



CUSTOMER-CENTRIC INNOVATION

Part 2

**IClinSMEs - TRAIN THE TRAINER
PROGRAM B**



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Customer-centric Innovation Part 2

Train the Trainer Program B

Learning material is based on results of IClinSMEs project



Digital methods, toolbox and trainings for increasing customer innovation in SMEs



Study of applied instruments, methods and procedures for the integration of customer-based innovation in SMEs

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**Customer-centric Innovation in SMEs
Results of an Empirical Research**

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Customer-centric Innovation in SMEs

Experiences of Best Practices in the use of digital technologies supporting customer innovations by SMEs

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How to involve customers in innovation processes?

Methods and digital tools supporting customer-centric innovation?

The goal is to explore:

- The methods of customer-involvement in innovation processes
- And the digital tools supporting customer feedback

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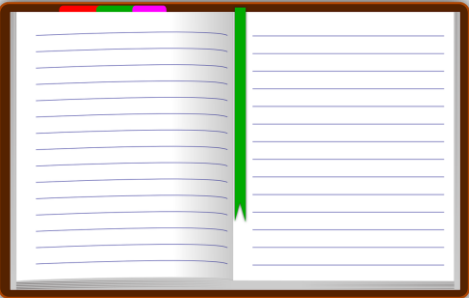


How to involve customers in innovation processes?

