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The Art of Interaction – Engaging with Customers in Online Co-Creation Activities

Examples from ISPO Open Innovation Platform

by

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Abstract

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Over decades companies co-created products together with customers. The rise of social media has created new possibilities of collaboration and changed the way how companies can interact with customers. Social media features play a significant role in online co-creation projects, because they enable companies to engage in an active dialogue with their customers. The purpose of this thesis is to provide a theoretical framework for companies as a guideline for effective interaction during online co-creation. The work investigates, how companies should talk to their customers, by analyzing cases which show how virtual interaction can look like in collaborating projects.

The first part gives an extensive understanding of the topic. The work then introduces an analytical framework, which enables the analysis of three online co-creation projects. Based on the concept of the ‘DART model of interaction’ combined with five advices how to act social, the analytical framework builds the foundation for the analysis. The investigated virtual interactions and conversations during the online co-creation projects showed, that virtual conversations should be moderated in a contributing, eye-level, empathic and personal manner. To engage in online company-customer interactions, it is important that the person who acts in the name of the company is highly committed to the project. Finally the research contributions and practical implications are presented in the conclusion.

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“If you live a life of make-believe, your life isn't worth anything until you do something that does challenge your reality. Sailing the open ocean is a real challenge, because it's life or death.” (Morgan Freeman)

“It was an intensive work with moments we enjoyed a lot. Although the process was sometimes exhausting and we faced problems not only ones, we have learned a lot. Thanks for all the challenges and to those, who gave us strength to find solutions. We want to appreciate our supervisor Magnus Nilsson, our peers for their share of feelings and emotions and our families and friends, for being there, whenever we needed them.” – **(Lena & Gediminas)**

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“I want to special acknowledge my parents for supporting and believing in me. Without you, nothing would have ever been possible. Thank you for allowing me to be the person I am.” – **(Lena)**

Lund, 27 May 2015

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1 Introduction

1.1 Background

When the internet was invented, no one could have imagined where it will lead the world in this short time. From Tim Berners-Lee's World Wide Web (Berthon, Leiland, Plangger, & Shapiro, 2012) to Web 2.0. From traditional mass media like television and radio to modern media communication with desktop and mobile applications. This evolution also influenced the way marketing developed further. In the blink of an eye marketing finds itself in a whirl of changes where old rules are renewed and new standards adapted. It is the place where uncertainty increases every day and the power shifts away from marketers to consumers all over the world (Berthon et al., 2012; Fournier & Avery, 2011; Gensler et al., 2013). Since the beginning of modern marketing, companies have been trying to reduce this uncertainty regarding the uncontrollable stranger called “consumer” (Malhotra, 2010). Traditionally, market research is the element of business, which puts all efforts into identifying needs and preferences, reducing this uncertainty, and tries to assume and predict customers’ behavior in advance (Malhotra, 2010). However, because of the growing impact of the internet and its social media, there are even more opportunities to understand customers. Today, businesses are able to connect to their customers and create influential and meaningful exchange (Hanna et al., 2011) through online co-creation activities.

A Connected World through Social Media

With the rise of the internet and the new possibilities it gave to the people, it rapidly changed the market dynamics. Social media was born in the late 1990’s and is today the main instrument to connect people all over the world, ignoring borders and distances (Hanna, Rohm & Crittenden, 2011). Marketing practitioners wanted to use the rising opportunities and put new strategies to work with the aim, to find new distribution channels, new advertising areas and increase the value for the company (Hanna et al., 2011; Christodoulides, 2009). This was a new tool, however, they still communicated in one direction according to the old standards of marketing (Hennig-Thurau, Hofacker & Bloching, 2013). Most of the practitioners were not aware of the adapted needs of customers and their evolved power through the instrument social media, where users easily could talk about experiences and share opinions about particular services or products (Hanna et al., 2011). As a result, firms

were, and still are, in the need to act with transparency and communicate back to the consumers (Kohler, Fueller, Matzler, & Stieger, 2011). As a result, the feedback-loop was born (Peters, Chen, Kaplan, Ognibeni & Pauwels, 2013; Kohler et al., 2011; He & Yan, 2014).

Open Innovation, Co-Creation and Competition

Approximately at the same time, another idea influenced business from a different angle. The Open Innovation approach, introduced by Chesbrough (2003), suggested that companies have to open up and use outside knowledge. This approach should be used, in order to gain new ideas and viewpoints, to create new services and products inside the company and to disclose inhouse ideas which could be improved outside (Chesbrough, 2003). Even before that von Hippel (1986) suggested a possible source of such outside ideas - user innovation (lead-users), which means that customers should be included in the innovation process, thus new products can be co-created together with customers.

Correspondingly, it takes time for a company to open up and its process is ongoing and hardly ever finished. The new point-of-view, the strategy, has to be implemented in the business model (Chesbrough, 2003) and all participants need to be included, informed and convinced. Its advantage is, compared to traditional strategy, to increase engagement of stakeholders and continually build new interactions and experiences (Gouillart & Ramaswamy, 2010). The great chances for companies are, according to Gouillart and Ramaswamy (2010), higher productivity, higher creativity, lower costs and reduced risks. Moreover, such open approach can accelerate innovation performance (Chesbrough, 2006) and allow to understand customer needs better (Zwass, 2010).

Furthermore, the strong need and reason for companies to innovate is grounded in the competitive environment (Chesbrough, 2003, Nambisan, 2010; Inauen & Schenker-Wicki, 2012). Undoubtedly, to be and, of course, to stay competitive, is paramount for businesses (Chesbrough, 2003). The aim of innovation is to fulfill customers expressed or latent needs and build up relationships with a high brand loyalty, therefore stay competitive in a marketplace (Kristensson, Matthing & Johansson, 2008; Kumar, Scheer & Kotler, 2000; Shih, Lin & Luarn, 2014).

But nowadays it is not sufficient anymore to serve a product which has a function and solves a customer problem. Markets are matured and customers want more than just a product, they

want to get value (Holt, 2002). In a post-postmodern branding paradigm and consumer culture, companies and brands need to follow the principles as citizen artists and consumers want to cultivate themselves through brands (Holt, 2002). Consumers do not consume anymore for the sake of consumption, modern lead users are people who are knowledgeable, they make conscious decisions as well as they try to shape the environment and influence the change according to their beliefs and values (Holt, 2002; von Hippel, 1986; 2005).

The Merge of Two Phenomena and its Impact

Strategies for companies to open up have been developed, adopted and adjusted over time. From linear, with no or few feedback options, to circular processes, with constant collaboration and feedback (Trott & Hartmann, 2009). Collaborating with lead users and co-creating with customers, is not a new idea, but the technological possibilities are now better than ever before (von Hippel, 2005; Trott & Hartmann, 2009; Gouillart & Ramaswamy, 2010). The internet with its information platforms and the rise of social media have made the interaction between people much easier and cheaper (Gouillart & Ramaswamy, 2010; Kohler et al., 2011). Today there are many projects on the internet which are based on collaboration between users, it can be online encyclopedia like Wikipedia, blogging platforms (Tumblr, Wordpress), social networks (Facebook) and many more which easily enable to exchange knowledge, experiences and interests (Kaplan & Haenlein, 2010; Piller, Vossen & Ihl, 2012).

Furthermore, users of social media like to discuss their consumption experiences (Hanna et al., 2011). Therefore, companies can expect customer participation in co-creation projects on social media. Today, companies can connect with customers through variety of social media platforms in terms of new product development. There are many examples such as “mystarbucksidea.com” by Starbucks, or “ideastorm.com” from Dell, where companies have their own social media platforms and engage with customers in innovation process and collect information about customer experiences. Moreover, there are also intermediary agencies such as InnoCentive or Innosabi, which consult and organize co-creation projects on different social media platforms and connect to an established crowd. The interaction between company and user is the basis of such projects (Prahalad & Ramaswamy, 2004). However, since such projects are based on social media, it is important to consider social media principles, which is often a difficulty for companies.

Previous studies have examined open innovation processes, customer behavior and implications of co-creation projects from different angles. Most of them either focus on

managerial approaches from company's side (Gouillart & Ramaswamy, 2010; Chesbrough, 2003, 2006) others are focused on the customers, examining their behavior and motivation (Antikainen, Mäkipää & Ahonen, 2010; Fuchs & Schreier, 2011; Füller, Mühlbacher, Matzler & Jawecki, 2010). However, many co-creation activities take place in a virtual environment, as an example - using social media tools like online discussion platforms (Füller et al., 2010). Even though scholars consider the importance of the internet and social media for customer co-creation (Piller et al., 2012), unfortunately, interaction processes and computer-mediated communication in particular for co-creation, is rather untouched (Nambisan, 2010). Therefore, this study tries to create knowledge about the company-customer interaction during online co-creation activities.

1.2 Research Purpose

Quite recently companies started to learn how to exploit social media features in their international marketing strategy (Berthon et al., 2012). The importance and guidance, of how to manage the interaction on social media and how to make use of social media features in co-creation projects, is rather not scrutinized yet. Therefore, the aim of this research project is to analyze the company-customer interaction during online co-creation projects in terms of the operation with social media features. Consequently, the research question of this study is:

RQ: What are computer-mediated company-customer interaction elements occurring and having an influence on online co-creation under consideration of social media phenomena?

In order to answer these research question, a specific online co-creation platform is selected and three different projects are analyzed. The research is designed as an embedded case study and will use the research method of netnography for data collection and analysis. In order to analyze the data, the researchers enhance the interaction model for co-creation by Prahalad and Ramaswamy (2004) with five social media advices by Kaplan and Haenlein (2010) and combine them into an analytical framework. By analyzing the examples, the researchers intend to find patterns in the interaction of companies with their customers during customer co-creation activity.

For the purpose of this study, we will refer to customer co-creation as *co-creation*. As pointed out in the literature, when discussing the integration of all possible stakeholders in the product or service development process, Prahalad and Ramaswamy (2000) refer to customer co-creation; however, this thesis is directed at the true customer; that is, the customer that has made a final purchase. Therefore, to avoid confusion, we use the term *co-creation* to refer to the co-creation with the end-consumer. To avoid confusion among the readers, the authors briefly want to explain the use of the words *customer*, *consumer* and *user*. This work is elaborating on the interaction between companies and their end-consumers, therefore it is B2C and not a B2B work. We will use the words *customer* and *consumer* as synonyms in this work. The *user* describes those people who make use of the internet and its social media.

1.3 Thesis Outline

The structure of the paper is as follows. Chapter 1 presents the topic and the problem at hand. The aims and objectives are presented along with the thesis question. Chapter 2 takes the lead into the topic and provides a detailed literature review. The reader can access extensive theoretical background information about the roots of open innovation and the rise of social media, followed by the combination of co-creation and social media theories. Chapter 3 contains the analytical framework which the researchers design out of the intensive theoretical description in order to analyze the empirical material. Chapter 4 provides the methodology which gives an overview about the research design and explains the reasons for the selection of the case. It contains the explanation of the data collection method, the data analysis as well as outline important research limitations. Subsequently, in Chapter 5 the case is going to be presented and with this substance knowledge the reader can dig into the analysis of data which is summarized before Chapter 6, the conclusion. In this last section the main outcomes of this thesis will be discussed.

2 Literature Review

The literature review is split up in different levels of information in order to provide the reader with a strong picture of the evolvement and current status of the topic. The basis of this work is twofold in distinguished phenomena. The one describes open innovation, which is a model to change the way a firm innovates and how co-creation evolved out of it. In line with that, different co-creation activities are presented. Co-creation activities are one of the tools which, for example, can be used to bring the open innovation model to practice. The other described phenomenon explores the rise of the social media and its chances for firms. These two fields are explained before both are combined and the connection of these different phenomena and the new field, co-creation with the use of social media, which grew out of this merge, is explored. Consequently, the literature review will conclude with this combination of co-creation on social media. A deep theoretical background should give a sound knowledge for the following analysis.

2.1 The Roots of Open Innovation

Schumpeter (1934, 1939) more than 80 years ago stated, that innovation is the key element in strong company's position and is the main driver of an economic change (Inauen & Schenker-Wicki, 2012). Traditionally, companies have been focusing innovation activities on closed and protected projects run by internal research and development (R&D) departments (Antikainen et al., 2010). The knowledge developed internally was strictly controlled and kept inside the company (Antikainen et al., 2010). In order to develop the best ideas internally, it was necessary to have all resources needed for the projects in-house which was expensive (Chesbrough, 2003). This traditional model is called closed innovation according to Chesbrough (2003).

The Turn - from Closed to Open Innovation

Unfortunately, in recent times such closed innovation model is not always sufficient enough. In order to maintain competitive advantage and success, companies needed to accelerate innovation and to make this process more efficient due to increased number of new products released and shorter product lifetime (Nambisan, 2010; Inauen & Schenker-Wicki, 2012). Additionally, it is also always essential to look for new opportunities for commercialization

(Inauen & Schenker-Wicki, 2012). Therefore, open innovation paradigm was introduced. The open innovation model (Chesbrough, 2003) suggests, that companies have to open-up for external ideas as well as to share their solutions with others. Most of the valuable ideas have to be turned into innovations quickly, because they can become irrelevant in a short time due to shorter product life-time and higher accessibility to information (Chesbrough, 2003). This model does not try to prove that internal R&D departments are obsolete, instead it states that internal knowledge should be integrated with external (Chesbrough, 2003). It opens up firm's boundaries in order to look for novel knowledge (exploration) and to apply knowledge (exploitation) both externally and internally (Gobbo & Olsson, 2010). These two approaches are distinguished by Chesbrough (2003) as outside-in and inside-out knowledge transfer. The former one focuses on search of external ideas which can be implemented internally. Whereas, the latter one tries to provide internally developed ideas to external partners, which have better abilities at that particular moment to commercialize inventions.

Internalize Open Innovation

All these elements have to be integrated with internal R&D strategy in order to achieve success (Chesbrough, 2003). If external ideas are not incorporated in internal innovation engine, then this open innovation approach does not work efficiently (Nambisan, 2010). One of the main benefits of open innovation is that it expands the quality and number of ideas which can be implemented to the market (Chesbrough, 2003). Additionally, there are more studies which claim that open innovation model improves innovation performance (Inauen & Schenker-Wicki, 2012). However, Dahlander and Gann (2010) suggests that internal R&D remains important element in innovation process in order to complement external ideas, thus companies must evaluate whether outside ideas can substitute internal R&D or not.

In some cases, new open business strategy may weaken a company's competitive advantage and transferred knowledge may benefit competitors more (Rivette & Kline, 2000; Lichtenthaler, 2009). Thus, companies are afraid to reveal their knowledge. However, there is a positive correlation between innovation performance and the level by which company overcomes both organizational and technological boundaries (Li & Vanhaverbeke, 2009).

Requirements and Outcomes of Open Innovation

Higher level of trust and effective communication between different stakeholders, both internally and externally are the key factors which ensure the effective collaboration

(Strategic Direction, 2011). Moreover, trust between partners can be strengthened by establishing clear common goals and objectives, which provide the direction for the process (Nambisan, 2010). Finally, participants have to be transparent about the process and inform all other parties how tasks and rights (rewards) are distributed among all partners (Nambisan, 2010). These all factors strengthen the communication and interaction between all parties which are essential elements of innovation process, since innovation is a social activity which is based on collective actions (Leonard & Sensiper, 1998).

As a result of open innovation model companies can accelerate innovation process with support of external knowledge (Chesbrough, 2006). Additionally, companies gain valuable insights about consumer behavior from other participating parties, thus it is easier to meet their needs and to strengthen brand identity (Zwass, 2010). Moreover, open innovation reduces fixed costs for R&D (Chesbrough, 2006) and shares the risk with partners (Herzog, 2008) thus research projects become cheaper. Even though, some of the authors argue that open innovation model has limitations (Trott & Hartmann, 2009) they all agree that this new paradigm improves innovation performance and creates an environment for better new products.

2.2 User Innovation

Open Innovation paradigm invites companies to open up for external ideas. These ideas can come from different stakeholders such as business partners or consumers. The focus of this thesis is on customer input in terms of open innovation. Nowadays many companies try to support innovation by asking customers. Therefore, customer inclusion in product development process is not a new phenomenon. More than 40 years ago researchers started to analyze user-centered innovations (von Hippel, 1986). Traditionally companies try to understand the needs of customers by doing different market studies and to apply collected insights to develop new products internally (von Hippel, 1986; 2005). With a rise of computer-mediated technology, it becomes easier to collaborate with customers every day (von Hippel, 2005). Furthermore, today the higher accessibility of information via Internet allows users to develop the products by themselves (von Hippel, 2005). In addition, this access to the information has made customers more aware about the products, thus they are able to make more informed decisions (Prahalad & Ramaswamy, 2004). Moreover, today

consumers have many purchase choices, as a result it leads them to lower level of satisfaction (Prahalad & Ramaswamy, 2004). According to von Hippel (1986; 2005) the users who are not satisfied with existing products are willing to modify them in order to fulfil their own needs. They are called lead users. The number of lead users depends on the level how heterogeneous is the market (von Hippel, 2005). Furthermore, the rise of online communities allows more consumers to share their ideas and feelings with each other without any barriers (Prahalad & Ramaswamy, 2004). As a result, companies cannot restrict information flow and ignore these communities anymore (Prahalad & Ramaswamy, 2004). It changes consumer's role in the market. Instead of being passive and isolated participant, consumer is well informed, active and integrated in producer's activities (Prahalad & Ramaswamy, 2000).

Focus on Consumer Experiences

Furthermore, this higher accessibility of information improved the competence of more customers not only lead users (Prahalad & Ramaswamy, 2004). As a result, more customers can become source of valuable ideas. Therefore, companies can achieve better results when involve more customers in product development. However, this customer inclusion is not an easy task, because traditional market research usually can provide only simplistic answers (Florin, Callen, Pratzel & Kropp, 2007). Even worse, according to Ulwick (2002) traditionally companies ask customers what they want, but when the final product is released to the market, nobody wants to buy it. As a result, there are essential rules which have to be followed while turning customer input into real innovation. According to Florin et al. (2007) it is essential to focus on context in which the product is or will be used. It is also supported by Ulwick (2002) who states that users are not trustworthy when they are talking about specific solution, because usually they relate this solution to previous experiences, which can be limited. Therefore, it is important to focus conversations on final outcomes of the new product, which should be implemented (Ulwick, 2002) and to ask for a rich description of the context (Florin et al., 2007). As a result, customers can not only suggest exact and sophisticated ideas how new products should look like (lead users), but they can also provide valuable material about context of a specific problem or potential solution (more average customer). Furthermore, such customer empowerment not only improves product match to the market needs, but also has significant impact on company's brand value and perception in the marketplace (Fuchs & Schreier, 2011).

These different approaches have been combined over the years, it became obvious that the borderlines are blurry and many scholars tried to unite the phenomena in one expression. Thereupon it will be described in the following chapter, what company-customer collaboration means and how it could be applied.

2.3 Co-Creation - Introduction and Application

There are many different notions which define what customer collaboration with the company is in terms of new product development. This thesis focuses on the term co-creation, which was introduced by Prahalad and Ramaswamy (2000), and represents customer participation in company's value production process. Different authors describe this definition similarly, however they also have minor differences. For example Piller et al. (2012) claims that co-creation is creative partnership between manufacturers and their users. O'Hern and Rindfleisch (2009) suggests that it is customer contribution in new product development. The idea which is shared among these and other definitions is that co-creation is an active process between producer and user which aims to benefit both sides and it can be any activity in which customer participates directly and actively in order to develop new products or services.

Today there are numerous methods how to include customers into the co-creation process. They all differ in terms of complexity of innovation and the motivation of participants. Piller et al. (2012) defined four, methods: Lead user method, toolkits for user co-design, technical solution contests and ideation contests. The methods are distinguished by the form of exchange and kind of information received by the company. The form of exchange is based on extrinsic motives like monetary incentives and other intrinsic motives like fun and entertainment (Piller et al., 2012). The kind of information is distinguished by technical knowledge and information about consumer preferences and needs.

There are also other methods of co-creation, such as co-creation workshops, however, it is also important to note that market research should not be considered as co-creation process. It has similar features to the co-creation methods, for example that it seeks to acquire customer input to the innovation process, however, the only active side is the manufacturer who designs different statements and based on them tries to get customer feedback (Piller et al., 2012). As a result it is not supported by a complete interaction between firm and customer.

All co-creation methods have one important element in common. According to Prahalad and Ramaswamy (2004) strong interaction and active engagement with all participating parties is the strongest driver of co-creation activities. Furthermore, Prahalad and Ramaswamy (2004) developed a model to design and manage the company-customer interaction during co-creation processes. The building blocks of interaction during co-creation according to them, are: dialogue, access, risk-reward assessment and transparency (Prahalad & Ramaswamy, 2004). These elements lay the foundation for the DART model. It considers the continuous interaction between a company and their customers and other business partners and the reciprocal exchange of knowledge and information as well as the assessment of all participants' expectations (Prahalad & Ramaswamy, 2004). This model is unique in its form and will thereupon be considered in the analytical framework and the reader can find a deeper explanation of the building blocks in that section.

