

Methods for New Consumer
Involvement

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Abstract

New business practice and theory are blurring the boundaries of producers and users. Consumers are active in intertwining with the service they use. In the empirical case studies presented in this paper it is seen how 1) both the provider of service and user community actively take part in what constitutes the value of the service and 2) people working within the business companies are simultaneously users and consumers themselves, which make the distinction into producers and users problematic. In this paper, it is also noted how difficult the theorizing of new business logic with the old terms is, how it is done in related fields of study and how empirical findings link

to what Vargo and Lusch (2008 a; b) suggest to be the service-dominant logic.

1. Introduction

During the last ten years the relations between business organizations and consumers have changed radically. User orientation has found its way into business organizations. Consumers themselves have changed their habits: they produce data openly via blogs and social media (e.g. Facebook and Twitter): data that add new possibilities for building integration to producer user relation. In theoretical discussion, the changing roles of actors and especially the importance of user perspective have been discussed in (at least) design research, organizational studies and consumer studies. Re-conceptualizing the field is however problematic. The terminology is grounded firmly in both practice and theory, as it is found in service dominant logic when shifting from the concept of goods to service (Vargo and Lusch, 2008b; Gummesson, 2007).

Other firmly established division lies both in practice and in theory between users and producers. Business organizations often consider themselves separate from consumers and possible users of their products. Business organizations put a lot of effort to understanding the consumers better. It is in both the discourse and in the practice that users and producers are separated from one another. In this paper this strong division between users and producers is considered to be behind the times and two empirical case studies are presented to support this argument.

The paper is structured to begin with empirical findings of two business cases, that of LEGO, Danish toy company and Suunto, a Finnish sports instruments company. In these studies it is analyzed how the value is constituted and how the line between user and producer is shifting. Towards the end of the paper, the theoretical implications and the related fields of study are discussed and a model of analyzing value creation in practice is introduced.

2. Empirical study: External blurring the producer user boundary

The first empirical part of the paper presents the key findings from the LEGO case study based on three interviews with creative manager and product designer, and the vast amount of literature about LEGO as a pioneer business practitioner in user involvement. The interviews were made spring 2008 focusing on company relations to consumers and changing marked trends.

LEGO is a Denmark-based family held company established year 1932 and well-known for the colorful interlocking bricks. It is the sixth-largest manufacturer of toys in the world in terms of sales. The LEGO brick, as it is nowadays, was patented in 1958. For a non-enthusiastic consumer, the trademark "LEGO" refers to these colorful bricks and the assumption is that LEGO operates in children toy industry. But that is not the whole story anymore. In the following it is presented how the business changed and how LEGO is

coping with the trends, and especially, how LEGO is a pioneer in fusion of the producer user relation.

2.1. Changing Market Trends and User Involvement

The toy market changed severely in the early 1990s when computer games became common. LEGO had to compete with electronic toys in the market. Also, "copycats" sold inexpensive products similar to LEGO bricks after its patent had expired 1981. At the same time, LEGO had internal problems: the focus in the company was in running the organization instead of creative product development.

Market change put tremendous pressure to LEGO and there were fanatic LEGO users who shared their critical views of the company at the lego.com -message boards. The rapid spread of the Internet and technology-oriented toys, and the critics of the users, meant that LEGO had to create radically different products compared to what it was used to.

Market situation pushed LEGO to invent a totally new concept of computer-enhanced toys. The task of the new product development team was not easy, the product concepts were internally considered much too complex and difficult to use. The creative team working on the project did not have internal support, but eventually the team succeeded in convincing the CEO with its new Mindstorms concept of LEGO robots (more about the internal tensions and phases of the product development of Mindstorms, see Oliver, 2003).

Year 1998 LEGO launched a programmable brick based on a micro controller that enabled users to build up robots and other creations that move. Within the first three months as much as 80 000 "Robotics Invention Systems" were sold and they became instant success in universities such as Massachusetts Institute of Technology and Stanford. Unintentionally, a new market was born: the adult fans of LEGO. This consumer group did not appear in any of the LEGO Group strategies but the communities built themselves. The reason for these

users to form the web communities was their need to get more out of the experience of their hobby (Antorini, 2007).