Digital tools supporting customer-centric innovation



Methods of customer involvement

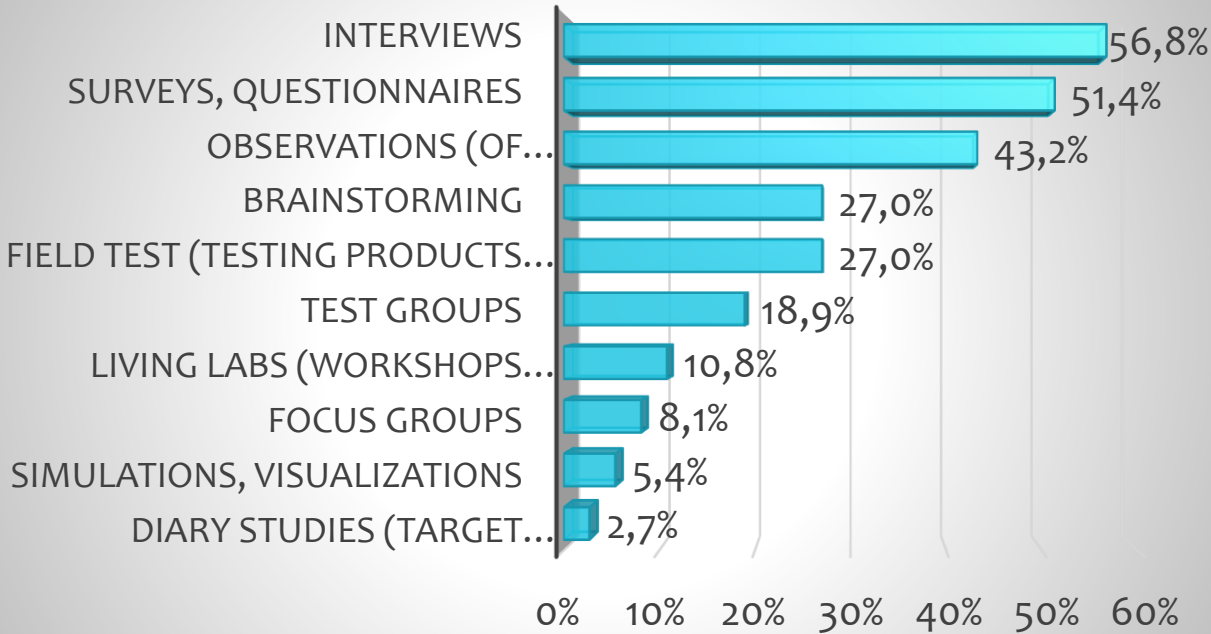


- **Lead-user method:** lead users' needs will be the future demand of the market.
- **Brainstorming:** Generating many radical, creative ideas
- **Observations:** customers are observed in daily life personally
- **Simulations and visualizations**
- **Experiments** when we have different groups with different demands. The groups will answer the concrete questions, and the results can be compared and the conclusion can be drawn.
- **Living labs:** Cooperation with customers in company's laboratories and workshops. There is a created spaces that is similar to the customer's home.
- **Field test** products and services will be tested in a real-life context.
- **Focus groups:** a qualitative marketing research-method when 6-8 people take part in. There is a moderator who directs the process.
- **Customer group involvement** helps developers to find better solutions for customer's needs and problems.
- **Outcome based interviews** are targeted interviews, when the needs of the different customer groups can be identified, that do not reflect the demand of the market.
- **Questionnaire** when representative research can be conducted in order to gather statistical information.
- **Diaries** the consumers who test the product will make notes about the experiences.

Experiences of survey and best practices

Methods for engaging consumers in customer-centric innovations

Methods for engaging consumers in customer-centric innovations by countries



Methods used for involving customers in innovation processes

	Denmark	Germany	Hungary	Poland
Interviews	50.0%	60.0%	50.0%	33.3%
Surveys, questionnaires	50.0%	80.0%	25.0%	66.7%
Observations (of customers in daily life)	33.3%	60.0%	66.7%	33.3%
Brainstorming	50.0%	0.0%	8.3%	50.0%
Field test (testing products and/or services in real life circumstances)	0.0%	60.0%	41.7%	0.0%
Test groups	33.3%	20.0%	8.3%	16.7%
Living labs (workshops with customers in company's laboratories)	16.7%	20.0%	0.0%	0.0%
Focus groups	16.7%	20.0%	8.3%	0.0%
Simulations, visualizations	16.7%	0.0%	0.0%	0.0%
Diary studies (target groups write about product and/or service experiences in a pre-structured online diary)	16.7%	0.0%	0.0%	0.0%

Horváth et al. 2021a: Customer-centric Innovation in SMEs. Results of an Empirical Research, University of Miskolc
 Horváth et al. 2021b: Experiences of Best Practices in the use of digital technologies supporting customer innovations by SMEs, University of Miskolc

The **most common** method is conducting **interviews, surveys and questionnaires**, which are relatively easier to implement and better known, especially among SMEs.

In some areas where tailor-made and personalized products are more important, **face-to-face encounters** may be the most inspiring methods in product development.

There are companies that use **multiple methods** to engage their consumers, combining offline and online methods.

More complex, organized solutions for customer involvement are typically used by larger (primarily large and medium-sized companies) and more mature companies.

Digital Tools supporting customer-centric innovation

- Internet, Company website
- Cloud computing services, Digital platforms
- Project management tools (e.g., Slack, Microsoft 365)
- Fintech (mobile banking, crowdfunding and online payments)
- Customer relationship management (CRM)
- Big data
- Knowledge management system (KMS), Enterprise resource planning (ERP)
- Artificial intelligence (A.I.)
- Digital manufacturing (computer-controlled manufacturing processes, 3D printing, robot technology)
- Internet of things (IoT), Augmented reality, virtual reality
- Blockchain technology, Distributed ledger technologies (DLTs)

- E-mails, newsletters
- Social media platforms (e.g., Facebook, Instagram, LinkedIn)
- Online advertising tools (e.g., Google Ads, Facebook/Instagram Ads), Mobile and banner advertising
- Interactive company website, Questions and request
- Mobil apps, Chatbot
- Google forms
- Content marketing strategy (e.g. forums, blogs)
- Google My Business
- App Store, Support team
- Gamification tools