Until here, an overview is given about the heritage and evolution of co-creation activities. Following, the customer's motivation and will to participate in those collaborative activities will be justified.

2.3.1 Motives to Participate in Co-creation

In general, people are willing to share their ideas with others. There are many factors which stimulate consumers to do that. For example Bandura (1995) states that collaboration with an online community creates a sense of efficacy, which makes them feel as important part of the environment and participants have an impact on others. One of the main examples here is online encyclopedia - Wikipedia, which allows users to contribute and build a self-image as an efficacious person (Antikainen et al., 2010). As a result, reputation among online community members is also a significant motive to contribute (Hargadon & Bechky, 2006; Kollock, 1999). In terms of users who are willing to innovate, online communities are the best platform to share their knowledge and ideas (von Hippel, 2005). With the rise of internet they started do it freely, because most of the time it is the optimal option for them. Keeping innovation as secret may not benefit its creator, because of the lack of resources it is impossible to commercialize it or it will take a long time (von Hippel, 2005). Since too many people know similar things, in a longer period of time someone else can come up with the same idea, thus the author of the idea needs to act quickly (von Hippel, 2005). By being first

who shares the idea with other peers online, a creator can increase the diffusion of an idea and enhance reputation among other positive impacts (von Hippel, 2005).

Reputation is not the only factor which stimulates users to contribute to the innovative community. Füller et al. (2010) divides motives into intrinsic (social status, altruism, task fulfillment) and extrinsic (reputation, recognition, financial rewards). Participants are motivated intrinsically if the process itself is valuable for them. For example it is an entertaining activity and users are enjoying to be part of it. These factors are significantly important for users who are participating in this problem solving just for fun and are not interested in the final outcome (von Hippel, 2005). In contrast, extrinsically motivated participants are focused on the final results and rewards (Füller et al., 2010).

As a result, if companies want to incorporate customers in the innovation process, they have to consider which factors should motivate users. It is dangerous to assume that customers are just naturally intrinsically motivated for every task and will just simply submit their ideas in co-creation projects, in this case co-creation initiative is most likely going to fail (Nambisan, 2002). However, just financial rewards are not always the best solution either (Antikainen et al., 2010). Rewarding systems stimulate customer participation, however in terms of collaboration, belongingness to a specific community motivates users to collaborate (Antikainen et al., 2010). Thus it is important to consider less tangible motives, before starting co-creation. These intangible factors like appreciation of others, belonging to a community or entertainment are strongly related to user experiences.

Therefore, Prahalad and Ramaswamy (2004) suggests that it is essential to focus on co-creation experiences, which enables customers to participate. These experiences are based on infrastructure of co-creation and customer-company social interaction (Prahalad & Ramaswamy, 2004). Good quality of co-creation experiences is more important than the quality of final products (Prahalad & Ramaswamy, 2004; Guillard & Ramaswamy, 2010). Thus, companies have to develop tools for co-creation, which are easy to use and stimulate users to share their personal information and opinion (Antikainen et al., 2010). Since co-creation is based on two-way communication between companies and their customers (Prahalad & Ramaswamy, 2004), maintainers who are involved in the process have to be visible and transparent (Antikainen et al., 2010). Thus both customer and maintainer should be equal problem solvers (Prahalad & Ramaswamy, 2004). Both sides of this collaboration should acquire a better understanding of the other side, hence this ensure better experience for

both sides (Gouillart & Ramaswamy, 2010). Last, companies have to provide access to the information for participants, which is necessary for co-creation process. Furthermore it is important to keep transparent communication, because it stimulates collaborative dialogue (Prahalad & Ramaswamy, 2004).

2.3.2 The Outcomes of Co-creation

Customers are willing to participate in co-creation if the right motives are found, but still the main initiative has to come from a company's side. There are many benefits and motives for a company to start co-creation in the next product development project. For example, in order to use co-creation methods companies have to apply customer oriented strategy, which focuses to understand customer needs better (Tseng & Piller, 2003:4). Customers have the knowledge about their needs and consumption patterns, thus in order to fulfill them better, companies have to use different methods which are based on strong interaction between companies and their customers (Antikainen et al., 2010; Vargo & Lusch, 2004). Successful co-creation activities provide company with valuable insights about consumer behavior, what reduces uncertainty and can be turned into significant competitive advantage (Prahalad & Ramaswamy, 2000). Moreover, different co-creation methods usually are a cost-efficient way to get customer input (Antikainen et al., 2010). In parallel, co-creation significantly supports product branding, packaging, promotion and advertising, thus it makes it easier to introduce new products into saturated market (Sanders & Stappers, 2008). Moreover, it also helps to educate customers, as a result, companies can expect better adaptation of innovations (Antikainen et al., 2010).

From customers' point of view co-creation involves customer into different innovation processes and creates a connection between a user and a company (Griseemann & Stockburger-Sauer, 2012). This results in higher consumer loyalty and long term relationships (Haro, Ruiz & Cañas, 2014). Additionally co-created products should improve customer satisfaction, because products were created according to their needs (Vázquez, Camacho & Silva, 2013). Furthermore, customers appreciate feeling that they have power and producers listen to their needs (Antikainen et al., 2010). Especially it is important for innovative users, to identify themselves as advanced users and feel more like developers of a company (Jeppesen & Frederiksen, 2006). Henceforth, achieving company's recognition stimulates their reputation among other peers (Jeppesen & Frederiksen, 2006).

As a result, co-creation activities, as it was discussed previously, can be beneficial for both - companies and customers in many cases. Therefore, more companies started to look for opportunities to start their own co-creation projects. With a rise of social media, it can be easier to start one and access more people, moreover, social media is also used for company-customer interaction. However, together with opportunities come significant requirements, which have to be considered while using social media for marketing purposes. These requirements and other constitutions of social media, shape the way, how companies organize co-creation there. It will be discussed in the following parts of this thesis.

2.4 The Rise of the Social Media and its Impact

In this chapter an introduction of the rise of social media and the implications for companies are given. To understand the following work in the intended way, an understanding is provided, of what social media is and what it is not. Additionally, different type of social media users are presented. To sum it up, it is described how companies can make use of social media to positively connect their brands with the opportunities of the world wide web.

2.4.1 Social Media Definition

In the beginning of the 21st century a new term has been included in the digital vocabulary. The new paradigm of social media has the power, to connect us all and offers users the opportunity to unite (Hanna et al., 2011; Kaplan & Haenlein, 2010). Social media, according to Peters et al. (2013) “are communication systems that allow their social actors to communicate along dyadic ties.” To distinguish social media from Web 2.0, Kaplan and Haenlein (2010) define that the former builds on the foundations of Web 2.0 and creates and exchanges User Generated Content (UGC). Therefore social media is not UGC either. This is in line with Kietzmann, Hermkens, McCarthy, & Silvestre (2011) who state that UGC can be modified, discussed, co-created and shared through individuals and communities by mobile and web-based technologies, which are employed by social media and uses highly interactive platforms.

To summarize it according to that, UGC builds and fills social media, which is, with all its facets, part of the Web 2.0 or, as Kaplan & Haenlein (2010: 61) state: “When Web 2.0

represents the ideological and technological foundation, User Generated Content can be seen as the sum of all ways in which people make use of Social Media.” Social media is therefore and first hand, a place, where communication take place. Where individuals come together to talk about a topic of their interest. How this take place and between whom, depends on the individual objective and the platform.

2.4.2 Social Media Platforms

The constitutions of social media are rather rarely examined (Kaplan & Haenlein, 2010; Kietzmann et al., 2011). Whereas Kietzman et al. (2011) tried to understand the functional building blocks of social media, Kaplan and Haenlein (2010) presented challenges and opportunities which arise from user’s chance to unite. The latter authors describe social media as a phenomena and try to classify it in a systematic manner, which is considered in this work. Relying on a set of theories in the field of media research and social processes, Kaplan and Haenlein (2010) defined these two as key elements according to the research fields in media sciences and sociology. Each of the elements has two dimensions inherent. Whereas media research consists of the dimensions social presence and media richness, social processes focuses on self-presentation and self-disclosure (Kaplan & Haenlein, 2010). Long-sighted, their approach considers and analyzes customer behavior together with media content.

According to the classification from Kaplan and Haenlein (2010) there is a wide range of platforms, from collaborative websites (Wikipedia) to blogs (Wordpress), content communities (Pinterest, YouTube), social networking sites (Facebook) to virtual game worlds (World of Warcraft) and virtual second worlds (Second Life). Hereby is the self-presentation/self-disclosure and social presence/media richness decisive, from low to medium to high. This means, that high social presence leads to a high influence on the communication partner and a high degree of media richness means a high amount of information which resolves ambiguity and uncertainty (Kaplan & Haenlein, 2010). Virtual social worlds and game worlds are at the highest level of both, media richness and social presence because they try to replicate all dimensions of face-to-face interactions (Kaplan & Haenlein, 2010). In the concept of self-presentation an individual has the desire to influence the perception others will have of itself (Kaplan & Haenlein, 2010). Its aim is to control the constructs others will make and influence to positive impressions consistent with one’s personal identity (Kaplan &

Haenlein, 2010). This process of self-disclosure is done more or less consciously through the revelation of personal information (Kaplan & Haenlein, 2010).

2.4.3 Different Types of Social Media Users

One characteristic of the phenomena social media is the interactivity (Nambisan, 2010). Through the development of the technology and the raised opportunities, users could more and more diverse their online behavior. People turned from passive consumers into powerful users, who have multiple choices how to act online (Kaplan & Haenlein, 2010). Nevertheless, today most of the people still belong to the passive users, who only consume contributions of others (Blazevic, Wiertz, Cotte, de Ruyter, & Keeling, 2014).

Bearing that in mind, Hanna et al. (2011) uncovered and presented five types of users which have different social influence. Knowing them, is important to conceptualize and build a virtual social ecosystem (Hanna et al., 2011). Users of social media are segmented in creators, critics, collectors, joiners and spectators, whereas the former roles are more rarely represented compared to the latter (Hanna et al., 2011). Creators mostly publish and upload content, Critics evaluate and comment on that, Collectors save or share the content. Joiners prefer to connect and unite through this, whereas Spectators only read and observe what others provide them (Hanna et al., 2011).

For Berthon et al. (2012), creative consumers are the dynamos of the new media world. They are the new locus of web 2.0 and produce much of the value-added content on social media (Berthon et al., 2012). The promotion or demotion of brands through self-created content lead to the involvement of creative consumers in the development and modification of products and services to finally be part of the distribution of those innovations (Berthon et al., 2012).

2.4.4 Challenges and Opportunities for Companies through Social Media

Social media entails enormous useful positive opportunities, but also obvious or hidden risks for both companies and users. Companies' side should be explained in the upcoming paragraphs.

The evolution of social media means an enormous change for companies and marketplaces all over the world where “managers face a dynamic and interconnected international

environment” (Berthon et al., 2012:261). Kietzmann et al. (2011) are talking from the democratizing of corporates communication due to the rise of social media and, according to Hanna et al. (2011:265), "dramatic developments in interactive digital media are revolutionizing marketing". For that reason, companies should not underestimate the substantial and pervasive changes social media introduces to the communication between individuals, communities and organizations (Kietzmann et al., 2011). To use social media tools or features means an influential and meaningful exchange between company and customers (Hanna et al., 2011). Realizing this is crucial to develop and establish an understanding of what social media is. Firms often ignore or mismanage the opportunities presented by creative consumers because of a lack of this understanding (Hanna et al., 2011).

Although social media platforms provide companies with the opportunity to make their business more transparent and spread their reach, they also contain risks. One of the main challenges is the shift of power, away from companies’ marketers towards the diverse users of the social media (Fournier & Avery, 2011). Organizations therefore need to know, how they can use social media, not only to exist in customers’ minds (Armelli & Villanueva, 2011), but also to engage and collaborate with them (Antorini et al., 2012). Firms and brand managers have to accept their loss of control and due to that, they will make mistakes (Gensler, Völckner, Liu-Thompkins, & Wiertz, 2013). Hanna et al. (2011) suggest the social media-driven business model, where customer connectivity and interactivity is at the core of the business.

Another difficult part is the problem of measurement. Measuring the success of social media investments require new ways of thinking, since creating meaningful company-customer relationships via social media takes time and begs the question how to measure these relationships (Hoffman & Fodor, 2010). Although there are many businesses who offer social media tracking and measurement systems, the usefulness and underlying meaning of those kind of data is not doubtless clear. How companies deal with this uncertainty and what are effective possibilities to overcome that, is not covered by literature yet.

The main risks Kaplan and Haenlein (2010) identified are, that unsatisfied consumers can use platforms to virtually complain and when employees are engaged to be active in virtual social environments, the risk of negative information revelation occurs. Furthermore, it is even hard to engage the customer to interact and collaborate with the brand at all. But to do so, some very useful tips and tools are existing, to help the brand to motivate and deal with creative

customers in the right way (Berthon et al., 2007; Hennig-Thurau et al., 2004; Antikainen et al., 2010; Kristensson et al., 2008).

2.4.5 How Companies can use Social Media

In general, brand managers can choose between three different broad strategies how they make use of social media (Gensler et al., 2013). First, companies can lean back, observe, listen and respond to consumer demands, secondly they can try to fit in, demonstrate deep understanding and knowledge or, thirdly, they can use the chance and try to rule the set, create and control brand stories and playing the pinball consciously (Gensler et al., 2013; Hennig-Thurau et al., 2004).

Summarizing several research results and implications for practice, similarities in order to develop a successful social media strategy can be recognized (Antorini et al., 2012; Armelli & Villanueva, 2011; Barwise & Meehan, 2010; Berthon et al., 2012; Hanna et al., 2011). Effective social media strategies put the brand to work for the customer, by satisfying their needs to create, consume, connect and control (Hoffman & Fodor, 2010). It is highly important to be aware of and understand what the companies' objectives are and which set of tools and their corresponding metrics has the best fit to achieve those (Hoffman & Fodor, 2010).

At the same time, interactions on social media have the tone of humanity, because social media is built with the intention to connect people (Hanna et al., 2011). Hence, companies should try to find their attitude and language of engagement and adopt the right tone and take the right actions and a personal style in conversations (Berthon et al., 2012). According to Armelli and Villanueva (2011) the right mix of content (70%) and selling (30%) has a clear guideline to follow. They suggest: First you inform, second you entertain, third you interact and last you sell (Armelli & Villanueva, 2011). Kaplan and Haenlein (2010) developed advices how to make use of social media and split the advices up into five for each element. Five points about how to make use of the media and five advices how to be social. These pieces help companies to make decisions when they want to utilize social media. Kaplan and Haenlein (2010) recommend that companies should choose the social media application carefully, to pick the application or make their own and ensure activity alignment of different social media. Despite that, a media plan integration is equally important as access for all employees (Kaplan & Haenlein, 2010). In terms of the social aspects Kaplan and Haenlein

(2010) recommend that a company should be active, be interesting, be humble, be honest and be unprofessional and they sum up, that a company has “nothing to lose but their chains” (Kaplan & Haenlein, 2010:67). The authors elaborate on importance of those advices to successfully engage in direct end-consumer contact (Kaplan & Haenlein, 2010). Therefore and in this work, those five advices how to be social will be considered in the analytical framework.

Furthermore, because of social media constitutions brands are just like any other actor in a network (Peters et al., 2013). That means, it is no longer an authority which can just send out messages to “impose their views and objectives” (Peters et al., 2013:282). Not only marketers, all companies’ decision makers have to realize that “these social media have transformed the Internet from a platform for information, to a platform for influence” (Hanna et al., 2011: 272). How these changes now influence the innovation capability of companies and how social media can be used for co-creation and what should be considered, will be scrutinized in the following pages.

2.5 Customer Co-Creation on Social Media

“Through co-creative engagement platforms, a company enriches its company-customer interactions, engages in deep dialogue with its market and co-creates different types of contextualized experiences with its customer” (Ramaswamy, 2009:29).

However, social media does not only influence the customer-firm relation, also the customer-customer relation is affected by the opportunities of the connectedness (Piller et al., 2012). Users can easily communicate among each other, share knowledge and find peers with similar interests far easier than before and through websites and search-engines, they can gather information about the companies of their focus. Accordingly, users control what they want to like and share (Füller et al., 2010). Social media was created by people to link people, not from companies to sell brands (Fournier & Avery, 2011). In the shadows of the firms gaze, consumer started to exchange knowledge and experiences about companies’ products and services. In the age of social collectiveness, transparency, criticism and parody (Fournier & Avery, 2011), users started to test products, improve functions and adjust the design to their preferences in impressively creative manner. And companies started to realize, that there are opportunities to turn this threat, due to the loss of control, into a strength, if they connect to

these customers and come closer to their wishes and needs. Ramaswamy (2009:30) discovered early that “thanks largely to the internet, consumers have been increasingly engaging themselves in an active and explicit dialogue with manufacturers of products and services and that dialogue is no longer being controlled by corporations”. But as Fournier and Avery (2011) discuss in their article, it was not easy for *The Uninvited Brand* to make use of the customer co-creation when they wanted to access and control the open source branding.

According to Kohler et al. (2011) the critical challenge is in creating and maintaining experiences for participants of co-creative activities. The authors express, that the key for successful co-creation lies in the ability of companies to combine the right participants, keep them and encourage them to contribute. Most compelling evidence here is, that companies have to be aware of the virtual environment. It is not appropriate simply to transfer offline communication to online interaction (Blazevic et al., 2014). In virtual environments, users communicate their knowledge through an electronic interface without direct personal feedback (Nambisan, 2010). Thereupon this virtual environment has to be designed in a way, which first of all enables but also motivates the customer to engage in current, moreover future co-creation activities (Füller et al., 2014).

Although it can be seen that co-creation is not a brand new thing (Ramaswamy, 2009), neither social media, the connection of the advantages for both people in and outside companies, is also still in the early stages and needs to be investigated by research. The development is still in the beginning and these shifts has a massive impact on the future of firms and customer. Co-creation, which make use of social media is sometimes also called *social co-creation* (He & Yan, 2014) or *social collaboration* (Piller et al., 2012). Companies have the opportunity to connect and forthwith enable interaction with customers through a variety of social media platforms. Intermediary agencies such as InnoCentive, Hyve and Innosabi consult companies in co-creation projects and link the knowledge of customer communities to the brands. Then again other firms, such as Orkla Foods Sverige AB, engaged with a large group of fans on a company’s or brand’s Facebook page. Monitoring blogs, supporting and including bloggers in the new product development process is also used by companies (He & Yan, 2014). The most advanced way of simulating real world processes, occur in the case of co-creation projects in virtual second worlds such as Second Life. Companies like KTM test the reaction of new designs or products or directly ask users to participate with their avatar in co-creation

projects, where they are invited to discuss the development and improvement of products (Kohler et al., 2011).

2.5.1 How to use Social Media for Customer Co-Creation

A successful example of a firm's story to connect with their community is presented by Antorini et al. (2012). In the case of Lego, the management realized that the ideas of their adult fans can be used to increase the value for Lego's core market. The benefits for the company are huge and the co-creative dimensions diverse. Besides energy and ideas injected by the fans, they help to refocus products, distributing strategies and identify new product lines (Antorini et al., 2012). Antorini et al. (2012) summarized Lego's core principles for successful interaction:

- be clear about rules and expectations
- ensure a win-win
- recognize that outsiders are not insiders
- do not expect one size to fit all
- be as open as possible

Shih, Lin and Luarn (2014) recognized, that there is a strong need that customers feel cared about from the company. In their study they found out, that this leads to higher satisfaction and explain the path of success as follows (Shih et al., 2014). Greater satisfaction leads to greater loyalty which leads to increased likelihood of purchase and increased recommendation therefore higher revenue and consequently higher net cash flows (Shih et al., 2014). Based on the characteristics of fans on social networking sites, Shih et al. (2014) propose a framework to build the power of the fan base: (1) engage them with interesting topics (2) address them honestly and positively (3) monitor reviews attentively (4) unite as a family. Therefore "company should have a positive attitude and respond quickly, courageously, and honestly when fans make comments, whether good or bad" (Shih et al., 2014: 352). However, companies must show concern and reply quickly to the complaint. It is passion, respect and trust which should drive the implementation of all interactions which are made by the company (Shih et al., 2014).

Increasingly more companies make use of co-creation activities in the hope of engaging customers in idea development to create new products and/or services or improve existing

ones (He & Yan, 2014). There is a strong need for companies to go beyond simple dialogue with its customers, different authors emphasize that consumers' want more than products, and they strive for meaningful user experiences (Ramaswamy, 2009; Kohler et al., 2011).

2.5.2 Social Media Impact on Co-Creation Methods

Due to a wide range of opportunities in the world of social media, companies have a variety of choices. Under those circumstances the decision what to decide for and the consideration of all the requirements before, during and after a customer co-creative activity, is not an easy one.

The impact of social media on co-creation is discussed in Piller et al.'s article (2012), "however, there is still a lack of research on the use of social media for customer co-creation" (He & Yan, 2014). Piller et al. (2012) analyzed social media's impact on different methods of customer co-creation, which have already been presented earlier in this work. To remind on the different co-creation methods, they are again listed below: (1) lead user method, (2) toolkits for customer co-design, (3) (technical) solution contest and (4) ideation contest.