2.2. User communities and company processes

Later on, linking company processes and active user communities was the key for LEGO to succeed in blurring the producer - user boundary. Web communities were turned into a product development "tool" by building company organized user panels on the active consumer communities.

In practice this meant creation of the LEGO Mindstorms user panel: the company invited five enthusiastic community chat room members, whose identities were afterwards revealed, to log on to a secure site where they chatted and only later they were told (after signing up the non-disclosures) about being involved in the project of developing the next generation Mindstorms. For over a year the panel met through the Internet and had face-to-face meetings

and gave its suggestions to the next generation products. After one year the panel was expanded and had fourteen members to learn about the challenges of the market. In two years time the panel had one hundred members in order to help in finalizing the product. With its user panels, LEGO is a pioneer in involving users into product development.

3. Empirical study 2: Internal blurring the producer user boundary

The second empirical part of the paper presents the key findings from the Suunto case study based on a years long study with more than fifteen formal and informal interviews with product managers, CEOs, product designers and engineers. As in the previous case the interviews focused on company relations to consumers and changing market trends.

Suunto is a Finland based manufacturer of instruments for diving, training and outdoor sports. Suunto is established year 1936, same decade as LEGO. Nowadays it is a wholly owned subsidiary of the

Helsinki-based Amer Sports Corporation, which is listed on the Helsinki Stock Exchange.

Suunto began its business with liquid compasses, which were followed by wrist held diving instruments. The core of the company is advanced measurement technology, which allows users to get lot of data of the training and improvement. Its most known products today are wristop computers, which were launched year 1998. They are combinations of altimeter, barometer, compass and heart rate monitor for outdoor sports.

3.1. Changing Market Trends and blurring the producer user boundary

When a small product development team at Suunto begun to design a new product concept based on the company know-how on wrist held precision instruments the outdoor sports market where about to change. The experience economy was just about to boom. It meant that all of a sudden everything was sold with a marketing reference to unforgettable experiences and extreme sports,

coffee shops were built to offer more than coffee, but the whole experience (see Pine and Gilmore 1999) and over efficient sports utility vehicles begun to crowd the streets not only in California (see Brooks 2000). In Finland this was seen not only in advertisements with references to extreme experiences but also in that people were more engaged actually joining extreme sports events for masses, such as marathon running, than before.

Compared to the previous LEGO case, at the time of a new product concept, the marked change was not obvious but only beginning to flourish. Suunto was not adapting to the changing markets but part of creating them. This raise the question of how did the product development team members know which way to go?

After many years of study my argument is that the product development team was deeply involved in the culture of the use of the product and therefore it knew almost intuitively how to move on with new product concept. They were

producers and users simultaneously and they represented a devoted global community of users *inside* the company. I call this sort of knowledge hobbyist knowing (Kotro 2005; 2007). By definition hobbyist knowing is embodied and embedded in action (Schön 1991; Blackler et al. 1998; Carlile 2002) but at its best it comes into the product development process (Nonaka et al. 1995; 1998) as a generative and creative resource of sensemaking (Weick 1995; 2001) within an organization. I suggest that hobbyist knowing is embodied in that it is embodied in doing (in this case) sports together and it is, for the most, tacit by nature. (Kotro 2005; 2007.)

3.2. Hobbyist knowing as knowing within groups

For the enthusiasts working in the company, participating the communities of practices (Wenger, 1998) of sport was crucial for designing wristop computers that became a successful desirable product line. Hobbyist knowing is based on not only taking part in doing sports but also on a individual passionate and

shared attitude to sports that allows understanding the tacit features within the sports communities. Hobbyist knowing allows a member of a community to translate and bring not only individual insights but also values and ideals of communities - in this case of sports communities - into one's work, thus making them into a critical resource in product development process of desired objects.

It should be noted here that of course hobbyist knowing also has its drawbacks. It may be used as an excuse for not studying the context of use of a product, users, their experiences and lifestyles when there is a shortage of time, funding or interest. User communities may also in some cases engender uniformity, which may inhibit fruitful contradictions and radical innovations, although many innovations can be traced back to communities of users (Shah 2000; Lüthje 2000).

