

Further training program “Realisation of customer-centred Innovations”

Modul 20 Refresher courses

Teaching Material 10 Results of examinations and surveys

Prepared by:

University of Miskolc (PP8-MU)

Ágnes Horváth, PhD

Noémi Hajdú, PhD

László Molnár, PhD

Anett Tóthné Kiss

Klára Szűcsné Markovics, PhD

Erika Szilágyiné Fülöp, PhD

Ádám Bereczk

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Reason for the lack of application of customer-centric innovation

As part of the project "Digital methods, toolbox and trainings for increasing customer innovation in SMEs" (IClinSMEs), research and surveys were conducted in the project countries. These led to the following results with regard to the lack of application of customer-centric innovation.

Eighty-six (Q4, Question 8) answered the (previous) question on the application of customer-centric innovation. After that, the series of questions went in two different directions. If customer-centric innovation is not used, the reason for this had to be specified by answering the present question (questions k5, 9 *). If applicable, the following questions (questions k6, 9; questions k7, 10;...) had to be answered. However, the total number of respondents for questions k5 and k6 is seventy-seven, which is different from the number of respondents for question k4. This means that biased results should be expected for the answers to question k4.

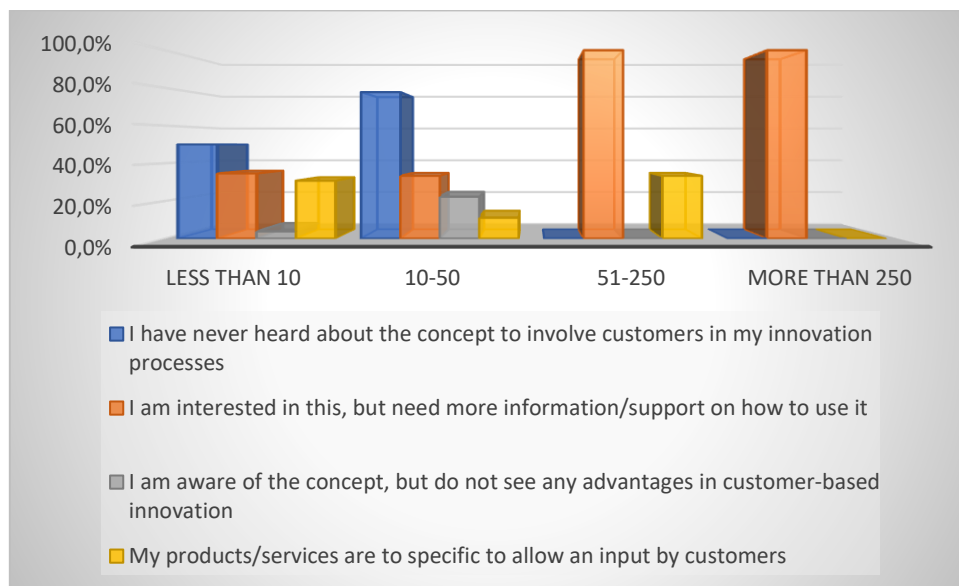


Figure 1 Reason for the lack of application of customer-centric innovation

Thirty-nine respondents were asked, “why does the organization not engage in customer-centric innovation” (Figure 10). Organizations with fewer than fifty employees typically are unfamiliar with the concept of customer-centric innovation. And those who employ more than fifty-one people are typically considered insecure. Most indicated a second response that they had heard of customer-centric innovation, but would need more knowledge, information, or support for the application. Fewer than ten employees indicated that although they were familiar with customer-centric innovation, they did not think they could reap its benefits. In the case of slightly more

organizations employing less than two hundred and fifty people, the respondents indicated that their product or service is not suitable for the application of customer-centric innovation. It should be noted that although the response options are more alternative, there were some respondents who indicated several options at the same time, which may skew the results.