One of Piller et al.'s (2012) findings, the social media impact on the *ideation contest* should be portrayed in more detail, because this co-creation method come to use in the described case in this work. As the word 'contest' implies, the customers are working as competing agents in a pre-determined timeframe for the solution of a given task. In most cases, a reward or incentive is provided for those participants who contributed with the best ideas, or as the most active user. This is up to the dimension of exchange the company decided upon. Either economic-exchange, or social-exchange (Piller et al., 2012). To reward the most active user is, what Piller et al. (2012) call the incentivization of social interaction. Because monetary reward is never the sole motivator for participation (Füller et al., 2010; von Hippel, 2005), companies can introduce social media features to allow and enable user to discuss topics of their favor. But important to realize is the risk, that participants can leave the contest if it is not how they want it to be and engage with other users on a different platform. Although this also contains a great chance of listening to the participants' thoughts, needs and suggestions, the moderation of such co-creation activities should be considered carefully (Piller et al., 2012).

The decision has to be made, if the company is ready to achieve quality co-creation with social media (He & Yan, 2014). He and Yan (2014:8) articulate in their work that “it is important for companies to follow a methodology to use social media in customer co-creation.” Their recommendations for companies who want to develop a formal process to use social media in co-creation are differed in four advices: First, a risk management strategy should be developed, with the aim to identify, assess and control risks in terms of copyright concerns or conflicts between customers’ and organizational interests. Second, they recommend, to monitor and benchmark other successful examples of companies who make successful use of social media to co-create with the customer. The third advice is to execute a pilot test of the co-creation activity with a small number of users. This should help to reduce the problematics and increase the reputation likewise the quality of the planned co-creation project. The fourth recommendation refers to long-term customer engagement in co-creation activities. Under those circumstances triggering customers’ extrinsic as well as intrinsic motivation to the necessary extend can have a massive influence and is one of the main challenges. For example should the company inform their customers on the work in progress and which steps they are working on based on customers input. By closing the feedback-loop users will be motivated to continuously engaging in co-creation activities. (He & Yan, 2014)

2.5.3 Different Co-Creation Consumer Roles

A classification of the different types of social media users has been made in a previous chapter, however, how companies can make use of distinguished consumer roles in co-creation activities is different from the general user role.

Nambisan (2010) states that virtual customer environments offer “facilities ranging from online customer discussion forums to virtual product design and prototyping centers and enhance the richness of customers’ interactions with one another and with the company.” In the light of these facilities, companies can decide in which stage of their new product development process they want to engage and collaborate with the customer and which role the customer has in the co-creation activity. Fuller et al. (2010) suggest to divide the new product development process in three different phases and thereupon in three different dimension of customer roles. In the first, the ideation phase, the customer is seen as a resource in virtual brainstorm or focus groups. The second, design and development phase, is influenced by the customer as a co-creator who is provided with dedicated spaces or tool kits

which allow customers to express their preferences in design. In the third phase, the new product is tested and launched. Here, the collaboration with the customer aims to get rich feedback on products, which can be either adjusted before launch, or broader improved for the second production wave. Similar are the roles defined by Nambisan (2010). Depending on the firm's primary focus and desired outcome of the co-creation project, the customer can act as an *ideator*, a *designer* or a *tester*, the author enhances the possible roles by a *marketing and support specialist*.

2.5.4 Consumer Empowerment Strategies

Despite decisions for the platform, user and co-creation method for the aimed objectives there are theories about implications on customer behavior and motivation. One strategy which is notably examined in recent co-creation researches, is the theory of consumer empowerment, which can also be applied onto online communities (Chou, Yang & Jhan, 2015; Füller et al., 2010; Fuchs & Schreier, 2011; Ranjan & Read; 2014).

Empowerment strategies connect to the concept of self-efficacy (Bandura, 1995), of which people are more willing to put efforts into something the stronger the beliefs of efficacy are. This is even more difficult to achieve without any direct tangible results in virtual environments. Self-determination plays an important role in the feeling of self-efficacy hence has to be considered in co-creation activities. Fuchs and Schreier (2011) explained the analogy to political systems, in which people prefer democracy (empowerment) to totalitarianism (non-empowerment). Furthermore a smaller online community size gives the participants the feeling of being more efficacious, hence it has a higher perceived impact (Chou et al., 2015). However, the level of experienced empowerment depends to a marginal extent on the community size. The design of the applied virtual interaction tool influences equally as the participants task and the extent of product involvement (Füller et al., 2010). Enjoyment and trust as mediators of relationships between different activities are equally important variables as the level of creativity and lead-user characteristics are moderators of proposed relationships (Füller et al., 2010).

After all, to apply successful co-creation projects it is paramount to design and select the appropriate interaction tool. Given these points, new technologies allow interaction with people in a complete empowered way (Füller et al., 2010). Therefore, co-creation projects,

because of social media, can be designed in a way which was not possible more than a decade ago.

2.6 Summarization of the Literature Review

As we can see from this extensive literature review co-creation can bring a lot of benefits for company's innovation process. These benefits can be achieved when companies open up for external ideas (Chesbrough, 2003). Companies can actively engage with customers and collect valuable ideas from them (Berthon et al., 2012). Therefore, strong interaction between company and customer is required. Interaction as such means the possibility of feedback between sender and receiver of a message (Te'eni, 2001). As Prahalad and Ramaswamy (2004) claim, interaction is the main driver of co-creation activities.

Moreover, the phenomenon of social media is the creation and exchange of content produced by users, hence also based on human interaction (Kaplan & Haenlein, 2010; Kietzmann et al., 2011). It enables companies with easy and fast connection to customers, therefore, makes co-creation much more feasible online (Nambisan, 2010). However, connecting with and maintaining the online relationship with a community is not an easy task (Antorini et al., 2012; Hennig-Thurau et al., 2004). May that as it be, the main intention of social media is to connect people (Hanna et al., 2011;), not companies and customers. Companies have to accept, that social media is a consumer dominated environment (Berthon et al., 2012; Fournier & Avery, 2011; Gensler et al., 2013). Therefore, specific underlying factors of social media have to be applied (Kaplan & Haenlein, 2010). As a result, companies on social media have to behave social as other human beings and build up relationships with customers (Hanna et al., 2011; Peters et al., 2013).

In order to run successful co-creation projects companies have to decide upon different factors such as what platform or method (Piller et al., 2012) to use, how to choose the right audience and how to include (Ulwick, 2002; Florin et al, 2007), empower (Chou et al., 2015; Füller et al., 2010) and motivate participants (Antikainen et al, 2010; Jeppesen & Frederiksen, 2006). To create meaningful user experiences (Kohler et al., 2011), it is also important to ensure good interaction. The DART model enables companies to manage their interaction during co-creation activities (Prahalad & Ramaswamy, 2004; Ramaswamy, 2009). Additionally, Kaplan's and Haenlein's (2010) social media advices should help companies to make

decisions upon their social media activity. Thereupon and in order to answer the research question of this work, the combination of these two latter theories will be considered and explained in the following analytical framework.

3 Analytical framework

In order to analyze the empirical material the analytical framework is developed. The researchers combine and apply the DART model of interaction on co-creation introduced by Prahalad and Ramaswamy (2004) with the adjusted five recommendations how to be social by Kaplan and Haenlein (2010). These two elements are well known in the literature related to both fields separately, therefore this combination can be applied by companies to manage the interaction on social media during co-creation projects. The DART model as such is not connected to social media aspects of co-creation and therefore needs to be supported by social media elements. The authors of this work chose five of initial ten pieces of advice for companies, how to utilize social media, developed by Kaplan and Haenlein (2010). These five pieces are focusing on the part how to be social, which is a main element of human interaction. The combination of the different approaches should help to analyze the online co-creation interaction and the virtual conversations between companies and community members. Following, the analytical framework is explained in more detail.

3.1 DART Model and the Social 5

Prahalad & Ramaswamy (2004) suggested a DART model which represents the key building blocks of interaction during co-creation processes.

Dialogue: interaction of co-creation has to be based on active communication between both sides. These sides have to be treated as equal problem solvers (not “the customer is king”), therefore, it creates a strong and trustworthy interaction which results in loyal community. High quality of dialogue ensures that companies gain a strong understanding of consumers’ point of view. Thus this dialogue has to be built on customers’ terms, which would create a familiar environment and would provide valuable insights about the context for a company. (Prahalad & Ramaswamy, 2009)

Access: this element consists of information and tools (Prahalad & Ramaswamy, 2004). High accessibility of knowledge allows individuals to gain better co-creation outcomes, therefore, it is essential to employ sophisticated tools and platforms, which would create favorable environment for joint idea creation (Prahalad and Ramaswamy, 2009). New technologies and

software tools today allow companies to create refined solutions which ensure excellent co-creation experiences for all participants (Prahalad & Ramaswamy, 2009).

Risk - Reward assessment: this element represents particular rewards and risks associated with participation on co-creation projects (Prahalad & Ramaswamy, 2004). For example the most obvious and direct reward may be financial or other incentive for the best performance. However, according to Antikainen et al. (2010), direct incentives are not the only and not the best reason which motivates customers to co-create. Therefore, both intrinsic and extrinsic motives are necessary to keep users engaged (Füller et al., 2010; Piller et al., 2012). On the other hand, participants may face risks regarding co-creation (Prahalad & Ramaswamy, 2009). Either it could be a leak of personal data or financial risks, users have to be informed of potential threats (Prahalad & Ramaswamy, 2004). As a result, participants can make more informed risk-benefit assessment, thus the final decision to participate is more informed (Prahalad & Ramaswamy, 2009).

Transparency: since the co-creation is built on trust, transparency is a key issue in creating a trustworthy environment (Strategic Direction, 2011). Because of the lack of trust, participants may not reveal all their ideas, opinions and experiences, especially if it is related to personal information (Prahalad & Ramaswamy, 2009). Trust can be gained by open information about the company's processes related to co-creation (Prahalad & Ramaswamy, 2009).

This DART model was developed to analyze interaction on all co-creation activities, therefore as mentioned before, it is too broad to study co-creation as part of social media interaction. It does not consider any social media aspect yet. In order to analyze empirical data precisely, five recommendations how to be social (Kaplan & Haenlein, 2010) were chosen to enhance the DART model specifically for co-creation on social media. This is necessary because social media have a unique set of invisible rules or guidelines, which has to be followed in order for a company to be accepted as a fledged member of the community. This combination has never been used before, however, both parts cover most of the significant areas in their fields separately, which are also discussed by other scholars. Therefore, this new enhanced DART model by taking into consideration social media elements, should be an appropriate tool to analyze interaction of co-creation on social media. In the next paragraphs the adjusted five recommendations of how to be social will be portrayed.

The “five points about being social” are part of the results of a research (Kaplan & Haenlein, 2010: 66), where the authors discussed the challenges and opportunities that emerge from social media evolution for enterprises, and provided structure to better understand the rapidly evolving field of social media. The five recommendations are:

be honest: according Kaplan and Haenlein (2010) companies should not hide or “rectify” real information, because social media users tend to gain it from other sources, as a result it can be harmful for company’s reputation. Therefore *honesty* means transparency in the environment where companies and customers interact. Moreover, this high level of *honesty* increases the level of trust, which is one of the driving forces of company-consumer interaction (Shih et al., 2014).

be humble: As the intermediary and in direct interaction with the customer, every comment should be taken seriously. It is also discussed by Prahalad and Ramaswamy (2004) that all sides of co-creation should be treated as equal problem solvers. That means that on social media companies do not have a traditional authority anymore, which was used to send out messages and form customer’s perception, as well as sell products and services (Peters et al., 2013).

be interested: This advice means to contribute to the ongoing discussions and share and ask for experiences. It means, not only to throw out marketing slogans. There should be an honest interest in the customers who engage to contribute to the development of the company. The authors of this thesis, decided to adjust this advice from former *be interesting* into *be interested*. Besides the evaluation of what is interesting for somebody and what not is very subjective and can hardly be aimed with intention. Furthermore, during co-creation companies should rather listen than to preach (Berthon et al., 2012:269). In order to listen carefully, there is a need to be naturally interested in the observed subject. According to Kaplan and Haenlein (2010) being *interesting* as a company starts from listening to the customers, therefore the researchers assume that the term *interested* is more appropriate in the context of co-creation and will be used in this thesis.

be unprofessional: Being *unprofessional* means to use colloquial speech. Adapting to the group is at least as important as being emotional and off-topic when necessary. For example, to leave spelling mistakes as they are could help in supporting *unprofessionality*. In a context of co-creation, this contradicts with fundamentals of traditional customer inclusion in new

product development - market research. For example questionnaires in market research usually are well structured and formalized (Malhotra, 2010) therefore, sometimes questions are too professional for social media.

be active: Being apparent during interaction is paramount when being active. To give information when needed, answer to question and engage in the interaction supports the commitment. What is the right amount of activity, has to be found out in the beginning of the co-creation project. Here as well, it could be an advantage to observe first how the community members behave and then react and build up the role which wants to be taken.

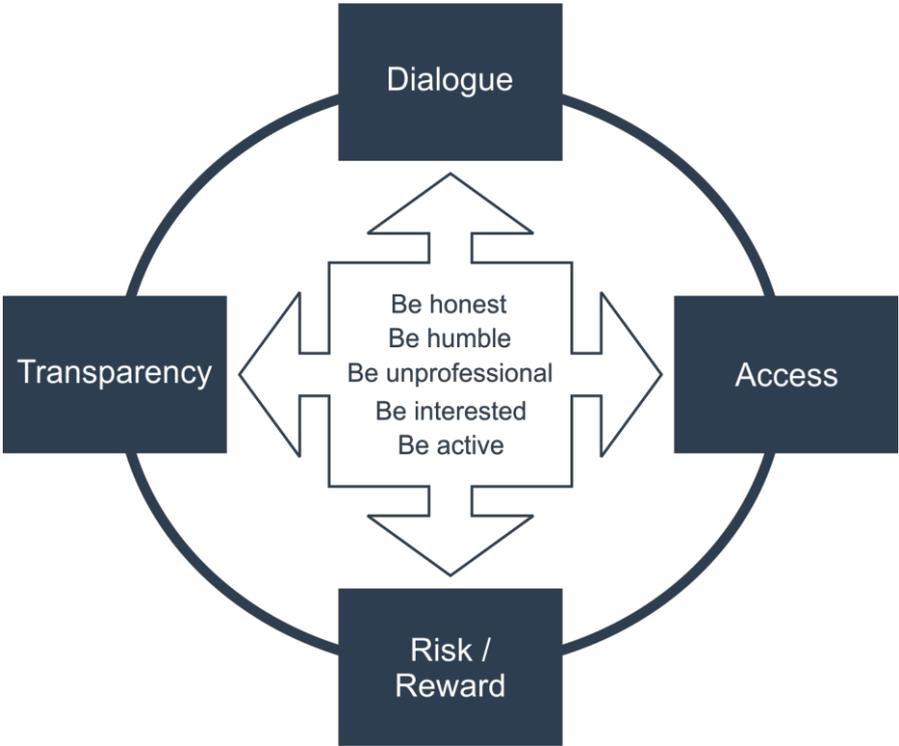


Figure 1. Analytical framework - DART model and the social five. Own figure (2015).

The illustration of the ‘DART model and the social five’ is presented in Figure 2. The final version of the model considers all important aspects of co-creation presented by Prahalad and Ramaswamy (2004) furthermore, it also takes into consideration social dimension by Kaplan and Haenlein (2010). The analysis will follow the DART model as the main management tool of interaction, whereas the advices how to act on social media will help the researchers to interpret the data of interaction from the behavioural point of view.

4 Methodology

In this chapter we will describe the research design and evaluate the chosen data collection and data analysis method. The reader can find philosophical considerations throughout the text as well as the reasons for the selected case with its examples. In the end of this chapter some research limitations are considered.

4.1 Research Design

The constructions of an analytical framework, which occur from intense literature review and theory integration, build the foundation for the following research. The researchers found an open innovation platform which has its own community and contains various social media features. This platform provides access to completed customer co-creation projects, hence to a large number of interaction activities. The platform appearance allowed the researchers to grasp the whole extend of each co-creation project and the platform as the host for those activities. The three selected examples are different companies with different co-creation objectives.

The research has the design of an embedded case study (Yin, 2013). It is a single case study, where attention is paid not only to the case itself but also to subunits (embedded units of analysis) of the case (Yin, 2013). According to Eisenhardt and Graebner (2007), case studies put emphasis on the real-world context in which the phenomena exist. This case study follows an abductive approach of theory building and integrating rather than theory testing (Dubois & Gadde, 2002). According to Bryman & Bell (2011) case study is a detailed exploration, ethnography or qualitative interviewing of specific case, either it could be a person, organization or location. Therefore, in order to collect valuable empirical material which show the dimensions and implementations of companies' interaction in co-creation activities and build a strong case study, the researchers decided to conduct an electronic research, precisely netnography (Kozinets, 2002, 2010). Netnography which is also called a ethnography on the Internet (Kozinets, 2002, 2010). The case study aspect in this research will set the specific frame of particular phenomenon, where netnography allows generate insights about people's behavior within this frame. In the research, it will be analyzed how the companies interacted with the community in order to manage the project, how they designed the dialogue using social media features and what the consequences of these interactions

were. It will be shown, how the interaction influenced the success of the co-creation and what similarities and differences can be recognized between the embedded units of analysis. After all, conclusions will be drawn upon the findings in the final analysis.

The epistemology of this thesis follows the position of interpretivism. This stance evolved from social sciences and is concerned with the theory and method of the interpretation of human action (Bryman & Bell, 2011:16). To evaluate companies' interaction and try to find reasons for appropriate communication, the researchers need to interpret and "therefore grasp the subjective meaning of social interaction" (Bryman & Bell, 2011:17). Accordingly, the consequence of companies' decisions regarding their interaction result in social phenomena and categories, which will be seen as social constructs, hence this thesis adopts the ontological positioning of constructionism (Bryman & Bell, 2011). In line with that, the constructionist positioning implies that social interactions are in constant state of revision, hence the development over time during the customer co-creation projects can be considered.

In order to develop new theories and connect to existing concepts regarding interaction of co-creation on social media, an abductive approach of the research is chosen. According to Yin (2013) case studies require a broader range of information sources in order to make conclusions more convincing. Therefore, the abductive approach is used which is a non-linear process, it matches theory with reality constantly and allows to develop new concepts and models by combining and processing current theories (Dubois & Gadde, 2002). The key aspect which differs this approach from other approaches, like inductive and deductive, is the importance of the analytical framework (Dubois & Gadde, 2002). According to Bryman (1995) previous theories can guide researchers through empirical analysis. Framework development is a parallel process to the data collection, because the primary framework usually is based on 'preconceptions', therefore it has to be adjusted during the process according to empirical findings, other supportive theories, or generated theoretical insights (Dubois & Gadde, 2002). As a result, this approach requires to simultaneously make use of a theoretical model and empirical data in order to develop a strong understanding of both elements and allows to establish new concepts by connecting existing theories with the reality (Dubois & Gadde, 2002).

4.2 Sampling

According to Yin (2013), in the following methodology parts the term *case* is used to describe the chosen platform of ISPO and the term *embedded unit of analysis (unit/s)* is used to describe the selected co-creation projects which are analyzed.

On the condition that particular settings needed to be given to analyze the topic, the researchers had to apply non-probability sampling. The embedded units of analysis were selected through convenience sampling method, owed to the fact that the case is “simply available to the researchers by virtue of its accessibility” (Bryman & Bell, 2011:190). The selected units were chosen because they offered the highest level of interactions of the possible selection of co-creation projects in the case. Here, interaction can be seen as the object of analysis. Following Eisenhardt and Graebner (2007), the selection of cases is appropriate when the aim is to build up, and not to test, a theory. They are using the term ‘theoretical sampling’ to describe that cases “are selected because they are particularly suitable for illuminating and extending relationships and logic among constructs” (Eisenhardt & Graebner, 2007:27).

ISPO Open Innovation

The case of ISPO Open Innovation is chosen, because it has several advantages, which are explained below. Background information about the case and each embedded unit of analysis can be found in the next chapter under case description.

One of the main advantages existing for this case is, that it has the character of a virtual laboratory where different brands can organize co-creation activities under the same circumstances. It has its own community, the ISPO Community. Members need to sign in if they want to take part in discussions, to create polls and participate in co-creation projects.

Three projects, selected as embedded units, on ISPO Open Innovation platform were chosen for the analysis. That was possible because the platform has a standard virtual landscape and environment and each co-creation project is build up in a similar manner. The platform offers a service which can be used by companies under consideration of concrete procedures and with pre-determined processes, like the separation of the co-creation projects in different phases. The platform has the advantage of only containing examples which represent

companies from similar industry - the sports and outdoor business, which makes it easier to compare the findings due to the similarity of topics and the access to the same community.