Hobbyist knowing should not be understood as something that makes

user study methods and contextual design (Beyer and Holtzblatt, 1998) unnecessary. On the contrary, this sort of knowing usually strengthens the links to other users in the different points of NPD and makes it easy to communicate with the users groups, as was described by an interviewed product development engineer at Suunto:

"It's amazing that we sent the prototype [of the first wristop computer] to some people there and they went to the mountains just to test it for us. They were really eager to do the job." Suunto has nowadays also a range of other methods for interacting with users outside the company. These include for example interviews and ethnographic studies with both professional sponsored enthusiasts and active users who are registered in the Suunto's database.

Just like in the LEGO case, users and potential users are enthusiastic to have their say and participate in the product development process both at the early concept level and after the products are launched in order to get value of being part of the community

and using the product for creating an experience.

4. Concluding remarks of the case studies

The LEGO case study is an example of successful user involvement in product development. According to the interviewees LEGO sees itself only as a part of what constitutes "LEGO". This means that the trademark is company owned but the brand and value are shared with the network of external users who are linked to the product development with user panels and meetings. LEGO officially states "the situation facing all toy manufacturers at present is that they are pressured from many quarters - by consumers, customers and competitors. The LEGO Group meets this challenge with a determination to bind consumers, fans and retailers even closer to our organization" (www.lego.com).

In the Suunto case, users, fans and retailers are, too, very close to the company. Interestingly the boundary between users and producers is

blurred also because the employees are eager users themselves. This is common in sports industry at large (e.g. Shah 2000; Lüthje 2000).

This previously described user centeredness is often theorized as user driven innovation or with terms such as distributed co-creation (e.g. Potts, et al. 2008). In the following it is discussed how these empirical examples fit in to the perspective of service-dominant logic instead and what are the perspectives of other related fields. As a conclusion a model for analyzing value creation in practice is introduced.

5. What does this mean from the perspective of S-D -logic?

In the previous we saw examples of how the producer-user -distinction is blurring when users are inseparable category of the business as a whole. However, many of the distinctions between actors and activities lie firmly in the discourse and thinking of business and management practice as well as in academic theory, which tries to shake the established

conceptualizations every now and then. These distinctions and categories are not easily changed. Most people are used to think in categories and these categories change slowly. However, today's business requires new ways to think the relations between different market actors. Service-dominant logic is seen here as an effort to shift emphasis of analysis from goods as a unit of analysis towards service as a wider perspective to value creation in service systems. It can also offer a perspective that escapes the user centeredness of some of the related fields of study.

Based on my own findings in co-operation with business organizations and business consultants, the division between producers and users is one of the sticky ones. The Suunto case study is presented in this paper in order to show how this division blurs and producers are users and consumers simultaneously. It shows the often hidden linkages between actors and how that affects on value creation. The desirable products are created based on both tacit and explicit

knowing of the context where the products are used and where they become meaningful.

Service-dominant logic offers the concept of service "as the application of specialized competences through deeds, processes, and performances for the benefit of another entity or the entity itself" (Vargo and Lusch 2008b). This definition of service shifts the focus of analysis in marketing management from passive targeted user groups to customers as "operant resources that are endogenous to the value-creation process" (Vargo and Lusch 2008b). The definition does not avoid the division between entities (firms and customers) but it can help in analyzing the processes not through dualisms but more as holistic systems.

Although the divisions between users and producers is blurring in practice, and the division between goods and services is everything but clear because the dependency of one another makes division almost impossible (Gummesson, 2007), business organizations operate with these concepts. They often see

themselves as distinct of their customers, the users, which then leads to efforts in understanding those customers, the users, in a better manner. This enforces the division of "us" and "them", the people working in the company and users outside it. Therefore it might be difficult to totally abandon the concepts and categories people are used to. In the following models the empirical case studies are presented so that the concepts familiar to practitioners are organized as service systems and the emphasis of each case is marked.

In the first case, the value of using Lego products is in fact created, not by the producer of the product or the user solely, but in the interaction of users with other users, and with the company and with the customized toys, in the "digital era of playing".