Table 1 Reason for the lack of customer-centric innovation application by countries

	Denmark	Germany	Hungary	Poland
I have never heard about the concept to involve customers in my innovation processes	75.0%	63.2%	0.0%	0.0%
I am interested in this, but need more information/support on how to use it	25.0%	47.4%	50.0%	16.7%
I am aware of the concept, but do not see any advantages in customer-based innovation	0.0%	5.3%	0.0%	33.3%
My products/services are too specific to allow an input by customers	0.0%	26.3%	50.0%	50.0%

Distribution of responses for the four largest sampled countries was also examined (Table 3). The reason for the lack of application in Danish and German organizations is mainly that the respondents did not hear about the concept and, to a lesser extent, that they are uncertain about the application due to lack of information. 26% of German organizations reported that their product or service was not suitable for customer-centric innovation. None of the respondents from the Hungarian and Polish organizations indicated the possibility that they do not know the essence of the concept. Half of the Hungarian respondents are unsure or uncertain due to the relatively little information available, and the other half said that the product or service is not suitable for the application of the concept. For half of the Polish respondents, the product or service is incompatible with customer-centric innovation, and for the rest of the respondents, there is little information available for the application (17%) or the benefits of using the concept are unknown (33%). It is clear from the data that the German respondents indicated several options at the same time so that a small distortion of the answers can be attributed to this.

The level of involvement of customers in the following types of innovation

As part of the project "Digital methods, toolbox and trainings for increasing customer innovation in SMEs" (ICIinSMEs), research and surveys were conducted in the project countries. These led

to the following results with regard to the involvement of customers in the different types of innovation.

Thirty-eight answered the question which types of innovation involve customers (Figure 11). In the case of question k4, forty-six stated that there was customer-centric innovation, which means that eight people did not comment at all on the question of specifying the innovation and did not indicate the possibility that they had no information.

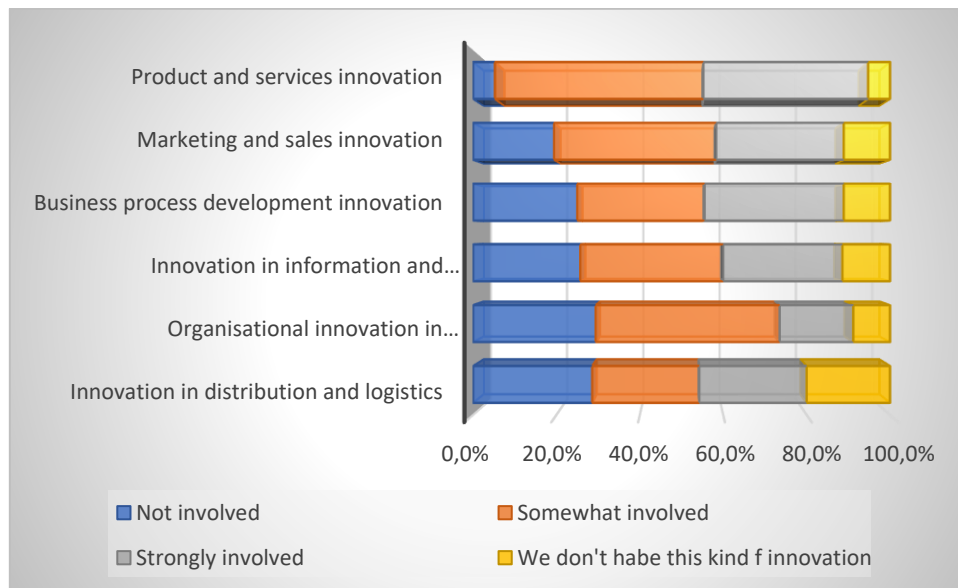


Figure 2 Involving customers in different types of innovation

According to 36 respondents, customers are involved in some extent in case of product and service innovation, twenty-nine respondents in case of marketing and sales innovation, twenty-seven in case of business process innovation, twenty-six in case of info communication systems innovation, twenty-four in case of organizational innovation and logistics, in case of innovation according to thirty-five respondents.

90% are involved in product and service innovation, 69% in marketing and sales innovation, 34% in business process innovation, and 63% in info communication systems innovation, 62% for organizational innovation and 51% for logistics innovation.