Another main point of choosing this platform is, that it guarantees full access to the entire conversations of different units, because the data is saved online for a particular period of time (Kozinets, 2002). The structure of the projects makes the complete analysis more bearable. Additionally, all three units chosen are recent examples, which increases the level of topicality. All projects have been carried out somewhere between July 2014 and February 2015. The precise timeframe is stated in each unit description later in this work.

Furthermore, in terms of comparability, the researchers could not find any better case. To examine company's interaction during co-creation projects in order to improve or develop services or products, distinct interactions are needed. It is appropriate and advantageous to have variables and constants (Bryman & Bell, 2011). In this case different companies with different aims are considered as variables, whereas the same community and features of the platform are constants. The customer side is only changing marginally in terms of project participants and in one of the units a part of the participants were selected by the brand. Nonetheless, all analyzed units were highly accessible by all community members, only some of the phases and incentive constructions were different. Therefore, the most significant difference between the units is related to the interaction strategy with customers. As a result this research allows to draw conclusions about different aspects between embedded units and influence of company-customer interaction and its implications on customer engagement.

Another consideration in terms of e-research has to be done regarding authenticity, credibility and representativeness of the selected website (Bryman & Bell, 2011). The selected website of ISPO has a high degree of authenticity since this is to be part of the Munich trade fair, an internationally recognized institution. Regarding credibility it should be looked at possible distortion, but since the content is a snapshot of a certain moment in time, in particular the moment where the co-creation projects ended, the extent of distortion is rather low. The representativeness of the case should be seen in the light of the research question. If the research question can be answered and the findings are generalizable in the sense, that they are representative for a certain phenomenon, the case has an appropriate degree of representativeness. In the case of ISPO Open Innovation it can be recognized that through its high stand in the sports business and its well established building blocks of the ISPO

community and the ISPO Open Innovation platform combined with the increased usage from customers as well as companies leads to a high representativeness.

4.3 Data Collection

Yin (2013) suggests that case studies need more than one source of data in order to make more convincing conclusions. Therefore, to ensure trustworthy interpretation the data is collected by using triangulation (Kozinets, 2002; Yin, 2013), which considers data from theory as well as empirical data from the examples and the conducted interviews. Moreover, this case study looked also to subunits within the case.

Mainly, to analyze this case, the researchers collected the empirical data through e-research, a web-based research method where data is collected through the internet (Bryman & Bell, 2011). Accordingly websites and online pages are the objects of study. The data collection method in particular can be described as netnography (Kozinets, 2002, 2010). With attention on the needed data of this case, which are interaction phenomena, in particular virtual conversations from companies with customers in the event of co-creation projects, the researchers selected this method to gather valuable data created by the company. “E-research uses virtual communications as a means of collecting data from organizations” (Bryman & Bell, 2011:652).

“Kozinets (2002, 2010) has coined the term netnography to refer to a marketing research method that investigates computer-mediated communications in connection with market-related topics” (Bryman & Bell, 2011:654). Considering the aforementioned phenomenon of co-creation and the lead user characteristics of participants of communities, it is reasonable that netnography can provide the necessary data to build the case study. According to Bryman and Bell (2011:655), “groups that engage on computer-mediated communications about a certain topic are likely to be knowledgeable enthusiasts.”.

Netnography or in other words ethnography on the Internet, is a modern qualitative research methodology built to analyze online cultures and communities while using adapted ethnographic research techniques (Kozinets, 2002). This method uses open information which can be found on different computer-mediated solutions such as internet forums, to analyze the

behavior of online groups in their natural environment without visible researcher (Kozinets, 2002).

Since completed co-creation projects are analyzed in this case, the method of data collection has an asynchronous character due to fact that it is not in real time. Researchers and observed objects are not online at the same time. In this case, the researchers get access to information of an “unusual” group of users and aim to find patterns of social interaction through a record of internet usage (Easterby-Smith, Thorpe & Jackson, 2010:43). Entire accessible project interactions are collected and analyzed under consideration of the analytical framework.

Additionally to this collection of empirical material, the researchers made one in-depth interview with social media expert working in the music industry. The aim of this interview was to find an expert opinion, insights and upcoming trends which arise in the field. The contribution of this expert will be used to support the findings in the analysis. Furthermore, an e-mail with open questions has been sent out to one of the moderators in the selected examples of the case. These questions concern the decisions done and ask for improvements for future projects and should likewise strengthen the analysis and depth of the work.

In order to gain a deeper understanding of the community, their thinking, reactions and behavior, one of the researchers joined an ISPO Open Innovation project and contributes to the discussion. Therefore, one of the researchers is in contact with people who also took part in the analyzed examples. This is supportive in order to interpret the examined discourses and refers to Weber’s notion of *Verstehen* (Bryman & Bell, 2011:563).

4.4 Data Analysis

In this research the empirical data from virtual environment was copied and classified regarding analyzed subject (Kozinets, 2002). For the classification and further analysis an analytical framework was used, which was developed by the authors already. Furthermore, after the classification, emerging patterns in the data were identified and interpreted.

In the observed case different types of interaction occur due to the constitutions of the platform. This analysis focuses on discourses and interactions between company and participants in a certain community environment under certain circumstances (co-creation

project). Those company interactions aim to create effects in order to generate valuable customer contribution. Hence, the main focus is on company's side. The discourses arose through the interactive nature of the units and are analyzed in order to find out, what strategy people from the company employ in trying to create different kind of effects (Bryman & Bell, 2011). It is assumed that the way of how people say things is meant to "accomplish certain effects in other" (Bryman & Bell, 2011:525). Hence, the researchers try find patterns and purpose lurking behind the ways things are said or presented and follow Gill (2000) in his suggestion of skeptical reading.

Moreover, discourse is a form of action and is affected by the context (Bryman & Bell, 2011:527) and it has to be considered, that what is said is also a way of not saying something else. Therefore, the research follows a context-sensitive approach, which takes into account not only the language in use but also "factors that influence how language is produced, disseminated, and consumed" (Bryman & Bell, 2011:537). Moreover it is also important to understand the text from the perspective of its author and hence, interpret it and analyze its effects in the community (Bryman & Bell, 2011:563). As a result, in this case not only content created by the company is important, it is also necessary to understand and interpret how other participants behave in relation to different interactions from the company.

Moreover, in order to provide trustworthy interpretation of netnography triangulation techniques have to be used, therefore it is possible to apply findings to the other online and offline environments (Kozinets, 2002; Yin, 1994). One in-depth interview is analyzed in parallel with material collected via netnography and one moderator feedback from one co-creation project is used in order to check that some parts are not misinterpreted (Kozinets, 2002).

Finally, emerging patterns from the data together with valid interpretations help the researchers to develop new theories how companies interact with customers during co-creation projects on social media, therefore they will be presented at the end of this thesis.

4.5 Research Limitations

The study has a number of possible limitations. One of them is that researchers were not involved in the co-creation projects in real time, therefore the analysis was done on complete

set of data. As a result it is difficult to measure real time effect of particular messages. The analysis does not enable the authors to make any assumption about the development of the interaction as an ongoing process, neither on changing behaviors of both company and consumer side nor on any relationship development. What can be seen is how the interaction decisions made by the companies resulted at a particular moment in time. In order to avoid this limitation, longitudinal study of current co-creation project has to be made.

Furthermore, even though this method has combination of positive features which cannot be found in any other research method, the findings rely on researchers interpretive skills and are difficult to apply in other except online context (Kozinets, 2002). Another aspect coming from netnography part of this study are issues regarding user privacy of their online communication, therefore some techniques to gain consent and ensure anonymity if required were used and small adjustment to the data were made (Kozinets, 2002).

Moreover, this study analyzes examples, which took place only on one co-creation platform, therefore, conclusions made by researchers have to be considered before applied on other platforms. In addition, the exact impact in participant engagement of particular interaction elements was not evaluated, therefore, qualitative and quantitative study, which analyzes the perception of users is required. To design a quantitative study to evaluate the effectivity of different elements of online interaction on co-creation engagement would be of high interest.

5 Case Description and Data Analysis

In order to give an overview about the ISPO Open Innovation platform, the following chapter begins with a brief introduction into ISPO, the international fair of sport goods and business and its online platform ISPO Open Innovation. Consequently it will be explained how the Open Innovation platform is included in the trade fairs online appearance. The platform constitutions and subsequently the examples from the platform are portrayed which are selected for this multiple case study. In the end of each example description the reader can find a brief summary of the general interaction of the example before the final analysis will discover the insights and essence of the data.

In this chapter the term case is used synonym with the term *example* and *unit*. To describe, what in the methodology is referred to as case, will be mentioned as ISPO, *ISPO Open Innovation* or *the platform*.

5.1 The Company and the Brand - ISPO MUNICH

ISPO can be seen as a brand and is the world's biggest sports business fair - International Sports Business Trade Show and has been held for the first time in 1969 in Wiesbaden, Germany, before it moved to Munich, Germany, with the company Münchner Messe- und Ausstellungsgesellschaft mbH (MMG) as the organizer. Since that year, the fair grew massively and besides ISPO MUNICH, there are additionally existing ISPO BEIJING and ISPO SHANGHAI fairs, caused by the huge and increasing demand for sport and outdoor goods in the Chinese market (ISPO, 2015). At the ISPO MUNICH 2015 in February 5th to 8th, there have been up to 80.000 visitors from more than 100 countries (ISPO, 2015). 2585 exhibitors took the chance to meet customers and partners from business.

5.2 The Platform - ISPO OPEN INNOVATION

The ISPO Open Innovation platform is a part of the ISPO.com website. It can be accessed through click of the button, either ISPO Open Innovation or ISPO Community as well as through the URL *innovation.ispo.com*. ISPO Open Innovation is initiated by the Messe München GmbH in 2013, and developed with the support of the innovation consultancy

Innosabi GmbH, also located in Munich. The platform is based on the Innosabi community (ISPO, 2015). It is conceptualized, planned, programmed and realized by Innosabi, therefore the company provides the platform as a service for Messe München GmbH (ISPO, 2015).

ISPO Open Innovation is a place, where sports enthusiasts and customers have the opportunity to shape and create the development of the sports industry's future together with the companies and like-minded people. Under consideration of the following rules, companies can create co-creation projects. The reasons why companies should make use of it and the benefits for both companies and customers are well explained on the website.

ISPO OPEN INNOVATION rules:

- Fairness is trump!
- All in good time – no finals before the semi-finals!
- Be a team player and contribute your share!
- Criticism is good – if it's constructive and supports a suggestion!
- Respect our community's uniqueness of ideas!
- Fairness also towards the world beyond ISPO OPEN INNOVATION

The co-creation method applied on ISPO Open Innovation is the ideation contest (Piller et al., 2012), depending on the case, with influences by other methods. But the main approach and structure of the platform, follows the idea of the ideation contest, where participants can see each other's ideas, give feedback, evaluate and comment (Piller et al., 2012). To motivate and engage the participants, rewards for active participation are offered in this method. More detailed information about the kind of reward and the structure of the selected different examples are given and explained below. Every example is divided into phases, through the constitutions of the platform. Each phase is split up into an idea contribution part and an idea evaluation part, whereas the evaluation take part during the last week of the phase.

5.3 Descriptions of Embedded Units of Analysis

Below, the three selected examples from the ISPO Open Innovation platform are presented. First, *The North Face Ideal Heat Insulation* project is portrayed before *Eurorad - introduce*

bike leasing into your company! as the second example. Third, the *Ternua Baselayer Performance Test* is explained.

5.3.1 North Face Ideal Heat Insulation

Well known sports apparel brand launched this co-creation project in order to develop new jacket which best suits customers' needs. The focus was on perfect heat insulation which makes users feel comfortable while they are wearing this jacket. The brand allowed all ISPO open innovation members, who are sports apparel target group, to join the discussions. During this project all participants were the ideators of a new product (Nambisan, 2010).

Project phases:

- **Purpose of use** –the aim of this phase was to determine in what situations customers find the need of the perfect insulation. Long and rich discussions were conducted in order to collect information about the context of usage of heat insulation products. (The North Face, 2015)
- **Technology** – the aim of this phase was to collect ideas and opinions about different technologies which can be applied in new product development. There was a strong connection with previous phase, because people argue about technological issues depending on the situation they want to use the new jacket. (The North Face, 2015)
- **Name** – the aim of this phase was to collect and develop ideas how this new product should be named. There was a strong focus on differentiation among competing products as well as keeping the name suitable in general for The North Face brand. (The North Face, 2015)

During this project The North Face managed to collect 82 ideas in the first phase, 101 ideas in the second and 462 ideas in the third phase. In terms of user engagement people wrote 185, 354 and 716 comments respectively. In order to stimulate the discussion two moderators engaged in the conversation with other users quite actively. There were made 72, 109 and 169 comments by moderators respectively. The whole project durated from the 8th July 2014 till the 17th October 2014.

Table 1. The activity during The North Face co-creation project

| The North Face | number of posts (ideas) | number of comments | moderator's comments |
|--|--------------------------------|---------------------------|-----------------------------|
| 1.phase 8/07/2014 - 8/08/2014 | 82 | 185 | 72 |
| 2.phase 12/08/2014 – 12/09/2014 | 101 | 354 | 109 |
| 3.phase 16/09/2014 - 17/10/2014 | 462 | 716 | 169 |

The North Face's Interaction During the Project

It was one of the first co-creation projects on ISPO Open innovation platform, therefore, early stages of interaction of co-creation on this platform can be observed. The users were able to express their opinions and ideas about a perfect heat insulation jacket. The role of the moderator during this project was a professional with the aim to collect valuable information about customers' needs in order to develop a new product. The moderator was an active member of the discussion, however she was not contributing to the ideas. The moderator only tried to ask questions, which generated more information from participants. In exchange of that and in order to stimulate user engagement the moderator was appreciating nearly all suggestions, however they all were treated equally, without considering the quality or impact of the suggestion. As a result, the conversation was lacking a personal approach and used data collection methods similar to market research methods.

The interaction during all three phases primarily took place in virtual discussion rooms. The general information for participants was provided via "product news" section, however it was not active. The issues which occurred during the process were solved during the conversation between participants and moderator.

5.3.2 Eurorad - Introduce E-Bike leasing into your company!

Eurorad – a German bike leasing company wanted to introduce a new business oriented service. The aim of this co-creation project was to develop ideas and strategies, how to convince employers to start using e-bike leasing for their company. The general idea is to substitute cars used for transportation of employees with electrical bikes (Eurorad, 2015). The aim of the company was to find out how to show the benefits of such service for employers, what expectations employees have and how Eurorad can promote this service. The brand allowed all ISPO Open Innovation members to join the discussions. Most of them were very active sport enthusiasts, as can be seen through their contributions, though they were the end users of the service provided by the company. During this project all participants had the customer role of ideators in new product/service development project (Nambisan, 2010).

Project phases:

- **Expectations** – the aim of this phase was to collect valuable opinions and expectations from potential users. They were allowed to express their thoughts why this service can be beneficial for them and what factors should be considered by Eurorad in order to make this service successful. (Eurorad, 2015)
- **Ideas** – the aim of this phase was to collect ideas how the benefits can be presented to the employers in order to convince them to start using this service. People were invited to discuss how this new service should be introduced to their company. (Eurorad, 2015)
- **Promotion** – the aim of this phase was to take a look at insights collected in previous phases and to develop a more specific approach, how this service should be promoted in order to get noticed by companies and successfully introduce this service to employers. (Eurorad, 2015)

During this project Eurorad managed to collect 42 ideas in the first phase, 135 ideas in the second and 121 ideas in the third phase. In terms of user engagement, people wrote 162, 184 and 212 comments respectively. In order to stimulate the discussion one moderator engaged in the discussion with other users quite actively. There were made 54, 66 and 79 comments by the moderator respectively. The whole project durated from the 3rd November 2014 till the 4th February 2015.

Table 2. The activity during Eurorad co-creation project

| Eurorad | number of posts (ideas) | number of comments | moderator's comments |
|--|--------------------------------|---------------------------|-----------------------------|
| 1.phase 3/11/2014 - 24/11/2014 | 42 | 162 | 54 |
| 2.phase 26/11/2014 - 17/12/2014 | 135 | 184 | 66 |
| 3.phase 7/01/2015 – 28/01/2015 | 121 | 212 | 79 |

Eurorad's Interaction During the Project

It was the least active example of all observed units in this study. The interaction was very similar to the previous example. Primarily the entire interaction was held in virtual discussion rooms with small input from company in “project news” section. People were engaging in the discussion about the benefits of e-bike leasing for the companies. Compared to the *The North Face* example the role of the moderator was more engaging in a more personal conversation and tried to contribute to the ideas of community. Moreover, she also tried to actively engage in the discussion by expressing her opinions, experiences. Hence, by asking questions, which were unprofessional, the conversation with participants was more on eye-level. Furthermore, the moderator in order to express emotions more lively, used traditional signs in computer-mediated communication - “smileys” (Kozinets, 2010; Nambisan, 2010).

The most important issue in this example was a mismatch between Eurorad's expectations and competence of community members. One of company's objectives was to find out how to convince employers to offer the new service to their company. Unfortunately, the community consisted to a large extent out of employees, hence they were not able to deliver the right arguments. As a result, users took nearly complete control of the discussion and the

moderator's actions to influence the discussion have largely been ignored. Even though the moderator was extremely active, the users did not discuss questions they did not want to.

5.3.3 Ternua Baselayer Performance Test

Ternua is specialized on technical, functional and innovative outdoor clothes which are suitable for extreme working and weather conditions. Ternua was founded in 1995 and builds its story on Basque whalers who sailed to Newfoundland (Basque word "Ternua") between the 13th and 16th century to hunt whales (Ternua, 2015). Ternua lays focus on their origin and history, as well as sustainability, product philosophy and solidarity (Ternua, 2015).

Baselayer Performance Test

The company decided to apply a co-creation approach to test their prototype of a new product and gather marketing ideas for the same. Here, the customer had the role of a Product Tester and Ideator (Nambisan, 2010). The product is a Performance Base Layer, which is made in combination with a new technology, the Polartec Power Wool, that should allow even better performance of the product (Ternua, 2015). The product has been a prototype at that stage and was finally launched at the ISPO during February 2015. The company decided to choose 100 participants who were empowered to test the product during various indoor and outdoor activities across winter 2014/15. During the project users were obliged to share their experiences and ideas for improvements on ISPO Open Innovation platform Ternua project site as well as to come up with marketing and advertising ideas.

Project phases:

- **Application** – the aim of this phase was to select the best participants for the testing. Each person who wanted to become a tester, had to fill a specific questionnaire in order to apply. After this, 100 participants were selected and they received a testing package with a product. (Ternua, 2015)
- **Testing** – the aim of this phase was to collect as much user input as possible about their testing experiences. It was mandatory for participants to contribute at least with one post on ISPO open innovation platform which included at least one picture. Furthermore, at the end of testing period participants had to submit special individual questionnaire which was focused on user experience. (Ternua, 2015)

- **Marketing** – the aim of this last phase was to develop a marketing strategy for this new product based on insights collected during the previous phase. (Ternua, 2015)

During the testing phase Ternua managed to collect 310 posts with 1925 comments, whereof 381 were made by the moderator. In the marketing phase 43 ideas could have been generated, with 108 comments in sum. From these comments 55 have been made by the moderator. It can be recognized that the moderator engaged in the discussion with other users quite actively. The whole project durated from the 27th of October 2014 till the 12th of February 2015.

Table 3. The activity during Ternua co-creation project

| Ternua | number of posts (ideas) | number of comments | moderator's comments |
|---|--------------------------------|---------------------------|-----------------------------|
| 1.phase <i>(application)</i> 27/10/2014 - 24/11/2014 | - | - | - |
| 2.phase 9/12/2014 - 23/01/2015 | 310 | 1925 | 381 |
| 3.phase 26/01/2015 - 9/02/2015 | 43 | 108 | 55 |

Ternua's Interaction during the Project

The interaction with the community during the 3,5 month of the project was divided into different areas. There was a main channel for communicating general information. The category 'product news' which was used to update customers regularly and provide them with project related information. From the given information and from analyzing the conversations during the project, the researchers could extract that Ternua made also use from personal messages via e-mail, as well as they gave instructions which were only for the testers in particular.

“Ann-Kathrin 4 month ago

Hi Psalmi, I'm sorry that your Ternua Uigur top is too small! The sizes were exclusively adjusted to the German market in 2015. I am contacting you via email to clarify that.”

“Unknown tester

Where can I find the online questionnaire?

USER 4 month ago

via link in the e-Mail...”

Ternua Baselayer Performance Test - phase 2 (Ternua, 2015)

During the testing phase the interaction was mainly done via a discussion forum in a virtual environment (Nambisan, 2010), which platform is offered by the ISPO Open Innovation. Meanwhile the participants tested the product and uploaded several distinguished and detailed testing reports, the moderator took part in a lively discussion. She engaged in the idea contribution discourse, where personal experiences, feelings and opinions has been shared over a time period longer than four weeks, from the 09.12.2014 and the 14.01.2015.

The moderator showed a wide variety of communication styles. She was, among other things, appreciating, talking, kidding/joking, arguing, informing, listening, motivating and summarizing. Those behavioral expressions can easily be connected to the social five *be active, humble, unprofessional, honest and interested*.

