winner of a challenge but the one that has contributed most to the process of finding the final product concept.
2.5 Vision

innosabi’s vision is that on the long run, a product that is created with the unserAller community shall be recognized as an especially good product so that “created by community” becomes a sign of quality, especially of user friendliness and developed exactly to the users’ needs.

2.6 First Projects

The unserAller platform launched on the 1st of June 2010. Since then two reference projects have been conducted. In the first project a chutney with the restaurant der Gesellschaftsräum was created. The winning chutney – peach and onions – is now offered on the restaurant’s menu. This project served mainly as a technical test of the features and only the material phase was conducted. 50 prototyping packages were sent out and the 50 most active participants received the final chutney. 359 facebook users participated in the project and posted 128 suggestions for a new chutney.

In the second project a mustard will be developed collaboratively. It is of a larger scale and consists of three phases: Occasion, material and packaging. By the time this paper is written, only the results of the first phase are decided: The new mustard product will be a dip. The finally created mustard will be available from the mustard manufacturer Mari-Senf.

3 Outlook for Research

From a research perspective the open innovation projects lead to interesting questions in the field of services marketing that future research should address. As the open innovation project is mainly dependent on the involvement of the participants and the quality of their inputs it is crucial for providers of open innovation projects to get insights into the characteristics and attitudes of their participants. Especially, the following research questions should be addressed:

1. What characteristics describe open innovation project participants? Which users are the most valuable ones for increasing the success of the open innovation process? In how far is the group of users suitable to bring in the wishes and preferences of the potential customer group in the development process of new products and services?

2. What drives community and social network users such as facebook users to participate in open innovation projects? What are intrinsic and extrinsic motivation factors? Which incentives should be set out to attract the most valuable users?
3. Are open innovation projects efficient tools for managers to communicate and innovate with their customers? What defines the quality of the open innovation project? In how far does the satisfaction of the participants relate to the quality and success of the innovation process outcome?

Answers to these questions would not only help academics to understand the complex interplay between participants in the highly collaborative open innovation process, it would help open innovation project managers to sample the group of participants and to improve the process design to gain better outcomes of the project.

Starting with the mustard project the open innovation projects by innosabi are in the focus of scientific empirical studies on the characteristics, attitudes, and performance of the participants of the project. The results of the studies are expected to provide answers to the beforementioned research questions.

**List of Literature**


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