Table 2 Involving customers in different types of innovation in each countries

		Denmark	Germany	Hungary	Poland
Product and services innovation	Not involved	14.3%	0.0%	0.0%	0.0%
	Somewhat involved	42.9%	80.0%	33.3%	66.7%

	Strongly involved	42.9%	20.0%	58.3%	16.7%
	We do not have this kind of innovation	0.0%	0.0%	8.3%	16.7%
Marketing and sales innovation	Not involved	28.6%	40.0%	0.0%	0.0%
	Somewhat involved	42.9%	40.0%	10.0%	66.7%
	Strongly involved	28.6%	0.0%	70.0%	16.7%
	We do not have this kind of innovation	0.0%	20.0%	20.0%	16.7%
Innovation information and communication systems	Not involved	14.3%	40.0%	22.2%	16.7%
	Somewhat involved	42.9%	40.0%	22.2%	50.0%
	Strongly involved	42.9%	20.0%	22.2%	16.7%
	We do not have this kind of innovation	0.0%	0.0%	33.3%	16.7%
Organisational innovation administration and management	Not involved	14.3%	80.0%	33.3%	0.0%
	Somewhat involved	57.1%	20.0%	33.3%	60.0%
	Strongly involved	28.6%	0.0%	11.1%	20.0%
	We do not have this kind of innovation	0.0%	0.0%	22.2%	20.0%
Business process development innovation	Not involved	28.6%	40.0%	10.0%	16.7%
	Somewhat involved	42.9%	60.0%	20.0%	16.7%
	Strongly involved	14.3%	0.0%	60.0%	33.3%
	We do not have this kind of innovation	14.3%	0.0%	10.0%	33.3%
Innovation distribution and logistics	Not involved	42.9%	60.0%	11.1%	0.0%
	Somewhat involved	28.6%	0.0%	11.1%	33.3%
	Strongly involved	14.3%	0.0%	55.6%	33.3%
	We do not have this kind of innovation	14.3%	40.0%	22.2%	33.3%

The country distributions for the countries with the highest numbers were analysed in the four samples (Table 4). On average, 47% of German respondents, 68% of Hungarians, and 72% of Danish and Polish involve their customers in some type of innovation process. Danish respondents are most involved in product and service, info communication, and organizational innovation (86-86%). For the other types, these values range from 43 to 72%. German respondents are most involved in product and service innovation (100%), and involvement in innovation in info

communications and business processes is relatively strong (60%). Other values range from 0 to 40%. Hungarian respondents mostly involve their customers in product and service innovation (92%) and innovation in marketing and business processes (80-80%). For the other types, the values are between 44-67%. Polish respondents mainly involve their customers in product and service innovation, marketing and sales innovation (83-83%), and organizational innovations (80%). For the other types, the values range from 50 to 67%. On the one hand, based on this relatively mixed picture, it can be concluded that no sharp pattern can be detected between types of innovation and involvement; on the other hand, involvement in product and service innovation is relatively strong everywhere.

Degree of involvement of customers in the product and service innovation phases

As part of the project "Digital methods, toolbox and trainings for increasing customer innovation in SMEs" (ICInSMEs), research and surveys were conducted in the project countries. These led to the following results with regard to the involvement of customers in the product and service innovation phases.

In this question, we examined which customers are specifically involved in which process phase of the product and service innovation most affected by customer engagement (Figure 12). The degree of involvement had to be given on a scale of one to five, where the value of five means: strongly, the value of one means: not at all.