The moderator in the example of Ternua showed a very honest and personal behavior. She shared her knowledge with the group and her conversation style was on eye-level. One big characteristic of her comments was, that she was acting very solution oriented. In each stage, she had the project target in mind and a problem solving thinking. The people in the community followed her advices and met her requests. Besides colloquial speech, the moderator was using typical signs of computer-mediated communication (Kozinets, 2010; Nambisan, 2010), such as smileys “:)” to express feelings and emotions. The group of community members which engaged in the project from Ternua was very lively and active.

5.4 Analysis

Before the final analysis part starts, the interaction in numbers is presented in a table, which gives an overview about each units' objectives like focus and outcome, customer integration roles and numbers of comments posted.

Table 4. Customer innovation and co-creation roles of selected ISPO Open Innovation projects, following Nambisan (2010:112)

| | Customer Role | Primary Focus of ideation contest | Desired Outcome of ideation contest | number of posts in total | number of comments in total | number of moderator's comments |
|-----------------------|----------------------|--|--|---------------------------------|------------------------------------|---------------------------------------|
| The North Face | ideator | product conceptualization | ideas & suggestion for a new jacket with new function, design & technology, product name | 645 | 1255 | 350 |
| Eurorad | ideator | Service development | production & delivery of service: bike service integration in companies | 298 | 558 | 199 |
| Ternua | tester ideator | testing & prototyping, conceptualization | improvement of baselayer & new marketing ideas | 353 | 2033 | 436 |

It can be seen, that in numbers of comments, therefore activity, Ternua is far ahead the projects. Another point is, due to company's desired outcome, that only in Ternua's example the participants were empowered into the role of a product tester. The examples provided different desired outcomes, The North Face aimed for a new product but started from scratch, only given the type of product which is aimed, in this case a jacket. Eurorad strives for the introduction of a service, and aimed to find convincing arguments in order to present the service to employers. Ternua was looking for product improvements and therefore selected

appropriate testers for their product. To see possible reasons for the different outcomes and active participation, the following analysis will scrutinize the data.

Remembering the analytical framework the authors making use of, the analysis follow the structure of the DART model (Prahalad & Ramaswamy, 2004). The accordance with the adapted version of Kaplan and Haenlein's (2010) five advices how to act social: *be humble, be active, be honest, be unprofessional* and *be interested* is visually supported through italic style, as it can be seen here.

5.4.1 Dialogue

One of the advantages of the social media features are, that the interactive nature allow immediate feedback (Te'eni, 2001:271). This again can help companies in leveraging active and ongoing dialogue with the aim to engage customers on their terms, enable them to co-create experiences which suit their own context (Ramaswamy, 2009). Ralf Plaschke, social media expert in the music industry, sees the conversation as follows:

“It is a dialogue, as it has to be on social media. To sum it up it is customer care, to have an ongoing relationship and keep your customer close to you, that you can sell in the end”, - Ralf Plaschke, CEO of GMO - The Label

In order to develop successful new products it is necessary to collect rich data not only about possible features of the product, but also about the environments and context which the product will be used in (Florin et al., 2007). Therefore, co-creation projects require long and informative conversations and it is company's interest to stimulate them. There are significant patterns emerging in all three observed examples. For instance users tend to comment more when the moderator is *actively* and *honestly* engaging in the discussion. Therefore, it is observed that participants engage more when companies to use personal and emotional speech.

This aspect plays an important role in customer engagement, especially during the Ternua Baselayer Performance Test testing phase. As an example, when one user mentioned details about his product testing experience in Canada, moderator's response was:

*“Ann-Kathrin of Ternua 4 months ago
Yeah, a musher test! I worked a year ago on a husky farm in Canada. Your
photos remind me of the great time. Have fun testing!”*

TERNUA Baselayer Performance Test. Phase 2 (Ternua, 2015b)

This comment provided very personal information about the moderator’s previous experience and her feelings regarding this situation. Moreover, by expressing positive feelings she had tried to align herself with the participant. The result of this *active* and *honest* comment was, that users were enabled to build up a relationship through connecting their own experiences to somebody else's experiences, hence building trust with the person who is talking to them. Therefore, there were lower barriers for users to express ideas (Strategic Direction, 2011). In addition, when another user mentioned his trip to the mountains in Norway while testing the product, moderator’s comment was:

*“Ann-Kathrin of Ternua 4 months ago
Gorgeous photos! It makes me jealous...”*

TERNUA Baselayer Performance Test. Phase 2 (Ternua, 2015b)

In this particular comment the moderator went even deeper and expressed her own emotions and *interest* regarding this post made by user in a, traditionally seen, *unprofessional* manner. In this post it is hard to measure the direct influence on the discussion, however, other users also engaged in the conversation and expressed similar feelings. A high level of self-disclosure is an expression of the willingness to present oneself in the social media environment (Kaplan & Haenlein, 2010). In order to sustain the dialogue, it is essential to connect bonds between a group of individuals in an environment, where the physical dimension of direct contact is missing, as it is in a virtual environment (Nambisan, 2010).

On the other hand, there were significantly less comments in the discussion, when the moderator tried only to ask questions without giving too much contribution to the ideas. It was quite often observed in The North Face and Eurorad examples. In these cases moderator stays distanced and shows *professionalism* by behaving as they would be conducting a survey.

On the other hand, when the moderator in addition to the questions also tries to *honestly* contribute to the idea, users started to appreciate it and started building on top of it:

“Moderator of ISPO OPEN INNOVATION 8 months ago

That's right :) Now I have understood these openings better - I imagine it a bit like the scales of fish (only bigger).”

THE NORTH FACE Heat Insulation Phase 2 (The North Face, 2015)

The response from the user:

“USER 8 months ago

I agree! The best ideas come anyway mostly from nature. Well anyway, I think it's quite successful, but perhaps it provides The North Face something distinguished, to create even better products. ;-)”

THE NORTH FACE Heat Insulation Phase 2 (The North Face, 2015)

As a result, this *active* contribution made by moderator created a sense that company is participating here, not only to collect as much information from the participant, but also to develop new products together with them in a *humble* manner. The exchange of knowledge and ideas is crucial. Moreover, good ideas from brand's side are showing competence is building trust and appreciation between the company and participants, therefore, users are willing to contribute more with higher number of comments (Füller et al., 2010). This argument can be supported by insights made by the moderator herself:

“I have committed myself very much for the project. The users have noticed - I have actively participated in the discussions.” - Ann Kathrin, Moderator of the Ternua Baselayer Performance Test

Idea contributions from the moderator can not only attract appreciation from users, but it can also increase user's answering rate. When the moderator provided her own opinion regarding the idea and suggested some improvements, users seem to be more willing to reply to the questions. During the second phase of The North Face example, one user suggested to implement a pump which would fill the jacket with air when necessary, therefore the moderator responded:

“Moderator of ISPO OPEN INNOVATION 8 months ago

*Thank you for the picture! This would then probably be a "micro" version of it :)
Where would be the best place to put this pump?"*

THE NORTH FACE Heat Insulation Phase 2 (The North Face, 2015)

As it can be seen, the moderator had tried to be *active* and *interested*. Through adding a small piece to the idea by suggesting that it should be a ‘micro’ version of the pump the moderator is actively participating and contributing to the ongoing idea collection. Moreover, right after the suggestion followed the question which was precisely tailored to it. As a result the question created a clear path to the participants to build their own ideas on top of this comment (Antorini et al., 2012). As a result, users were actively engaged in the conversation, supported the idea of a micro pump and actively answered moderator’s specific question. This question inspired good discussion where users generated five different ideas about location of the pump.

Previously mentioned, a precisely tailored question is important not only when the moderator wants to add a suggestion to the idea. It can be observed that the question, tailored to other user’s ideas plays an important role in stimulating user engagement. It shows that a moderator is *honestly interested* in an idea and supports it. As a result it can create the feeling of appreciation for the user, thus he or she is more willing to answer that question. As an example when a user suggested to make a new reversible jacket, the moderator responded:

“Moderator of ISPO OPEN INNOVATION 8 months ago

The idea of reversible jacket I think is very good! Does the two sides of the jacket - apart from the color - also have different materials? What materials would then come into question?"

THE NORTH FACE Heat Insulation. Phase 2 (The North Face, 2015)

This question was precisely based on the main suggestion made by a user, moreover, the question was developed in order to improve the idea. Therefore, users contributed and submitted additional ideas regarding the materials.

However, it is not always implemented successfully. When the moderator asks a question distant to the main idea in the previous post, it can have negative consequences. As an example, when users emphasized the importance of light reflectors on the new The North

Face jacket, participants engaged in an active discussion about safety in the dark. The moderator tried to relate this suggestion to other ideas, which proposed to use silver material to reflect heat:

“Moderator of ISPO OPEN INNOVATION 8 months ago

Could this (dockable) reflectors also have other functions, which would then help that the jacket adapts to different temperatures?”

THE NORTH FACE Heat Insulation Phase 2 (The North Face, 2015)

Although one can think this was a creative suggestion, there was no direct connection to the ongoing discussion. Therefore, participants were confused and tried to explain to her, that usually reflectors are used to protect people at night. It created the sense that the moderator is not *interested* and is not reading well the comments written by users or she is not competent or experienced in this particular field. Ignoring customers topics of interest means a lack of sensitivity for the ongoing discourses.

This also can become an issue if the moderator is not paying too much attention to what is written in the suggestion or its comments and just follows company’s interests. Therefore, through this lack of commitment the moderator can easily lose trust. As a result, when the moderator’s comments have higher level of relation to the suggestion or contribution of other people, there is a higher chance that user will contribute to moderator’s comment. However, if the connection between moderator’s comment and content created by other users is not clear, then it becomes easier for participant just to ignore it.

Even though it is essential for brands to receive the exact needed information from customers, it is equally important to remember that co-creation is based on distinguished principles. Therefore, traditional market research methods usually do not work here (Piller et al., 2012). Thus, precisely polished questions with perfect and sophisticated wording might discourage users from participating, because that appears too *professional*. This is therefore a problem as it does not fit into the environment of a forum, where people feel among equals. For example during the first phase of Ideal Heat Insulation, one user stated in which activities this new jacket would be valuable for him. The response from moderator was:

“Moderator of ISPO OPEN INNOVATION 9 months ago

These are good situations! What exactly is so special about these situations, that you need a jacket with good thermal insulation? How do you feel?"

THE NORTH FACE Heat Insulation Phase 1 (The North Face, 2015)

As it can be recognized in this example, the moderator shows *interest* by asking questions. These questions are asked in a manner, which can be described as distanced, because the wording is very precise and does not remind on a normal conversation. The moderator asks, the user should respond. Unfortunately, the moderator did not received an answer to this comment. On the other hand if the question is much more natural and reminds traditional personal face-to-face conversation, the engagement is much higher. As an example during the Ternua testing phase a user described for which activity he used the product. The moderator responded:

"Ann-Kathrin of Ternua 4 months ago

Where have you been sledding? Today I was with friends on the worm mountain. Thanks for the great photos!"

TERNUA Baselayer Performance Test. Phase 2 (Ternua, 2015b)

This is equally *interested* and *unprofessional*, because it contains personal revelation. Therefore, in this example a step of self-disclosure (*honest*) is made through the conscious revelation of personal experiences during the day, which is crucial to build up relationships (Kaplan & Haenlein, 2010). As a result, this started a lively discussion among other users. Questions like this might not aim to cover the overall objective of the task, however, it makes users talk and share their experiences. Thereupon, users can reveal numerous details about their environment and more context related information, which can generate valuable insights (Florin et al. 2007).

On the other hand, for example when the moderator asks complicated and *professional* questions, users tend to ignore it:

"Moderator of ISPO OPEN INNOVATION 8 months ago

Interesting topic! Are there any sustainable materials that insulate heat very well and can adapt to temperature shifts?"

THE NORTH FACE Heat Insulation. Phase 2 (The North Face, 2015)

This question made by the moderator is very *professional* and demands a relatively deep knowledge about garments and fabrics used for heat insulation systems. In this example the moderator did not received an answer to the question. It is important to enable customers an easy answer to questions and align the knowledge of the selected group of participants with the desired level of outcome. Not only because participants need to be able to answer the question in general, but also because social media and information overload have trained users not to pay too much attention to particular elements of content (Webster & Ksiazek, 2012). Consequently, when the moderator suggests the answer in a question already, asks to choose between numbers of options, or asks about everyday situations, it requires less effort from participant, therefore he/she is responding actively:

”Moderator of ISPO OPEN INNOVATION 9 months ago

Hi Silvano, great suggestion! Definitely something to consider. If you imagine going to a store right now - for which purpose would you then look for a jacket? Which purpose would be most attractive for you?”

THE NORTH FACE Heat Insulation. Phase 1 (The North Face, 2015)

In this example moderator tries to recall ordinary experiences in participants’ minds. This simplicity of the question stimulate the discussion between participants. Similar patterns can be observed with extremely precise questions, which focuses on specific subject for example “placement of zippers on the jacket”, therefore users are engaging.

“Co-creation calls for deep understanding of consumers’ perspectives, which cannot be achieved without active customer involvement and dialogue” (Ramaswamy, 2009:32). Users not always have the answer in their minds, therefore it is necessary to develop tools (specific questions, easy to-recall situations and etc.) which would help users to generate ideas and makes answering process more convenient for participants. Therefore, tools which trigger users’ experiences, which customers can exchange, share and talk about are required. Despite the fact that this method can cause moderator’s bias, users can contribute to the ideas and add valuable data for the company. The Ternua testing project used this approach in different manner. Since users were provided with testing products, the contribution which was required from them, was descriptions of their experiences while using the product. Therefore, it

became a tool, which allowed users to generate stories and share them afterwards. In the cases where the user role was limited as an ideator, it is even harder to trigger user experiences, therefore the interaction style has to be aligned to the situation. In the chosen units of analysis distinguished interactions with different outcomes occurred, hence it was possible to recognize all pieces of advice how to act social. Some elements of interaction there were quite limited, therefore, users were not engaging actively. For example when conversations between participants and moderators did not remind a normal face to face dialogue it contradicts with social media advices of being *unprofessional* and *humble*. Moreover, participants expect not only contribution from companies, but also *honest interest* to their ideas and would build on top of that and not on something distant. The data shows that when moderator is not deeply *interested* in users' comments, they can just simply ignore her. The analysis of the data revealed, that there are patterns how user experiences and customers' perspective can be approached, although there are situations, where it is easier to address those experiences directly. This can be seen in the example of Ternua where the user experience is inherent in the empowerment role of participants.

5.4.2 Access

All three analyzed units use the ISPO Open Innovation platform, which provides brands with possibilities to collect user input by giving more power to the participants. The platform supports projects which aim consumer empowerment through a set of inspiring and challenging goals, where they provide autonomy and a culture of collaboration rather than competition (Füller et al., 2010). All registered participants are allowed to submit their ideas, to evaluate ideas of others and to provide some feedback to users by leaving comments under each idea. Every participant has its own username and the possibility to add a profile picture. The positive consideration is here, that users and social media sites have different discourse preferences and aims (Kietzmann et al., 2011) accordingly some users have a synonym, others participate with their real names.

Regardless the open collaboration activities there also exist co-creation projects, where companies include an application phase and select the participants to the next phases, after elaborating their submissions. For example in the example of Ternua, where customers had the role of product testers (Nambisan, 2010). These testers were selected at the end of the application phase. Moreover, the access was not forbidden for other users, therefore even the

users who were not selected as testers, were able to contribute to the discussion. However, it can also happen that the co-creation project take place “behind closed doors” as in the ongoing example on ISPO Open Innovation platform of ‘Bergans of Norway’ together with ‘Toray’:

“Start of the test phase!

from 05. May 2015

The testing phase started yesterday!

To all of you who weren't selected: we want to thank you once again for your application – maybe it will work out next time.

As we are testing a completely new prototype, the testing phase will be taking place behind „closed curtains“.

We are however already looking forward to showing you the results of the testing - so stay tuned :)

*@all Testers: Log on to ISPO OPEN INNOVATION and click **here** to go to the project.”*

ISPO Open Innovation (Bergans and Toray, 2015)

As a result, the ISPO platform provides companies with better access to consumer insights. Usually the goal of similar idea contests is to develop products which would have a better fit to customers’ needs (Piller et al., 2012), the ISPO Open Innovation platform has three level of idea validation processes. First is the idea submission stage, in the second users are able to engage in the discussion, criticize or strengthen the ideas by writing comments and distribute likes, and finally in the third stage users are able to vote and select the best ideas. This validation process is completely left to the crowd and the company has no power to influence final order. As a result, the finally selected idea(s) should be the most attractive for most of the participants, therefore it should be suitable for similar target audience and like-minded people. However, it is not completely clear what happens after the end of each project, thus the very final decision still belongs to the company.

Each phase of co-creation projects on this platform starts with descriptions of what is expected from the participants. Moreover, the company has also the opportunity to transfer their knowledge to the users, therefore, idea generation can start with the background information:

Entry in "Project News" Eurorad:

"Employees can now receive a bike for lease from their employers. You as employee profit from tax privileges and extensive service and insurance options. The road to work on an E-Bike comes with less stress, with fitness, fresh air and not least the good feeling of having done something good for the environment.

What do you expect from a bike leasing offer? Look at the Eurorad offer here and let us know what you think and contribute with your creative ideas."

INTRODUCE E-BIKE LEASING INTO YOUR COMPANY! Description of phase 1 (Eurorad, 2015)

This description provides a strong basis and informative starting point for a user discussion regarding the main idea or this particular project. Company provides its own knowledge regarding the benefits of the final solution, therefore users are aware on what elements focus on. Moreover, in this particular case the company provides already existing solution and asks for ideas which could improve it. The request *"contribute with your creative ideas"* provides the users with autonomy (Füller et al., 2010). The statement *"you as employee"* addresses the group of users who are working for somebody, hence create a feeling of affiliation, which result together with encouraging words, in a culture of collaboration (Füller et al., 2010). Consequently, users are spending a lot of time discussing the topics of their interest like health benefits and environmental issues.

Furthermore, sometimes users may require additional information, such as more precise expectations of the company because discussions lose track. For this reason there is moderator's input required. While the users started to discuss about the technical solutions of the product, on the first phase of The North Face Heat Insulation, it did not fit under the description of the phase and the moderator *actively* stepped into the discussion:

"Moderator of ISPO OPEN INNOVATION 9 months ago

That's an exciting idea! As it comes to the specific technological implementation of the jacket, you should wait until the next phase. It would be great if you then, would submit your great suggestion in the technology phase starting at 12 of August!"

THE NORTH FACE Heat Insulation. Phase 1 (The North Face, 2015)

In this example, the moderator stopped the discussion regarding the product technical aspects, however she also supported the idea and encouraged participant to make similar suggestion during the second phase. Therefore, it is possible to rather lead than control the discussion in a way by making relevant suggestions and comments, in Kaplan and Haenlein's (2010) words *be active*.

Contradicting, participants not always follow the path which is intended by the company. During the second phase of Eurorad - Introduce E-Bike leasing into your company!, the intention was to receive suggestions about how to convince employers to implement this new service to their companies. However, most of the users submitted the ideas regarding to employee benefits of this service. Therefore, it illustrates that the target audience in this community had not the right competence to answer this elaborate question. The reason for this is probably due to the lack of employer experiences. There were some valuable suggestions which were directly focused on company's expectations, however, it was only the minority of ideas. Nevertheless the moderator *actively* used different types of questions, which could turn the discussion back on track. For example:

“USER posted 4 months ago

A transparent cost accounting for the employer. The employer wants to know what the costs of the leasing model are and what benefits it has, of course. Without meaningful figures it would not mean anything...

Moderator of ISPO OPEN INNOVATION 4 months ago

Thank you! How could the workers contribute to the making a cost accounting seriously considered by the employer?”

INTRODUCE E-BIKE LEASING INTO YOUR COMPANY! Phase 2 (Eurorad, 2015)

As this example illustrates, moderator tries to stimulate the discussion which would be focused on the main expectation of the phase thus she is *professional*. Similar behavior is observed in the conversation during the entire phase. Surprisingly, users are not contributing precisely to the idea, intended by the company. Users suggest what is important for them, not for their employers, therefore, most of the time moderator stops being *humble* and tries to ask

a question “how to convince employers?”, which is more important for the company, not for participants. Moreover, it displays the lack of *interest* towards users’ ideas. Therefore, most of the time participants just simply stopped commenting. The interesting fact, in this particular example illustrated above, is that participants continued the discussion after moderator’s comment, but completely ignored it. Therefore, it shows that it is not always possible to lead the discussion, especially if participants are not experienced in a particular field or are not interested in an exact problem. However, previous examples illustrate that it is possible to have influence to the discussions, but the power in this case still belongs to the community, so the moderator has to keep that in mind and stay *humble*, and if participants are not willing to talk about the intended problem after some tries, sticking to the beforehand decided aim does not help. Therefore, probably it is beneficial to adjust the main question because:

“It’s communication. People will talk about whatever they like to talk about whether you take part of it or not.” - Ralf Plaschke, CEO at GMO - The Label

Through investigating on user experiences, companies can create meaningful interactions and build up relationships (Prahalad & Ramaswamy, 2004). By empowering customers as prototype testers, as in the example of Ternua, a firm correspondingly create meaningful experiences (Ramaswamy, 2009; Kohler et al., 2011). The participants build their experiences in direct relationship to the product and therefore with the brand.