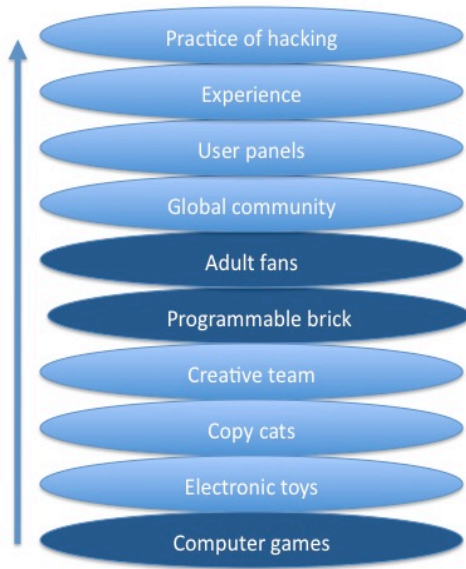


Figure 1. Entities and emphasis in the LEGO Mindstorms..

In the second case presented in this paper, the value of having a Suunto wristop computer is in the embedding of the extreme outdoor culture in the product through its designers. This can either mean the symbolic value of carrying the product as a sign of belonging to certain group of enthusiasts and valuing extreme sport ideals or it can mean the more practical value of actually using the product for measuring things while doing sports. Either way, the participation of the designers in the use context, is crucial.



Figure 2. Entities and emphasis in the Suunto wristops.

From the service dominant -logic perspective these two cases are examples of the foundational premise that "the customer is always a co-creator of value". Especially the LEGO case also serves as a perfect example of the foundational premise that "the enterprise cannot deliver value, but only offer value propositions". Also, the LEGO case study as well as the Suunto case, are examples of "mutually satisfying processes" (Vargo and Lusch 2008b). The cases presented here are not in conflict with any of the fundamental premises of S-D -logic as "a service-centered view is

inherently customer oriented and relational" (ref. Vargo and Lusch 2008a).

The shift away from the supplier centric logic is happening simultaneously in several related fields of study. In the design research it means participatory design (Muller and Kuhn 1993), contextual design (Beyer and Holtzblatt, 1998), designing co-experiences (Battarbee, 2004) and the vast amount of human computer interaction (HCI) -literature (Norman and Draper 1986; Winograd 2001; Klemmer et al. 2006). In organizational studies it flourishes around the concepts of open innovation (Chesbrough 2003), user driven innovation (von Hippel 1976; 2005; Franke and Piller 2004; Jeppesen and Frederiksen 2006) and applying the more philosophical actor network theory (ANT) in analyzing for example urban planning processes (e.g. for transportation see Latour, 1999). In consumer studies, which is inherently a cross-disciplinary field of research, the shift away from supplier and goods centric view appears in the growing interest in everyday life in

e.g. practice theory perspective (Rekwitz, 2002; Shove and Pantzar, 2005).

Based on the previous empirical examples and the shift in theoretical thinking, in the following concluding part of this paper, I present a model for analyzing where value is created, when and by whom, that could be also used in evaluation of new product development projects and best practices.

6. Conclusion and discussion

Based on the empirical studies presented here and the notions of the S-D -logic, I would argue that the three major points in evaluating and developing the future markets are to analyze (and learn from)

- 1) where the value is created,
- 2) when the value is created in these different locations and
- 3) who/what are the entities of the value creation process.

In the following I will elaborate these arguments more and present the model of analysis.

Analyzing *where* the value is created opens up the perspective to see how value is not produced in the production process but in the usage, in shopping, using and linking the 'value proposition' to every day life. Looking at *when* the value is created in these different locations helps in capturing the lifecycle of a value proposition and analyzing at what phase of this process different actors are crucial. Emphasizing the question of *who* are involved recognizes both the human and non-human entities that are involved.

From this perspective, value creation can be analyzed as in the following picture, where the layers of involvement in value creation are market trends, provider, competitors, surrounding value propositions, value proposition, customer to provider interaction, customer to customer interaction, customer usage (creating experience in interacting with the product), experience and changing consumer practices in everyday life. Market trends are highlighted here since it is important to note, as learned from the empirical studies

presented here, that involvement in the creation of value does not exist in a vacuum but in the various contexts of marked trends, and sometimes even serendipity. Also competitors, and the surrounding value propositions, which can be either supporting or preventing the value proposition are added together with the concepts of service-dominant logic.