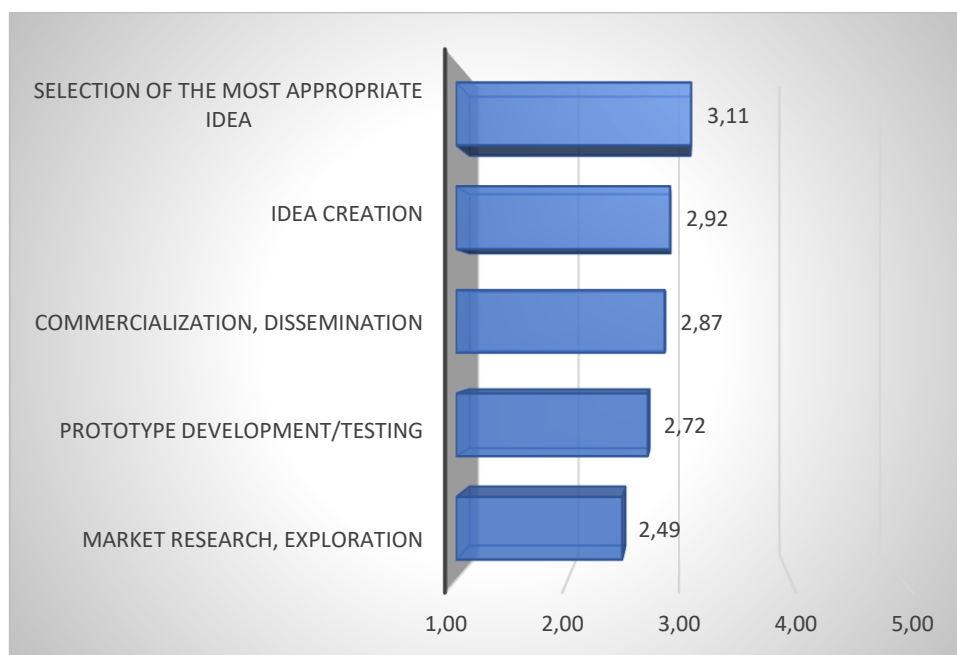


Figure 3 Degree of involvement in the product and service innovation phases

Companies primarily involve their customers in the brainstorming phase (3.11) and as we move forward in the innovation process, this value continues to decline. In case of organizations with less than fifty-one employees, the three stages of innovation, commercial introduction, are contrary to this finding, the degree of involvement in this stage is higher than in the case of the second stage (idea implementation). For organizations with more than fifty employees, involvement is strongest in prototype development and testing. Employers with more than two hundred and fifty people also strongly involve customers in the implementation phase of the idea (Table 5).

Table 3 Degree of involvement in the product and service innovation phases by number of employees

	less than 10	10-50	51-250	more than 250
Selection of the most appropriate idea	3.30	2.83	2.50	3.00
Idea creation	3.15	2.17	2.33	3.14
Commercialization. dissemination	3.32	2.33	2.33	2.14
Prototype development/testing	2.70	2.00	3.00	3.29
Market research. exploration	2.71	2.00	1.33	2.71

The extent of involvement for the four countries sampled in large numbers was also examined (Table 6). In case of Denmark, the involvement is strongest in the idea implementation phase (2.71), followed by the ideation phase and then the prototype development phase. For commercial and marketing activities, involvement is minimal (2.0). In Germany, the implementation of the idea and the development of the prototype has a strong involvement (2.6) and are followed by the ideation phase (2.4). Like Denmark, involvement in the innovation phases of commercial and marketing activities is minimal (1.8-2.0). In Hungary, the involvement is strong in case of commercial activities (4.25), followed by the brainstorming (3.9) and then the marketing (3.73) phases. The involvement is also strong in the implementation phase of the idea compared to the above two countries (3.6). The value of prototype development and testing is 3.2, but this is higher than the highest values in the previous two countries. In Poland, involvement in the brainstorming phase is maximal (3.33), followed by the next three phases with 2.67-2.83 and then the last phase with 1.83. No clear regularity can be detected between the phases when examining the countries.

Table 4 Degree of involvement in product and service innovation phases by countries

	Denmark	Germany	Hungary	Poland
Selection of the most appropriate idea	2.57	2.40	3.90	3.33

Idea creation	2.71	2.60	3.60	2.83
Commercialization. dissemination	2.00	1.80	4.25	2.67
Prototype development/testing	2.43	2.60	3.20	2.83
Market research. exploration	2.00	2.00	3.73	1.83

Categorizing consumers based on their needs and expertise

As part of the project "Digital methods, toolbox and trainings for increasing customer innovation in SMEs" (IClinSMEs), research and surveys were conducted in the project countries. These led to the following results with regard to needs and expertise of consumers.

The question was whether companies categorize their customers based on their needs or expertise when involving them in the innovation process. This was considered to be an important issue because different types of feedbacks and experiences can be incorporated in case of different customers. Different kind of information can be obtained from lay customers and from professional users in the product development process. Both kind of information are extremely useful.

Those companies were analysed and examined that are involved in customer-centric innovation and answered for this question (38 companies). Overall, slightly more than half (52.6 percent) of respondents categorize their customers based on their needs and expertise.