”Ann-Kathrin of Ternua 3 months ago

Hi Freddy, how are the preparations for the marathon going? Sounds like you are satisfied with the Ternua Uigur top.

Ann-Kathrin of Ternua 3 months ago

Is this your first marathon? The preparations are needed for each run. I know that.

Ann-Kathrin of Ternua 3 months ago

Oh, the marathon is in Rome! That sounds exciting.

Ann-Kathrin of Ternua 3 months ago

Will you take the Ternua Top with?

Ann-Kathrin of Ternua 3 months ago

Ah ok, I understand! You shall persevere until the end and not overheat. Good luck!"

Ternua Baselayer Performance Test - Phase 2 (Ternua, 2015b)

This example shows how the moderator creates and continues a conversation through being *interested* and *humble*, also easily includes topic related questions. Various elements of social interaction can be recognized in that example. Besides Kaplan and Haenlein's (2010) advice to take the lead and *be active* in order to develop a relationship, words of encouragement and positive emotional support can be found which strengthens the person's perceived self-efficacy (Füller et al., 2010).

The moderators of the different projects present themselves in different manners. According to the concept of Kaplan and Haenlein (2010), self-disclosure is a critical step in the development of close relationships but can also occur between complete strangers (e.g. talking to the seat neighbor in the airplane). The presentation of the personal self is done through *honest* and *humble*, conscious or unconscious revelation of personal information like feelings, thoughts, preferences or dislikes.

*"Ann-Kathrin of Ternua 3 months ago
Where have you been? The photos are really fantastic. I can imagine that it was
a nice tour.*

*Ann-Kathrin of Ternua 3 months ago
You make me really jealous! I have only seen snow on 3 days this winter... Have
fun testing!*

*Ann-Kathrin of Ternua 3 months ago
Impressive photos! I love the silence at night when you're out there ...*

*Ann-Kathrin of Ternua 3 months ago
Awesome heart photos. We feel flattered ;) Thanks for the good feedback!"*

Ternua Baselayer Performance Test - Phase 2 (Ternua, 2015b)

What is conspicuous here, that these comments are human. A personal and *humble* revelation as a spokesperson of a brand, because social interactions are reserved for human beings (Hanna et al., 2011). Moreover, in these examples personal *interest* towards the suggestions can be observed. With this intention brands may now obtain a motivation for these interactions and try to humanize the brand. That triggers consumer's perceived social relationship with the brand and affects their reciprocal response to it (Gensler et al., 2013).

“I think it is intelligent to personalize the social communication and present the social media team, because people then realize, that there are real persons speaking to them. It will make it harder for people to be so nasty.” - (Ralf Plaschke, CEO of GMO - The Label)

This is important in terms of understanding which role and status the brand will take in customer’s personal life. In the examples, the moderators are acting in the name of the brand, are perceived as the brand and have direct influence on customer’s brand image. Through their *active* dialogue they can also change the status of the brand in participant’s life. The following example shows adequate how the moderator can connect with the customer and engage in an *active* dialogue which discovers a lot of insights. Here, a tester addressed the moderator specifically and asked if the garment contains nanosilver, her answer is the next post in the list of comments:

“Ann-Kathrin of Ternua 3 months ago

The Uigur top is made of merino wool and synthetic fibers. Both components are not processed or sprayed with nanosilver. The wool on the inside is very breathable and resists odor naturally. Thus, no additional chemical treatment is required. The artificial fibers were processed on the outer side. They make the Top rugged and support the removal of moisture.

USER *3 months ago*

Thank you Ann-Kathrin for this great info. This shirt is still one of my favorites. I think it's always good to make the components of the materials to be available to the customer as accurate as possible (at least for me as a skeptic). I personally do not like things that promise a lot, but then you don't know what chemistry is behind that in order to perform so.

So straight to marketing; Process secrets etc. are okay and must be preserved by a company, however, the materials used should be readable for everyone, especially for a shirt that has obviously nothing to hide :)”

Ternua Baselayer Performance Test - Phase 2 (Ternua, 2015b)

The participant describes herself as a skeptical person and through the transparent information of the moderator, the participant is fairly satisfied and reacts with a long answer and appreciation. The moderator responded in a *humble, honest* and rather *unprofessional* manner. Therefore, this can be assigned as a positive experience for the user. Through deeply tackling with a product or a brand in the co-creation project, the company can build strong ties between the brand and the customer. Hence it is possible, that the brand elevates to the status of a friend, or in the most intimate scenario, becomes an integral part of consumers' life (Gensler et al., 2013).

“Access means consumers can experience value through means other than product ownership. By gaining access to knowledge, tools and expertise, individuals begin to guide their own experiences outcomes” (Ramaswamy, 2009:32). Through understanding the technical and social infrastructures of platforms, companies can tailor them on consumers and encourage their active participation. Access is connected to customer's perspective, thus not only the technical access. It is furthermore the empowerment through information to experience a new and unique story related to a brand which is beyond the simple product ownership. Therefore, they require rich information about company's expectations and additional information related to the solution. In order to fulfil participants wish for those experiences, the different units of analysis made use of different knowledge and expertise revelation, depending on the desired outcome and aim of the co-creation activity. For the analysis the researchers tried to detect more successful moderator contributions and therefore interpreted user's contributions. The data shows that moderator may influence the discussion by providing additional information, however it is not always the case. Since in social media control belongs to the people it is hard to make them talk about things they do not want to. Therefore, autonomy may be required. In other cases, when expectations of a company and participants are met, they both actively engage in the discussion.

5.4.3 Risk-Reward Assessment

Several authors have emphasized the importance of different incentives which motivates users to participate in such co-creation processes (Hennig-Thurau et al., 2004; Nambisan, 2010; Piller et al., 2012). In all three observed units, the brands have used similar, direct incentive techniques. According to a particular set of rules, which is given by the ISPO Open Innovation platform, the most contributing participants have been rewarded. Participants

received the reward in form of valuable products or services created and produced respectively by the company. The benefits in the selected examples were a The North Face tent, whereas Ternua offered, amongst other things, a backpack and Eurorad a 150 € voucher for bike accessories. There were many smaller incentives for less contributing users as well. North Face in total rewarded 30 participants, Eurorad 12 and Ternua 21. These high numbers ensured that all participants had high probability to be rewarded. The following figure is showing an example of a possible visualization of the incentives.

| INCENTIVE |
|---|
| The most active ISPO COMMUNITY participants, who are not testers: 1.-3. Place: one Ternua Backpack 4.-15. Place: one Ternua Beanie |
| The most active testers: 1.-3. Place: one Ternua Backpack |
| The users who submitted the favored photos during the testing phase: 1. Place: one Ternua Jannu Jacket made of Polartec® Alpha® 2. Place: one Ternua Softshell Pant 3. Place: one Ternua Backpack |

Figure 3: Example of the Ternua INCENTIVE listing. (Ternua, 2015b).

Furthermore, these incentives were presented at the very top of each web page, thus users were always aware what incentives they can receive for their contribution during each project. At the same time, as there are differences between the types of co-creation activity among the examples. Ternua had selected user to participate in the project as product testers. This empowerment of one group could have led to negative emotion among the group of non-selected users (Chou et al., 2015). According to Chou et al. (2015) happy/positive and sad/negative groups have different behavior. So if non-testers are allowed to participate, they have to become happy in a way that makes their contributions valuable. To avoid this negative outcome, the company opened the discussion for all community members and accordingly offered benefits for all.

“Ann-Kathrin of Ternua 4 months ago:

Hi Peter, so are we! Keep your head up: Non-testers who actively pursue the contributions can win a backpack or Ternua beanie.”

Ternua Baselayer Performance Test - Phase 2 (Ternua, 2015b)

Ternua did not only incentivize social relationships (Piller et al., 2012) by rewarding the "most active participant", they also include a photo-contest, where all participants could vote for only tester's submitted photos. Consequently, they split the incentives for the most active participants in testers and non-testers, to design the distribution of incentives as fair as possible. They even offered a larger amount of rewards to the group of non-testers than to the testers. This could may result from the fact, that the testers have two other benefits: the social benefit of being selected and the hedonic benefit to test and keep the product (Nambisan, 2010). However, this reward for activity can have negative consequences:

“There were users in the community who have only posted contributions, to earn points and win a prize. This was meant as an incentive to participate in the discussions. Of course, other users have noticed and complained. Then I wrote, that we should ignore these users. It has to be only written about the test product on the platform. Incentives were still distributed. But I would advise my clients the next time not to use it, because they make a wrong incentive.”, - Ann Kathrin, Moderator of TERNUA BASELAYER PERFORMANCE TEST

As we can see from the moderator's insight, incentives for activity not always have positive effects. It was also discussed by Antikainen et al. (2010) that not only tangible incentives are motivating users to participate. Since the ISPO Open Innovation platform allows users to read previous comments made by others, there is a strong presence of peer appreciation. All participants share the same interest – sports. This gives even higher relevance of support from others. For example suggestions which are based on a problem, shared among others as well, receive a lot of feedback from other participants.

“Ann-Kathrin of Ternua 3 months ago

So everyone can later be proud of its contribution to the product that is being sold in retail stores.”

Ternua Baselayer Performance Test - Phase 2 (Ternua, 2015b)

Furthermore, this example illustrates the idea suggested by Jeppesen and Frederiksen (2006) that participants who consider themselves as lead users, are encouraged by the opportunity to align with professionals working inside the company. Therefore, showing *interest* and appreciation from a company is essential for this type of users.

In addition, users are spending time while contributing to the process, thus it is necessary to appreciate their participation *honestly* and supportive, therefore the *interest* from the company has to be visible. In all units, the moderators made use of this technique and responded to ideas with acknowledgement, either more personal, or informative:

“Moderator of ISPO OPEN INNOVATION 8 months ago

Good suggestion! Is there any substances, materials that can be designed so that the air actually remains inside?”

THE NORTH FACE Heat Insulation Phase 2 (The North Face, 2015)

The first part of moderator’s comment expresses the gratitude for the user contribution. Unfortunately, it only says “Good suggestion!” without stating any arguments why. This particular comment lacks *honesty*. Without explanatory arguments, moderators have to be careful. After a number of comments where appreciation is expressed in this manner, it becomes a cliché and starts losing value. As a result, it becomes more difficult to stimulate user engagement and there is a visible decrease of user contribution after the comments like this. To support that with a statement of a social media expert:

“Brands maybe have to accept that there is no other way in the end than being as human and truthful as you can. If you have the right content, people will be interested. It doesn’t help if you boost something and there is nothing. You will be punished, you will get less interest, less traffic. It is natural.”, - Ralf Plaschke, CEO of GMO - The Label

On the other hand, when the moderator *honestly* supports the suggestion and provides arguments why, this usually starts a discussion between the moderator and other users. It could have been observed that appreciation with reasoning creates more active responses, than appreciation without it. Participants equally acknowledged the gratitude of the moderator and replied either with additional product related information or personal experience contribution. Examples for elaborative appreciations are:

“Moderator of ISPO OPEN INNOVATION 5 months ago

I think that's important! It is really annoying, for example if you have a flat tire on the way to work. If you cannot place the bike somewhere it comes to the aforementioned problems of LiLa. It also stresses a lot to pick up the bike later again and bringing in for repair. What can you imagine how a good solution for this should look like? What would have to happen by calling the hotline?”

INTRODUCE E-BIKE LEASING INTO YOUR COMPANY! Phase 1

(Euronrad, 2015)

As we can observe in this particular example, it contains not only appreciation of an idea, but also a sense of empathy, short explanation why the moderator supports this idea and finally there is a connection between comments made by another user. This comment created not only a strong relation between ordinary user and representative from a company, but also inspired a long discussion among other users. As a result participants made rich idea descriptions while answering questions mentioned at the very end of the comment.

Through supporting the appreciation with an argument or further idea contribution, the phrases are filled with substance and meaning, because it creates the sense of *honesty* and natural *interest*, therefore, the appreciation is more valuable for both sides (Prahalad & Ramaswamy, 2004). To explain it the other way around, only saying “good” to the user lacks meaning and substance.

Moreover, not all participants were professionals in the field company wanted to study, as a result they may did not feel confident enough to suggest feasible ideas. Some of the participants suggested sophisticated and rich ideas with high level of expertise. As Nambisan (2010) presents, not all participants in such projects are the contributors, who can develop the best solution. During this analysis the researchers have noticed that some of the participants have obviously deeper expertise in particular field, as a result, they start to comment on different suggestions and argue that something is not possible to develop. For this reason, not experienced users may feel risk of being disgraced by peers or by a company. An argue against that is, the “Internet allows people to engage in activities that allow them to learn and practice skills in a nonthreatening environment, which means that the psychological cost of failure is much lower than in offline environments” (Füller et al., 2010:72). Thus, it is important to *actively* and *honestly* ensure that all users are welcome to post their ideas even if

their suggestions are not sophisticated enough. The next example shows the reaction of one moderator to a suggestion, which contains the routine of ordinary public relation work. The moderator responded in a *humble* manner, even though the suggestion was not innovative:

Unknown User:

“Create finished journalistic well-made products, which are then able to offer a wide variety of magazines in outdoor areas. Many are happy when there is already an article that you can publish without much work.”

Ann-Kathrin of Ternua 3 months ago

This is already on our map 2015 :)”

Ternua Baselayer Performance Test - Phase 3 (Ternua, 2015b)

Another example shows a participant who suggested an idea of a jacket which could generate electricity and use it to warm the body or to charge gadgets. This idea received many comments, which stated that it is too hard to implement and that such solution does not exist. However, at this moment community manager *actively* joined the discussion:

“Moderator of ISPO OPEN INNOVATION 8 months ago

Very interesting discussion! Feel free to give free rein to your imagination as well! The feasibility will be tested if appropriate after completion of the project by experts.”

THE NORTH FACE Heat insulation phase 2 (The North Face, 2015)

This comment took away the responsibility for the ideas from the participants, and the representative from the company ensured, that the risk of impossible ideas will be handled by experts. This emphasizes the purpose of this customer co-creation process, which aims to collect valuable information about the usage of potential product, the context in which the product will be used and the design of the product, which should be suitable to the usage. Thus, the specific technical solution is not that important here. This approach can be supported by Ulwick (2002), that in order to innovate, it is important to understand the context and real underlying problems which affect the usage of the product. This is because customers are not aware of possible solutions because they have never experienced them.

“This dimension implies that, as co-creators of value, consumers will demand more information about potential risks of goods and services in relation to both economic and non-economic reward” (Ramaswamy, 2009:32). To inform customers about certain risks, will enable and help them to make informed choices. The analysis showed, that participants appreciate the honest revelation of information about risks and rewards and engages them in their behavior towards the co-creation project. A good assessment made by the company is was one of the crucial elements for the success of the project. In some parts of the analysis it can be observed, that the companies did not considered some potential risks, for instance, a lack of participants’ knowledge to submit the right ideas. Therefore, additional actions were required to reduce such risk. Furthermore, the advices how to act social can be recognized to different extents. Nevertheless, there occurred even more precise patterns of interaction elements throughout the conversations which can be dedicated to risk-reward assessment. This dimension is as well closely related to the following dimension of transparency.

5.4.4 Transparency

All three analyzed co-creation projects share similar transparency elements. Many of them are due to the design of the ISPO Open Innovation platform. For example, since moderators play an important role in the conversations, the platform reveals what content was created by them. The comments made by the moderators are highlighted, their real name, the company title and their profile pictures are clearly visible. All moderators are *actively* engaging in discussions, responding to and asking questions. Comments made by moderators have bright yellow background while ordinary comments have a clear background. As a result, users are easily able to identify whom they are talking to: the representative of the brand or another user. Furthermore, all phases in these co-creation projects are defined in a precise manner. There are exact dates which state when each phase starts and ends and when is the time to start another one. In addition to this, there is a “project news” section, where organizers publish updates to keep users informed.

In order to stimulate user engagement all users receive an opportunity to earn particular incentives. Organizers define precise rules, what has to be done in order to receive promised reward. Usually it requires exceptional quality of submitted ideas and high level of engagement in conversation with others. For each activity users earn particular amount of points. For example:

”Here is how to collect points during the idea submission step:

- *Submitting suggestions: 5 points per suggestions*
- *Other participants like your suggestions: 3 points for each “heart” awarded by other participants*
- *Submitting a comment: 1 point per comment*
- *Here is how to collect points during the voting step:*
- *Submitting a “star”: 3 points per voting step”*

CONDITIONS OF USE, THE IDEAL HEAT INSULATION

(The North Face, 2015)

As a result, users are aware for what actions he or she may or may not receive an incentive. One of the key elements here is that the best suggestions are selected (receive “hearts” or votes) not by the company, but by other participants. This creates a significant level of transparency, because ideas are not selected inside the company by using hidden criteria. Only participants have power here. Moreover, when participants are interested in additional information or some facts are missing in order to build better ideas, the moderator *actively* steps into the conversation and *honestly* informs participants. As an example:

“Ann-Kathrin of Ternua 3 months ago

Ternua has chosen a unisex cut. But I freely further admit that it could be a bit more slim-fit. In the colors, we will probably not agree ...”

“Ann-Kathrin of Ternua 3 months ago

You recognized it: The Uigur top will go in winter 15/16 in the trade. Changes are there only to a limited extent. But the advices I get from you, I will pass on to Ternua. These will then be incorporated into the next production.”

“Ann-Kathrin of Ternua 3 months ago

Polartec Power Wool is fairly new and the market launch is in winter 15/16. The Uigur Top is therefore one of the first products containing that garment. Ternua will also bring the base layer and the Altay pants Thap out. See the image below this post.”

Ternua Baselayer Performance Test - Phase 2 (Ternua, 2015b)

As these examples illustrate, Ternua is not afraid to *honestly* and *actively* reveal its market related information, moreover the moderator is building trust by providing such information to the customers and treating them as equals in *humble* manner.

However, there are significant differences between the observed examples. An interesting situations of how to deal with dissatisfaction among participants about a certain issue caused by company's decision, can be seen on the example of Ternua. Participants investigated and complained about the evaluation of comments and the benefits involved. The moderator *honestly* explained the procedure of evaluation again, but made it clear that they accept the complaints, because the moderator agrees that the project is not perfect and they will consider improvements for the next co-creation project. Accordingly she repeated that the rules will not be changed during the ongoing project, instead she showed the participants how she personally deals with the situation:

“Ann-Kathrin of Ternua 3 months ago

The value of a contribution can be evaluated with a heart. But I personally measure the value about whether and how purposeful discussions are, at the comments that arise under the post. I do not wish to discuss the evaluation of the incentives here. Ternua considered a system in advance and we will not change it during the test. We will learn from this project and see how we can fix it for next time. That is why I am grateful for the comments in this regard. But want us all to focus again on the real issue, please: The Ternua Uigur Top!“

Ternua Baselayer Performance Test - Phase 2 (Ternua, 2015b)

Through this post, the moderator takes *active* lead and the content is *honest* and respectful towards the rules. By doing so, the moderator uses words of encouragement and positive persuasion, in order to recover the sense for collaboration rather than competition (Füller et al., 2010).

“Interaction processes between the company and the individual must be transparent in order to build trust. Without trust, consumers will hold more tightly onto viral information and keep their opinions to themselves” (Ramaswamy, 2009:32). In order to build up mutual trust, the company has to open up and needs to reveal key processes to their customers (Chesbrough,

2003; Prahalad & Ramaswamy, 2008). Firms need to act with high level of transparency and fulfil the consumer feedback loop while communicating back to consumers (Kohler et al., 2011).

It could have been observed during the analysis that there are different levels of transparency companies make use of and nearly all patterns of the social advices can be found, especially being *honest* and *active*. As in the dimension before, also in this category narrowed interaction elements emerged during the analysis. In general, in order to make transparent and honest contributions valuable, it creates higher engagement when the reaction is fast and precise. When the company reacts in an appropriate timeframe to certain questions and occurring problem, users appreciate the high commitment of the moderator with active and informative revelation about themselves.

5.5 Summary and Discussion of the Analysis

The analysis illustrates that different behavior of the moderator can have different outcomes of the interaction, which lead to vital conversations and engage the participant to contribute actively. In contrast, there is a conversation style which does not lead to the desired contributions. In the following paragraphs, this is elaborated and summarized.

The first dimension of the DART model, dialogue, aims to remember companies to engage with customers in active conversations in order to gain customers knowledge and understanding. In order to do so, the moderators in the units of analysis used several interaction elements which led to different user engagement. As the reader can see in the beginning of the analysis part, all posts and comments were counted by the researchers, to see the company and consumer engagement in numbers. There is one unit (Ternua) which showed a significantly higher number of contributions from both, moderator and participants. The moderator in that example was actively contributing to the community's idea generation and built up relationships. In that special unit the researchers observed a very high level of moderator's engagement and commitment. The moderator revealed much of her personality and connected and developed contextualized user experience. It can be seen from the discourses, that the moderator of Ternua had a stronger role among the group of participants than the moderators in the other analyzed units.