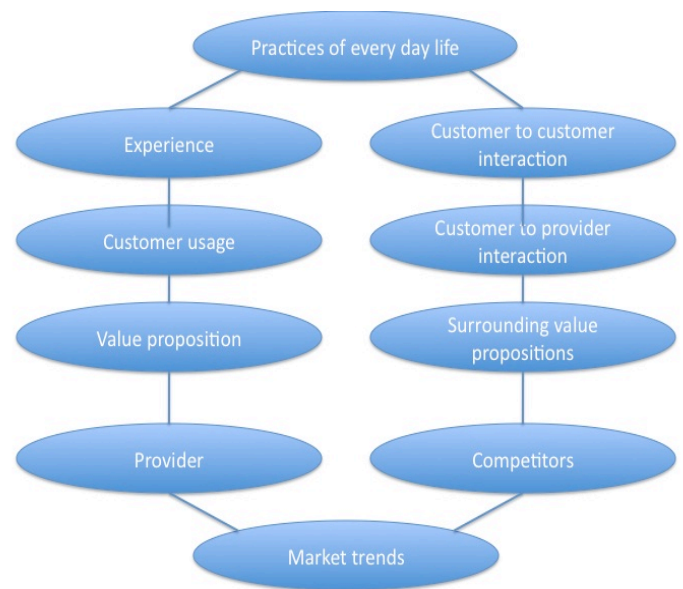


Figure 3. Entities of value creation in service system.

This paper has shown that the boundaries of users and producers are shifting because of users engage more than previously to the different phases

of product development and because it is not clear if a producer (e.g. a designer of a service) is just its developer and provider, but actually simultaneously representing the user and consumer communities.

There are recent symptoms of - if not a crisis - a questioning of the hype of involving users more and more to the practice of providing service (singular, if you like). In May 2009 a designer from Google left the company, because "the company allowed consumer responses to dictate even minute design decisions". This comment is definitely against the - what is now - mainstream discourse that values the user data above all. This is how he describes the situation in his blog:

"When I joined Google as its first visual designer, the company was already seven years old. Seven years is a long time to run a company without a classically trained designer. Google had plenty of designers on staff then, but most of them had backgrounds in CS or HCI. And none of them were in high-up, respected leadership positions. Without a person at (or near) the helm who

thoroughly understands the principles and elements of Design, a company eventually runs out of reasons for design decisions. With every new design decision, critics cry foul. Without conviction, doubt creeps in. Instincts fail. "Is this the right move?" When a company is filled with engineers, it turns to engineering to solve problems. Reduce each decision to a simple logic problem. Remove all subjectivity and just look at the data. Data in your favor? Ok, launch it. Data shows negative effects? Back to the drawing board. And that data eventually becomes a crutch for every decision, paralyzing the company and preventing it from making any daring design decisions.

Yes, it's true that a team at Google couldn't decide between two blues, so they're testing 41 shades between each blue to see which one performs better. I had a recent debate over whether a border should be 3, 4 or 5 pixels wide, and was asked to prove my case. I can't operate in an environment like that. I've grown tired of debating such minuscule design decisions. There are more exciting design problems in this world to tackle. "

<http://stopdesign.com/archive/2009/03/20/goodbye-google.html>

Of course, this is only one skilled designer speaking on the behalf of his right to make design decisions without altering the options to users' decision every time. But I personally find this quote of a more meaning (and so did obviously the journalists of New York Times which reported the case May 10th 2009). It tells about the problems in user centeredness and where it has gone too far. Also supplier centeredness has proved wrong (see Gummesson 2007, 134-5). What can be learned from this is that emphasizing one or two actors of the network of actors who make the market as a whole leads to a distorted picture. Instead, one trying to understand the world of business and trying to perform within that network of different actors should look at the everyday practices of creating value as interplay of organizational and individual practices and preferences, forcing practices, rituals, continuities and discontinuities in order to analyze where the value is created in each case, without trusting on universal

truth in the networks of value. Targeted customers (as in CRM), detailed user studies and data may not be the right answers after all. The paradigm shift to networks instead of individual actors is taking place.

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