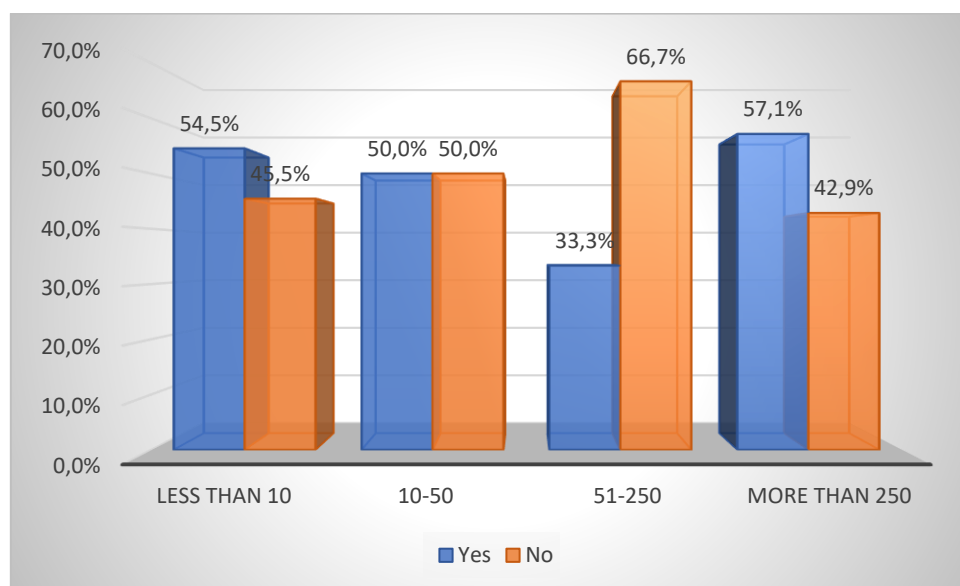


Figure 14 Categorizing consumers based on their needs and expertise by company size

The distribution by the company size is as follows in the sample: seven large companies, three medium-sized companies, six small companies, twenty-two micro-companies. In almost all size categories, at least half of the companies strive to differentiate their customers according to their needs and expertise. The rate was lower for medium-sized companies, but this reflects the responses of only 3 companies. (Figure 14)

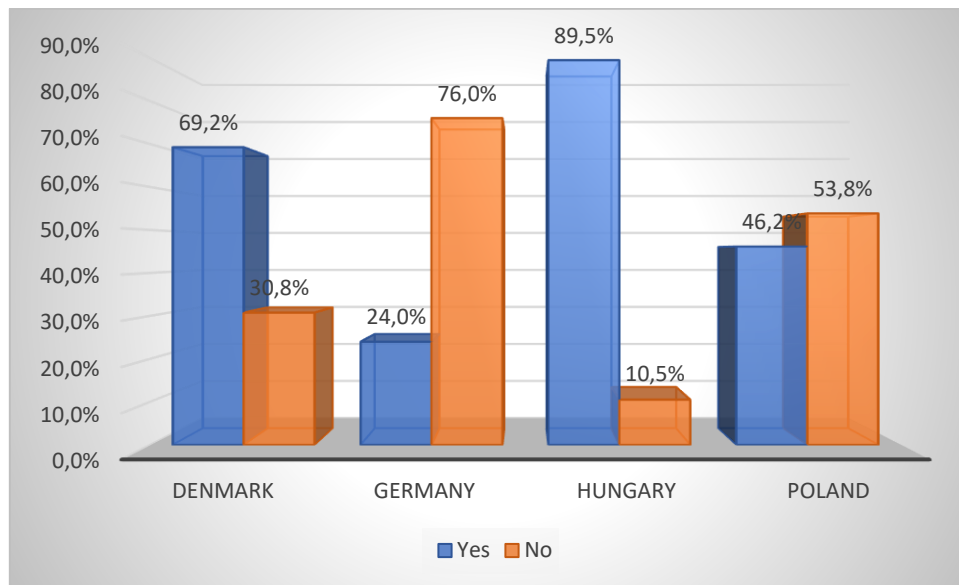


Figure 4 Categorizing consumers based on their needs and expertise by countries

The analysis by country shows a more interesting picture (Figure 15). Thirty responses to this question were received from the four countries selected. Denmark is represented on the chart based on seven companies, Germany five, Hungary twelve and Poland six. Accordingly, the differentiation and categorization of customers based on their needs and expertise is much more typical in the case of Danish and Hungarian companies. A smaller half of Polish companies apply this distinction. German companies make the least use of categorization.