The second dimension: access, refers to value experiences beyond the simple product ownership. This additional value is different in each co-creation project. When ideas for a new product are collected, like in The North Face unit, the value of contribution has a different dimension as in the example of Ternua, when participants are empowered to product tester. The latter ones have several opportunities to experience value because there feedback is meaningful and the perceived influence on the product improvement has a high level. In the analyzed units the researchers observed a very high level of engagement and creation of experiences in Ternua's project. The moderator in that example revealed all necessary information about the brand, the project, the product and herself. In the other units, the revelation of additional and/or detailed background information lacks on density. Very often the moderator's contributions are distanced, but precise questions regarding certain user posts and comments. This neither supports building up relationships nor allows users to establish positive, personal, brand related experiences. Nevertheless, if users received the possibility to access knowledge, tools or expertise, they build on those information actively. However, participants want to keep their autonomy in some cases.

It is of high importance that the risk-reward assessment is done properly of both company and customer side. This builds the third dimension in the DART model. When company's assessment lacks, there is a high risk that the whole project will not reach the goals. Doubtless, there are not only visible risks and rewards about contributions and incentives which have to be enabled to assess, also personal risks on company as well as on user side needs to be considered. That could be for instance the fit/misfit of user knowledge to company's problem. This demands a good imagination and overview of both company and user. Therefore, fitting co-creation project objectives to users' knowledge is one paramount consideration. Furthermore, the incentivization has to be aligned with users' expectations and wishes. The problematic with the evaluation of contributions on ISPO Open Innovation is, that the incentives rather benefit quantity instead of quality. This led, in some projects, to unsatisfied participants, which again led to the risk of less valuable user participation.

The last and fourth dimension of the DART model considers the transparency. Transparency is the main driver to build trust during the interaction between company and customer. Therefore and in order to build the highest possible level of trust, some precise interaction elements support that and could have been observed throughout the analysis of the different units. There were common patterns due to the design of the ISPO platform. Despite that, the

moderators showed different behaviors in the forum discourses. A main pattern which could have been observed is that all participants are seen equally, including the moderator. During the conversations it occurred, that people consider, respect and appreciate the different expertise and knowledge of each individual. The immediate and honest response made by the companies, led to high user engagement. Even more important, the revelation of information is closely connected to the moderator's behavior, therefore between every single participant and the moderator, there is a growing individual relationship experience which influence the individual as well as the group behavior. It can be observed that through a high level of transparency, a high level of trust is possible to establish and maintain, which again lead to high engagement among the group of participants.

On the other hand, in some observed examples the moderators were too distanced and made too professional and non-personal contributions, which led to lower user engagement. The appreciations of participants' contribution often seemed to be a farce, because they lacked on substance and explanation. However, it is important to mention that there are situation existing, where the moderator needs to behave exactly distanced and professional in order to control and lead the conversation, especially when problems occur. However, in those observed examples other, even stronger and more important interaction elements came to practice. Owed to the high engagement and commitment of the Ternua moderator, the group of participants developed a complete different movement of engagement than the other project groups, which could be recognized throughout the analysis of the data.

As it can be seen, the most successful example, in terms of user engagement in numbers and the conversational tone in the analyzed units, was the Ternua Baselayer Performance Test. By empowering the consumer to product tester, the participants had diverse opportunities to create meaningful experiences connected to the brand. They were able and motivated to contribute actively and constructively to the product development. The moderator in that unit showed all facets of the recommendations how to be social introduced by Kaplan and Haenlein (2010). Unfortunately these advices are very broad and general in terms of company-customer interaction in computer-mediated communication. They are describing general concepts of social behavior, although they fit into the context, it is even impossible to prove when they really cause a certain effect or not. However, some of the examples had the opposite side of these social media advices and there, a decrease in user engagement could have been observed.

Building on that, the researchers could have identified patterns which occurred during the analysis of the data and which can be connected to every dimension of the DART model. These findings give insights about how the interaction is created and performed, when the observed conversations resulted to be very lively and the participants seemed to be highly engaged. In those cases, and not only within the unit of Ternua, the researchers detected six interaction elements which led to highly engaged contributions. These six elements are (1) contributing and on (2) eye-level, (3) empathic and (4) sensitive as well as (5) personal and (6) committed. They are not separated from each other nor are they necessarily connected for every interaction. They can act in combination to a different extent, depending on circumstances of the dialogue or the information which should be given. These interaction elements can be seen as recommendations for companies how to engage with their customers, participants respectively, during online co-creation activities. They can be used as add-on or substitutional advices to the broader social five and fill the lack of more precise co-creation interaction recommendations for online applied collaborations. The findings are visualized in the following figure.

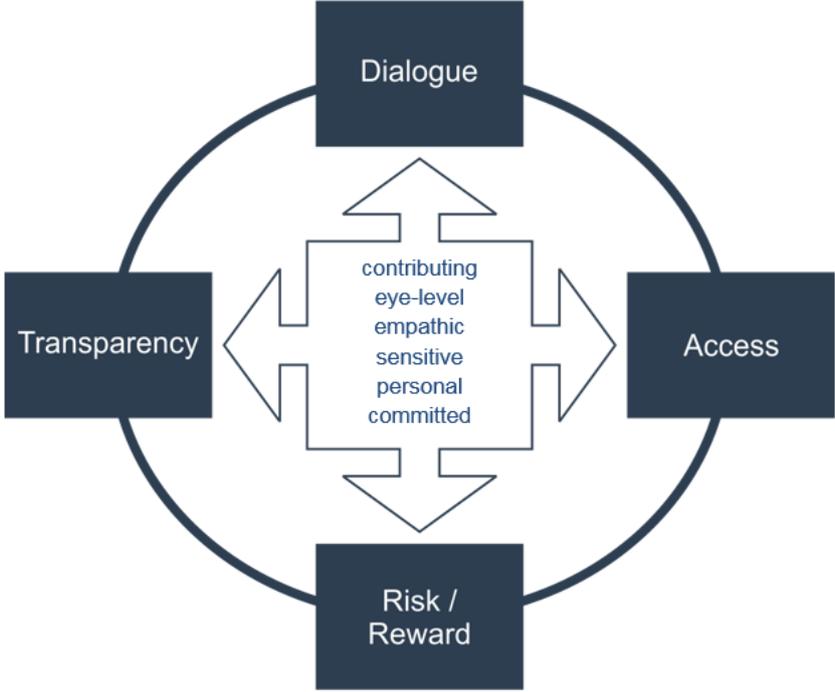


Figure 2. Enhanced DART model for online co-creation. Own figure (2015).

In general, companies can use the DART model to manage their interactions during co-creation projects, but they have to align these interactions also with social media considerations. The theoretical framework of this thesis can help companies to start with online co-creation activities. Overall, the moderator's role, may it be a single or multiple, is of high importance for current and future co-creation activities, because it directly influences the user experience during the project.

6 Conclusion

The evolution of the internet and the rise of social media enables companies to open up and they try to find new and different ways to engage with their customers to ensure their competitiveness. One way is to actively empower the consumer (Chou et al., 2015; Füller et al., 2010) and try to harness their engagement to improve and innovate new products and services through online co-creation activities. The main advantages of co-creation for companies are increased brand loyalty, better fit to the market and reduced costs and risks (Gouillart & Ramaswamy, 2010; Piller et al., 2012).

However, it is not an easy task to build a successful co-creation project. As Nambisan (2010) claims that if companies assume that customers will just simply submit their ideas in co-creation projects, such projects are most likely going to fail. Therefore, additional activities have to be made from a company's side.

Moreover, social media rises co-creation to a new level and increases the number of possibilities. Social media enables companies to easily gain contact with their consumers and in turn enables users all over the world to unite according to their interests and preferences (Hanna et al., 2011). However, it also demands specific requirements in terms of interaction created during co-creation. According to Prahalad and Ramaswamy (2004) the interaction between company and user is the basis of co-creation projects. Therefore, attention needs to be paid to this aspect.

6.1 Research Contribution

This study investigated on the relatively unexamined area of the combination of computer-mediated communication (Nambisan, 2010) and the interaction during online customer co-creation activities (Prahalad & Ramaswamy, 2000). This thesis extended the knowledge of social media usage for online co-creation activities. The literature review showed that companies can successfully apply co-creation on social media, however in order to do that it is necessary to consider not only innovation management strategies, but also underlying social media factors. One of the key aspects here is to understand that social media was created to connect people, not brands and customers, therefore, companies cannot force people to follow firm's intentions (Hanna et al., 2011; Peters et al., 2013). Therefore, companies should take a

more personal approach to their communication and be aware that they can take the lead just as well as other social media users do. Such personal approach is a positive move due to the constitutions of social media (Peters et al., 2013).

This is the first study, to researchers' knowledge, which focuses on the execution of co-creation on social media and analyzes in an embedded case study how companies design and perform the interaction during online co-creation projects. Referring back to the research question "what are computer-mediated company-customer interaction elements occurring and having an influence on online co-creation under consideration of social media phenomena?". This study found out that company-customer interaction elements, which occur and influence especially participants' engagement during online co-creation, are: (1) be contributing, (2) be eye-level, (3) be empathic, (4) be sensitive (5) be personal and (6) be committed. All things considered, the company's or its representative's (moderator's) role can have high influence especially when the behavior among the co-creation community provides constant transparency and a natural interest in the project.

The research has shown that interaction and the dialogue during the co-creation project influences the engagement of the participating users. That means in concrete, that companies need to be in charge of all interaction activities, the ongoing dialogue and the communication during co-creation projects. Especially when social media features like forums are applied, the dialogue demands a moderator with strong communication skills, who is interacting in a human and personal way, not as a marketer or characterless employee.

6.2 Practical Implications

This research provides a deeper knowledge how constitutions of social media can be exploited by companies for co-creation projects. The interactive aspect is one of the constitutions of social media and they allow their actors to communicate along dyadic ties (Peters et al., 2013). Moreover, the interaction is the main driver of co-creation (Prahalad & Ramaswamy, 2004), therefore, it is important to interact in a way that stimulates user engagement in co-creation projects.

The findings of the study connect to the social advices how to utilize social media by Kaplan and Haenlein (2010) and the DART model of co-creation interaction by Prahalad and

Ramaswamy (2004). Thereupon the interaction can be designed and elaborated in terms of *dialogue, access, risk-reward assessment* and *transparency* (Prahalad & Ramaswamy, 2004). Moreover, constitutions of social media can be considered with application of five advices how to act on social media: *active, humble, interested, unprofessional* and *honest* (Kaplan & Haenlein, 2010).

However, these advices sometimes may be too broad. Therefore, the findings of this study, six interaction elements, (1) contributing, (2) eye-level, (3) empathic, (4) sensitive (5) personal and (6) committed, can be used as supplementations or substitutions for the social five in terms of co-creation. Therefore, these interaction elements are implemented into the DART model. The research showed that users tend to engage in more active and rich discussions when these interaction elements are present. This in turn can lead to a higher amount of insights generated out of user input, which can be used in order to develop or improve products. In fulfilment of that, companies can consider the extended model to develop a company-customer interaction strategy for online co-creation projects. In order to make use of the model and these six elements, interaction guidelines to follow during online co-creation activities can be developed, and consequently implemented in the social media strategy. Managers can establish easy and simple rules, how to engage with customers in online co-creation projects, which could be easily understood and applied by all involved people. As a result, the developed strategy can be used to manage interaction during online co-creation projects and to engage with customers.

6.3 Future Research

The right use of social media for companies' objectives can be more investigated in future studies. This research showed what interaction elements occur and have an influence on online co-creation. Future qualitative as well as quantitative research could investigate why these elements have an influence, to what extent and how important the impact is. Furthermore it would be interesting to see under which circumstances these elements occur and have an impact on different aspects of co-creation such as methods, user engagement and success of the project, only to name some.

As shown before, there are often intermediary agencies, who are actually executing company's order to connect to the consumer and apply the right interaction strategy. What

needs to be scrutinized in the future is the importance of employees communication in the event of co-creation projects, hence employees communication skills and the internalization of online co-creation. In the same light it can be useful to analyze the social media communications and how to best address the different consumer roles in collaborative projects.

An important study would be, to what extent the emerged interaction elements influence the user experience and their willingness to contribute in online co-creation activities with companies. A quantitative study could prove the significance of the factors and the effectiveness of the combination.

Moreover, the consumer side was not investigated in this project, therefore it would be important to elaborate, how different types of interaction and specific communication tools influence user's willingness to participate and engage in co-creation projects via in-depth interviews. Another point of interest would be to analyze the development among the members and the group behavior over time, a longitudinal study design could allow the necessary contribution.

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Appendix A. ISPO Open Innovation Platform

← TO ISPO.COM PROFILE SIGN OUT

ISPO COMMUNITY

Press | Contact | Language

Messe München International

COMMUNITY OPEN INNOVATION BUSINESS PROFILE

TEST A NEW JACKET TOGETHER WITH BERGANS AND TORAY!

1 / 4

BECOME PART OF THE COMMUNITY AND SHAPE THE WORLD OF SPORTS ACCORDING TO YOUR IDEAS!

CONTACT

Hotline

Saskia Rettenbacher
c/o ISPO OPEN INNOVATION
Call us
+49 (89) 949 20177

ISPO Open Innovation platform Home page.

← TO ISPO.COM ← TO ISPO INNOVATION PROFILE SIGN OUT

TERNUA POLARTEC

TERNUA BASELAYER PERFORMANCE TEST

PROJECT NEWS APPLICATION TESTING MARKETING

The Ternua project has come to an end - almost

from 12. Feb 2015

Dear testers, dear users
as ISPO Munich came to an end, so did our product test of the Uigur top. At least for you! We are now analysing all your valuable input and taking your feedback into our product development.
Thank you so much for all your honest contributions and tests!
The most active testers and users will be notified and incentives sent out shortly.

INCENTIVE

The most active ISPO COMMUNITY participants, who are not testers:
1.-3. Place: one Ternua Backpack
4.-15. Place: one Ternua Beanie

The most active testers:
1.-3. Place: one Ternua Backpack

The users who submitted the favored photos during the testing phase:
1. Place: one Ternua Jannu Jacket made of Polartec® Alpha®
2. Place: one Ternua Softshell Pant
3. Place: one Ternua Backpack

CONDITIONS OF USE

Course of the project →

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ISPO Open Innovation - Ternua Project page.

← TO ISPO.COM ← TO ISPO INNOVATION PROFILE SIGN OUT




INTRODUCE E-BIKE LEASING INTO YOUR COMPANY!

PROJECT NEWS | EXPECTATIONS | IDEAS | SUPPORT

Thank you for a great project! from 04. Feb 2015

The project ended today and we just want to say a big thank you to everyone who participated!
 You contributed with many interesting and creative ideas that will definitely support Eurorad in bringing bike leasing into your companies.
 We will of course keep you posted on the implementation of your ideas and hope that you will soon have the opportunity to lease an E-Bike in your own company.

INCENTIVE

The thank you for your participation

1st to 3rd place: 150 € voucher for bike accessories

4th to 6th place: 75 € voucher for Apura bike clothing and accessories

7th to 12th place: Apura rain cape

CONDITIONS OF USE

[Course of the project →](#)

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TOP PARTICIPANTS

ISPO Open Innovation - Eurorad Project page.

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THE IDEAL HEAT INSULATION

PROJECT NEWS | PURPOSE OF USE | TECHNOLOGY | NAME

Thank YOU for a great project! from 17. Oct 2014

Up until today you voted for your favorite suggestions for the name of the jacket with the ideal heat insulation by The North Face. We really love your three favorites: The North Face Adapt, VisionAir und Optimus Climate.
 To conclude this project we just want to thank all participants for your engagement and creative ideas!
 Together you developed ideas of a multipurpose jacket with innovative adaptable heat insulations technologies and found convincingly suitable names.
 We are excited to see how the development of the jacket continues and will, of course,

INCENTIVE

Top 1-3: A Talus 2 Tent by The North Face.
 Top 4-15: A Base Camp Duffel bag Size M by The North Face.
 Top 16-30: A Base Camp Travel Canister by The North Face.

CONDITIONS OF USE

[Course of the project →](#)

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TOP PARTICIPANTS



ISPO Open Innovation – The North Face Project page.



The recently obtained Ternua Uigur top holding in my hands, I had of course the same day to ski on the Gamsfeld (2,027 m, Osterhorngruppe) run.

Mild conditions in bright sunshine, but rough and icy cold wind in the area of the peaks increase. My best Midlayer has soon proved to be unnecessary - so further in the Uigur top. Even before I had noticed that I had started to sweat much, the Uigur top was wet outside, so the removal works surprisingly well! Without even cool in the slightest, the Besalayer also extends to higher realms from the extremely pleasant wearing comfort continues, even in strong winds, provides a constant, even temperature control impeccable. Positive impression from the start!

The drying of the tops in the welcome visit the Angerkaralm proved equally - as expected - as an easy game, so it was only suspended for a few minutes in the sun.

Unfortunately, I significantly cut too short, was the Ternua Uigur top but given a very comfortable fit, the processing of the materials, as well as the placement and design of the seams convinced me personally as well as the pure functionality. The already proven waffle structure with Merino wool and synthetic fiber combines proven to be extremely Marrying, which in my opinion so far leaves little room for additional requests.

With these initial positive experience I look forward to any other test day!

Translated from German



29_Comments_ Share Report

Example of user post. ISPO Open Innovation Ternua testing phase.

Conditions today: about -7 ° C and overcast

Since we only went sledding and since we ran even bring up the toboggan taxi we had to wrap ourselves well, it really was would be us here before. Since I unfortunately do not have thick winter sports jacket had to serve the hardshell jacket. However, since this is relatively thin I had including 5 functional layers (you can count on the photo;)) at (2 and 3 jackets long sleeve zip-shirts). Uigur could form as a base layer, the bottom layer.

Really sweat there was no need to transport this. However, Uigur fit very well and was comfortable to wear. Cold was not me, the heat was kept well to the body.

For Außgleich I went a little jump on a trampoline, here too, the shirt was sitting excellent.

Translated from German



16 Comments Share Report



Ann-Kathrin of Ternua 4 months ago

Where have you been sledding? Today I was with friends on the worm mountain. Since mentions tobogganing busy ... Thanks for the great photos!

Translated from German



Melm 4 months ago

We were sledding on Salzstiegl. This is in Austria, Styria, at the Carinthian border.

Example of user post with comments. ISPO Open Innovation Ternua testing phase.

Appendix B. Interviews

Filled e-mail questionnaire from Ann-Kathrin. Moderator from the Ternua case.

What do you think, what kind of behavior has stimulated the participants to get involved and to answer your questions?

I have committed myself very much for the project. The users have noticed -you have actively participated in the discussions.

Generally, I've asked a lot of questions and not afraid to speak spared vulnerabilities. One user wrote, for example, that drive for race bike the Base Layer is too short. I asked him to post a picture, so that all users can understand what is "too short". We then discussed together how to improve the top.

Which statements, through which behavior, you have the conversations and discussions in one of you (within the meaning of the brand) specific direction steered?

I did not. I have openly discussed with the users and only once had to intervene. There were users in the community who have only posted contributions, to earn points and win a prize. This was meant as an incentive to participate in the discussions. Of course, have other users noticed and complained. I then wrote that we ignore these users easy. It is to be written on the platform only via the test product. Incentives were still distributed. But I would advise my clients the next time it, because they make a wrong incentive.

What do you think are do's and don'ts for interacting with consumers during co-development projects?

I would not delete any content. That's for me an absolute Don't. A company must be expected that there are also negative criticism of the test product. This criticism must be taken seriously. A quick fix or at least the effort therefore, have a positive effect on the brand image. The moderator should be shown as a human being. This creates a proximity to users.

Transcript of the interview with Ralf Plaschke

It took place in his office on Tuesday 14.04.2015. GMO-the label in Cologne, Germany.

Interviewee: Ralf Plaschke CEO of GMO-the label. Music production company.

Following RP.

Interviewer: Lena Marie Kurenbach – Master student Lund University School of Economics and Business. Following LK.

LK: Thank you Ralf Plaschke, for taking your time to talk with me today about customer collaboration and I am curious about to hear from your experience.

RP: My Pleasure (laughs). Should I just start speaking about my experience ?

LK: Yes, as you like. Maybe you have something in your mind you want to talk about.

RP: Well, I think it's important to say as I mainly work in the music and entertainment industry, so working with artists, the aspect of collaboration is sort of limited because the artists want to create the art in the way they like it. Yes, they like the feedback but it's not directly a collaborative feedback to create something. There is something out of the rule every now and then, like, you know, we had five different cover designs. That is actually something we did for an artists. We had five different cover, we thought all five were good enough, we gave it to the fans and said, ok, you decide. The one which gets the most votes will be chosen to be the artwork. That's the exception from the rule and normally the actual artistic work will not be created with the feedback from the fans, from the customers so to speak. Actually it does influence, we all live in the same world and... although, some look away. There are artists we work with and we do everything for them online and they do nothing themselves. But normally they are aware of what's going on and naturally that will influence them just as everything else influences them. But actually that's not creating the artistic work. The artistic output is seldomly hardly ever a collaborated thing that makes use of what the fans can do. Maybe it's different with electronic music, we are not doing electronic music. Like dj's, they can send out stuff and say 'you can make a mix of it and I might use something' or something like that, but not in my world. (laughs)

LK: You said you gave out the covers, that the customers can vote for them. Do you think this is a successful thing? Do you have any kind of feedback?

RP: Yes, yes of course! People like it and it gives a lot of feedback but in truth it's like an early starting point of marketing and promotion of the eventual product, because by that time the album is recorded, the artistic work as such, the music is created, is done. But of course,

the cover is still a part of the work. It does matter. But you know, it's like a limited collaboration, a very limited, because they got a choice of five. And it's really a part of the marketing and at this specific case or in others, somewhat similar case, it's really part of the marketing plan. Let's start with, ok, what can we do in the very early beginning, what can we do before the album comes out. Also today, specifically in digital marketing, it's a pre-sales of albums on itunes you have the options to sell the album up to four weeks before it is actually released. So people can, three weeks earlier they say: 'Ok I'll buy it! As soon as it's available, deliver it to me and deduct the money from my credit card' or whatever I use for my itunes account. So in that sense and this is even more important, to start the marketing early on. Some figures, some statistics they say that 30% of all digital sales are pre-sales, so this has become an important aspect of our work. To sell the album before it's out, even to the customers, not only to the distributors, not only to the stores. That we have a CD and they have to order it before it comes out. So in that area it is important, it is part of the plan. It's only slightly collaborative, to be honest.

LK: To what extent do you really communicate on social media with the customer, with the end-consumer?

RP: That communication is so central these days. I mean, the music industry has been in a downturn for ten, twelve years now, so obviously sales are down, average sales per record are down, so the budgets are down and you can't afford to book TV advertisement. I mean, again, there is the exception from the rule every now and then, but basically there is... In average, everything is a small budget product, I think. In germany there are still like about 10.000 albums being released in the market every year so there is a huge amount of products for a rather small market. Obviously, budget per product, marketing budget is small. So TV advertisement, Radio advertisement, even Print advertisement is not an option. We just can not afford it.

So we totally rely on online marketing. Totally. Because there, you can go to google, and facebook specifically and target your small little target group so directly that you can have an effective, rather effective campaign, with a small amount of money. So, that whole field of social media is... If I look at our products, our field, I would say two thirds of our marketing is online and the rest is sometimes some traditional marketing basically with.... stores, Saturn for example, these store of chains, where they put our album in their brochures and we are giving them a small amount of money to support in doing that and then it's just PR, trying to get some reviews in traditional music magazines and so forth. But basically it's online, everything is online. Every now and then, there is a print magazine you work a lot with and

you have to give them... you have to put it in the magazine. But others, then we say. Don't do that, that doesn't sell anymore. Do it all online.

LK: In general, it sounds really like that is still about the sales point, everything is called marketing. It is about the sales. Because you said a couple of things are at the low point, kind of, right? It decreased.

RP: Yeah, I mean, the income, to be honest, of course it is communication with the fans and the more the artist is directly involved, the more communicative it may be because, it might be a kind of talk on back and forth. But in the end it's about an ongoing relationship keeping your customers, your fans close to you, that if you come on tour, when you release a new record, that you can then sell. Because the artist make a living of that. It is care, it is customer care. **It is a dialogue, as it has to be in social media.**

And again, it's not that they won't notice feedback. I mean, honestly, which tracks would people continue to listen to on spotify. Very often, we as a label, as the artist itself, we think: Oh, this is the best track, this people will like most. And then after a couple of weeks after the release, you look at the spotify and you see, oh we are wrong, that's a different track people like most. So, we use the feedback.

But again, the fans, the customers, are not helping to create a new piece of art, hardly ever. But, for example, most played songs on spotify could influence a setlist for an upcoming tour. Because maybe there is an old song, you have not in mind anymore and you see, oh, people keep listening to it online. So obviously it's a ten favourite, it should be in the concert programme. Those things may will happen.

LK: So it actually does not happen?

RP: Oh, no no, it does! It does happen.

LK: That the customers can vote for a tour setlist?

RP: There are examples where artists did that. Not any of ours. But they are voting in an indirect way, they are voting by youtube plays, by spotify plays.

LK: The users don't know that they are voting for something?

RP: Yes, well. They don't know, but then of course, the customers are never stupid. They do know and of course when the artist or we, as a record company, are interactive in way, they do know, because they got the feedback. They do know that what they do online matters. They are aware of it. Definitely! They are aware that it helps when they share a video on facebook, they are aware that the artist may not like it when they say I don't like your new album. They are totally aware of that. They are not stupid. They know that they have more power than they had in the past, online. Because they can be superfans and promote

everything. And eventually the artist will even know the name because the name keeps popping up by sharing every video and sharing every piece of information that the artist sends out. They are aware of their power even without the artist or us telling them so. You know, we don't have to say, tell them. They expect, I think, today they expect the artist, the management, the record company to be aware of the feedback, especially when it comes to like a certain. Sometimes it comes to a wave of feedback, of something people really like. And then, let's say, there is a certain song, and everybody is saying, it's so great, and they wouldn't play it live. I think they (the fans) would be, not annoyed, but disappointed. Why didn't they pick up the feedback, why didn't they play the song? So, you know, I think in music, maybe... I am sure, you do know more about it than me. I think, in art, that it is different. Sometimes the artist is anonymous, I mean in most cases she or he is not. Fans, people, or customers know, that there are real people, who I am giving my feedback to. It's not like to a corporation when I am saying: Oh, I hate this product. You know, maybe I still hurt someone saying it because someone created that product and is in stupid love with it but it's still anonymous. But with artists it's different when I am saying, I hate this new song. I kind of know, ok, you maybe will hurt the feeling of the artist by saying so. So it's different and more... ehhm.. different dialogue sometimes for brands.

LK: Yes, and I can also see that problem, that it is a privilege to be an artists. I mean you are an artist. You, as a customer, you consume the music which is produced by the artist. He has this genius. He is the special one. Nowadays there are so many diverse types and you have so many, also softwares and tools and easy ways to make your own music, for example, if you have this kind of creative feeling. You know, just be into it and you can easily do it by yourself and create something and then it's like getting closer together, the artist and the consumer? Isn't it kind of?

RP: ... well yeah, kind of, through social media, yes, definitely and again as I said, some artists ignore it. Of course you can't ignore the web and the social media as such. I mean you will even be present when you are not using facebook and something. They create the pages from wikipedia entries if there is no page. For example, we worked with some artist which is, in the fifties, sixties, sort of didn't grow up with social media were not closed to it. They say, I am not on social media and I said, well, you are! But how? Here is your wikipedia and a couple of thousand people clicked the like-button on the damn facebook created wikipedia based page and you are just not using the potential of communicating with these people. Even if it's a passive communication, even it's just saying, even if it's just us as the record company saying. Here is something new, they are on tour, here is a great review of a new

record or whatever. So, you are there, because it's social, it's communication, people would talk about whatever they like talk about whether you take part of it or not. So, honestly, we tell our artists, let's be part of it. Maybe passive, maybe not personal, but let's not ignore it. They wouldn't ignore TV, they wouldn't ignore Radio, they wouldn't ignore the local newspaper, but some are willing to ignore social media. So, It is an important part of the mix, very important and it brings the artist close to the fan, but because of the nature of social media. I think it is not, I mean, as you said It is so easy to create music, or pseudo create music, because you got all the tools and I think in a way and honestly, if you try it yourself, you find out how hard it is to create art. You just know the difference between you trying and the artist. The artist doing it. And you will know, and they know. And they (the fans) appreciate this, they let the artists know. They let them know, through social media. And in the past, how could they? They could applaud in a concert, they could have go to an autograph session, they could speak to the artist maybe there for a couple of seconds. They could send a letter, and that was it. And now they can do everything. They can share they can comment they can say good things, bad things... (laughs).

LK: Do you know artists who are really communicating with their kind of fan group on social media? Just to talk?

RP: Yes, definitely. I mean, as I said, with us there it's from a personal feedback every now and then, to rather often or never, there is all sorts of artists. There is everything. There is the artist which post several times a day, when they are on tour, when they are backstage picture, we just arrived, ready for soundcheck. Some do a lot, some even allow every now and then a look into the bus, not really often, which I think is totally understandable. Some allow a glimpse in their private life every now and then. They really really release everything. And again, I mean it's great for all sides. Because also the artists didn't had that opportunity. I mean in Germany it's still not that strong, like the use of twitter. Being anywhere and quickly typing something from wherever you are whatever you do, ehmm.. Obviously that wasn't there, ten years ago, so it also... like for us, for small music company, it gives independence. You not depend on the traditional media anymore. You can, if you have a certain fanbase, if you make constant use of the social media platforms you can communicate to your fans, which again are in the end your customers, and people that help you make a living. You can communicate to them directly, which is a huge huge advantage. Again, that wasn't there ten years ago. You were totally dependent on traditional media and digital outlets. So, a big development.

LK: What is your impression when these artists are talking to fans on social media. Do you think that there are any constitutions or is it very personal and intuitive? Do they think about it?

RP: Oh, they do think about it. Ehm, and again, in the ways they think about it, they differ. There is this american band I work with, consulting them and doing some of their communication on social media, Natural Seven. They tour everywhere in the world and while they are touring, which is like 260 days a year, they are communicating a lot! There was one guy of them, who was twittering and he said, he would like to do it for the band, if everybody is fine with that. And he did and they have a huge feedback. And sometimes, when they are at home on vacation for two weeks or so, I have to do it for them. But, of course, I am not posting in the artist name! That is definitely something which is absolutely not working, the fans are not stupid. But when the artist posts by himself there is immediately much more feedback. You know, it is good writing something when they are off, but the fans don't want to read from the agency or something. They want to know about the artist and they want to talk to them directly and personally. That has a huge impact.

LK: There was something I wanted to ask you about. U said, when the artist is talking to the customer, to the fans, there is much more engagement immediately. Much more feedback. Would you say that this a constitution of social media, that the talk is human?

RP: Yes, yes, yes. Absolutely. And I would say this is something That goes for everybody. I have seldomly ever worked with brands or something online, but (ehm) I mean for example a couple of month ago there is this music platform called "Vivo". (...) They connect with youtube, are co-owned by universal and sony-music. And when they started in germany in beginning the had no employees, so I did the social media communication for them. And that was so interesting because the input, the rules came directly from the american people running it in the US and I was communicating with them and I was so happy that there was a company that were so aware of what is going on. They had like five rules you should stick to. And the rest was, you know much more about it than we do. You know how the german will like to communicate, you know the tonality. So, they had a very limited thing of things how to communicate, some technical rules and that was that. Because they knew it's interactive, it's human, it's a german mindset, it's the german language and you cannot interfere too much. Because as you say, it's communication between humans and very often you still see it in corporations if you have too many rules, if it is too complicated to be in a dialogue then there is no dialogue. It's not human communication if you can't give a quick feedback, if you cant be talkative. I think its an absolut rule for those platforms.

LK: You said there were five rules. Can you remember them, roughly?

RP: Hmm, no not really actually. But when I say it was more technical then it was like: Posts no longer than so and so many lines or words and then of course like, don't make silly jokes about the artists. Respect them. To me, I am in the business for a long time, I think it was more rules younger people. I would never come up with the idea saying something bad about the artists in that context. So, it was more like rules of respect and then of course, what do you with comments. When do you stop them. Actually I think it's a very important point for everyone. People think and expect that these platforms are open, which they are technically speaking, and they say anything they like and very often some people just go over borders they would never cross in normal life. They say things they would never say into anyones face. So, I think that's an important thing, where to stop it. Because if you stop it too early people will start to complain. We are not allowed to say what we wanted to say here. But on the other hand, that's my personal opinion, if they get nasty I am just not accepting it. Its not a place to insult somebody. You wouldn't do it on the street so why would you allow it online. Like with the band naturally7 (seven black americans), one of a sudden with a video on youtube we had racist comments there. And they were like "what should we do with that" and I said: we block this guy and delete his comments, that's what we do! Because eits not acceptable. But this is like a clear thing. (...) This is sort of a simple thing. But there are more delicate stuff with the artists. For example when somebody says Oh I don't like your new album then you propably better leave it there because people will notice that you take away any sort of criticism, but how far will you let it go. Again, it's maybe something more delicate with artists because he's a person. There is the person as such, but its something which goes for everybody on social media. Where do you draw the line. What criticism do you accept.

LK: And in the moment you getting active? You said sth like block the person deleate the comments, but is there also a moment you write with the person, trying to get into a discussion?

RP: Yes, again, there is everything. I worked with a cologne based NPO called "Aaschhuh", which is against rassism. I am part of that and I do the online communication for it. And maybe because of its political nature some people are just posting racist bullshit and you just have to block them and deleate them. And of course there is a discussion, but why should we allow them on our page with thousands of followers to put their racist bullshit? We don't want that! Why whould we! So that's easy in a way. But when it comes more to the discussion, and it's hard to say when somebody crossed a line. With many of them you go into the argument and into the discussion and often, if you argue against them, they stop. Because when they

don't have the arguments, they stop. Very interesting! Again, it's a human thing – when do argue when do you discuss and you say hey, you are only insulting me and I am not accepting that. I always tell people to try it out. Make your own experience, you have your own way of speaking, of communicating, so communicate. If you want to go into a discussion, then do. Find out. Maybe you will be surprised positively. Sometimes it happens with the artist when they step into a discussion and say, hey this is really getting to a boarder we don't wanna have crossed here, then I would say the fans get shocked. Like Oh my god, the artist I like in the end, reacted to my post. I didn't want that.” And they stop. And even there are only a few negative people, sometimes its worth it to go into a discussion because it shows them: They do watch what is going on, they not only reacting to the applause, they are also reacting to the criticism and it also sometimes stops people, because it makes people realize that they are seen. Like, Oh god, I got caught. And they stop.

So, human communication all the time!

LK: An artist has its type of personality, but a brand has also its type of personality, so it is somewhat similar, isnt it?

RP: Yeah its similar and its not. I think its much easier to go on the facebook page of mcdonalds and say: You are a shitty company you are not good for the world. Easy to say. Because it is against the brand. You are not looking into someones eyes. But to write the exact same thing on the fb page of an artist... puh, that's tough. Because you are insulting the person. Normally you don't do that. And as you said in some ways I think it is the same in the ways of communication, because even th e person writes back for the company is a person. It is a human communication no matter if it's an artist a brand a Tv station or whatever. But I think from the fans point of view its much easier to say something negative about the brand than about the person.

LK: What would you say could companies learn from the music industry or the artistic industry? You said one advantage is, that its personal.

RP: What I see what some companies do, and it may be not the right thing for every company. Some have personalized their social communication like saying: Here is our social media team, its anne, michael and susanne and here is a picture of our christmas party or something like that. I think its intelligent, because it will make it harder for people to be so nasty because they see, oh there is a real person. There are real people speaking to me. If they are anonymous its easier to say anything. But if you take this point of personalization you need the employees who are willing to do that, because you cant force them to show their face for the company on fb. Maybe you could make it part of the job description. But if you can do

that (reveal the personality of the employees responsible) I think it's a good thing. Because the human communication becomes even more human, because you see the person. That is something you could learn.

And if I work with Tv station, book companies, they are not brands like cocacola but they are not artists either. And I think what you could learn is producing that constant stream of content, how do you do that? That is something you need to do. I mean, they all have there mission statement like three sentences, but what do you do with these statements every day online? Where is it reflected within your brand, company, products, within the story of your company? That's sth that you could also learn from artists. (.....) How do you constanstly post sth because you cant post everything. What is important? Its much more about some way of storytelling. And they do create more stories, you can see it in the advertisements. Often there is more than this one shiny thing. There is sth they could talk about.

LK: How important is it in your opinion that all employees are trained in, are aware of how to react on social media, although they don't want to speak in brand name?

RP: Interesting and difficult question. From a business point of view I would say, educate everybody because everybody is a spokesperson for your company. And has always been. WOM. (...) And now, with social media, everyone has become a station, everyone is sending out information. Everyone is transmitting and because of that, if your employees are educated, at least in a basic sort of way, if they feel good at the company, they will spread the news. They will be the first people click the like on your fb page. Imagine, and I am sure that happens all the time, your employees don't click the like because they don't want to. How bad is that?! (laughs) And you cant force them, luckily. And that's the other side, if get a glimpse on the other side, if the company (google, VW or sth) tries to be some sort of uber family, then.... I mean it happens, the companies involve the people personally, one is the business point and the other thing is the personal point and I don't like that, people are people, they shouldn't be google minded or sth. But they are. Today they are. I first had that when I worked with MTV in the early 90s, it was almost shocking how MTV minded the employees were. You said anything bad about them and they were defending the company, they felt personally attacked about a simple criticism what the company does. And I think you have much more ike this today. Again, I can understand from a business point of view. I mean, all your employees are the first contact points, they are the first to speak. You may even see it in their profile and send them a question.

I mean we know that, its researched, that people listen to the opinion of their friends more than to anything and why shouldn't they?

Again, we all know how important WOM is and in social media it has become so easy. Even in my business profile... One wrote on fb: Oh I am looking for an alternative rock promototer in canada, and five people answered him. It happens all the time, it works. It makes sence that it works. Makes business life easier, when you have a recommendation and the bigger the company the more employees the more contact points out there in the world for your brand and your products. And hopefully your employee will say sth good about it.

LK: We talked about these kind of rules... When you could create sth. what would it be? What kind of guidelines, to what extend?

RP: I have my rules and I am always telling them. Be honest! Be a normal human being! Don't try to push your marketing slogans into the throats of people. They heard the slogan anyway in your advertisement. Or read it on the top of your page. They don't need to hear again. Be normal, try to be human.

Again, as with comments, some are there and say can I turn off the comments? And I say, no you cant do that. If you don't want comments, don't go there. If you cant live with the comments of the people, don't go there. They will comment anyway, if not there then somewhere else... A platform is about that. Interacting. And I tell them (artists or companies) if you cant live with that don't go there, even though I think it's a mistake and I am telling that as well. So again, with the comments, be a normal human being. People will sence this, they will know if these are just marketing slogans. You have to be human – I think that's my core line. Communicate as a human being and think about that. Sometimes, rather often, people think of posting too often. But I say with a post a day you can't do anything wrong on facebook. And a superfan will hear from you everyday. So many people worry about, will I do too much? But sometimes, some people are doing too much. You can see on certain pages from companies, that the person has an hour a day and within that hour five posts or sth but nothing before and nothing after. And I say who wants to hear from you five times in an hour? No-one! And I say schedule your posts, get an employee who takes care of it steadily not just an hour per day. I think its these simple rules, some kind of naturally common sense which counts. That's the one rule I tell people. If you think that's annoying, if it would annoy yourself, then just don't post it. Don't do it!

It sounds much simpler than it is. For an artist its propably easier than for a brand. For example if somebody is posting: Oh I have that problem with sth, then you cant just write oh yes, I know that I had the same. Because you are a representative of the brand. You have to say sth else. Oh sorry, you had this bad experience with one of our products, please contact our customer service, dadadadada...

So it isn't as easy as it sounds, but still it would be core rule.

LK: You have spoken very often about change. What do you think is the outcome?

RP: in the last day I have been so deep in social media and I noticed how much the platforms are changing all the time. I think the undercurrent of their changes really is to make the experience for the users better. Because, when the experience for the users is better, they will make more money. Users are happy, stay longer on the platform, more opportunities to target them with advertisements, the platform makes more money. And making the user experience better also means, what would that human being, what would that user like to see and to get. And very often, there is a sort of general understanding of what the platforms are but then people are trying to use these platforms for things that are not in the best interest for the user actually. They like to influence for example through search engines and they use words and tags and so on because of Google's algorithm.

And I think again, there is an ongoing change and the platforms are so good in punishing the ones who want to misuse the core essence of those platforms. (...)

Artists and brands maybe have to accept that there is in the end no other way than being as human and truthful as you can and if you have the right content, people will be interested. It doesn't help if you boost something and there is nothing. You will be punished, you will get less interest, less traffic, it's natural. And I think that's the big change that's happened already. And the platforms will get better and better. (...)

And I have the impression that Google changes the algorithm again, that they are better looking on what this page really is about. There are some new features, putting in some tags and features which describe your page and I have the impression that some of the organic traffic returns because they can now better target. Here is a post on this page, that might be interesting for this sort of people who hear that music, living in that same region or whatever. So it's a small example of what I mean in the bigger picture, that they develop to bring the best user experience to the users because it is the best way for them to make the business. We, as companies, brands, artists, managers, music labels, whatever have to go with that. It's not intelligent to try to go against that. Try to misuse what they do. And I would also say if you follow that direction early on, you will benefit later on. If you create the right content today, you will be better positioned tomorrow.