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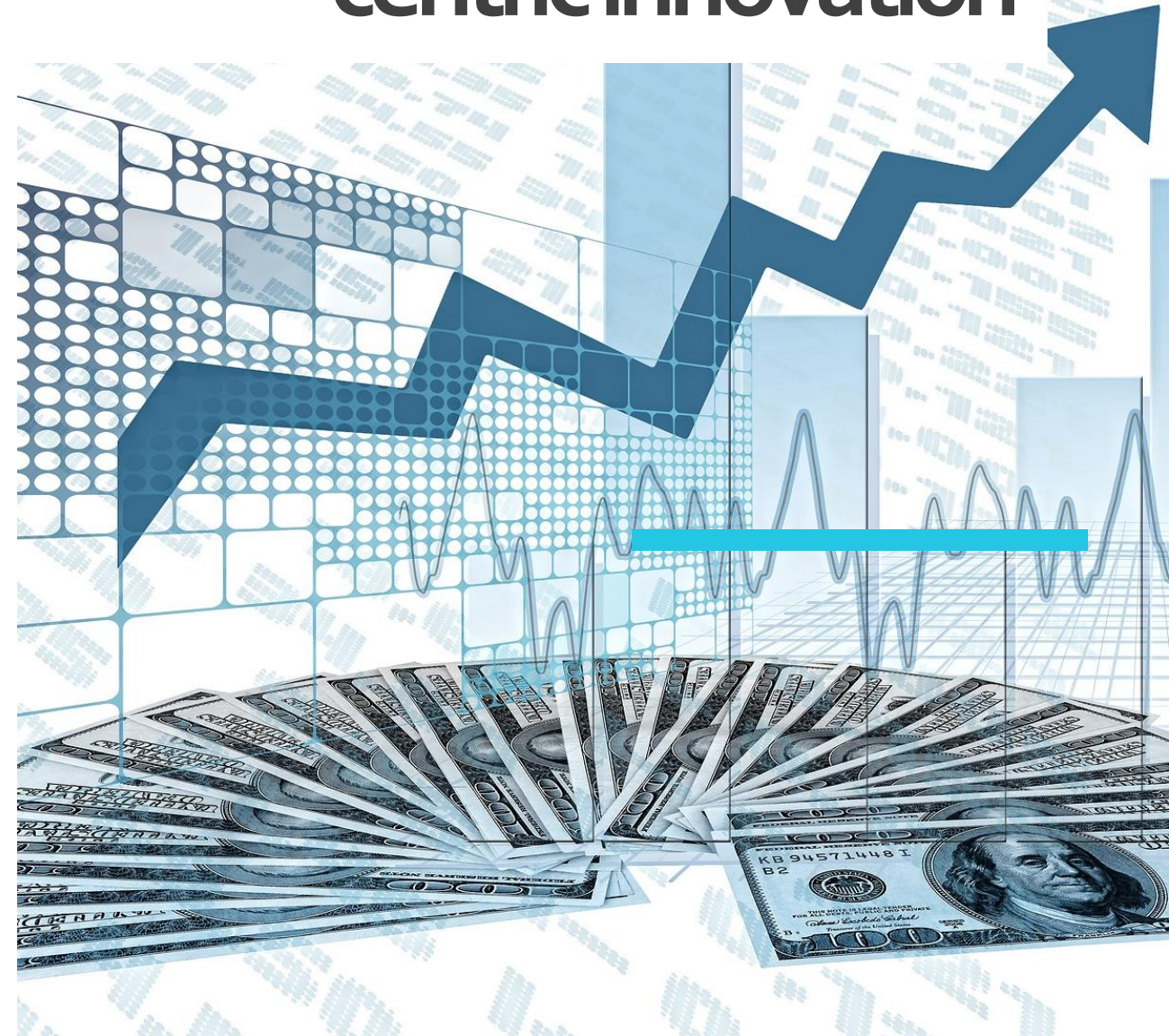
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Benefits and Barriers



Benefits from Customer-centric innovation

- **Financial benefits** (increased sales revenue, profitability, cost reduction)
- **Growing operation efficiency** (increased sales volume, product and service portfolio, productivity, product and service quality, speed and reliability of communications and transactions, positive change in business model and business practice)
- **Market benefits** (increased number of customers and potential clients, market position, market share, entering of new markets, global trade, geographic expansion, business linkages, competitiveness)
- **Increasing customer satisfaction** (increased understanding and response to customer needs, tailor-made/customised product development, better and faster communication with the customers)
- **Improving organizational image, reputation.**



Difficulties and barriers

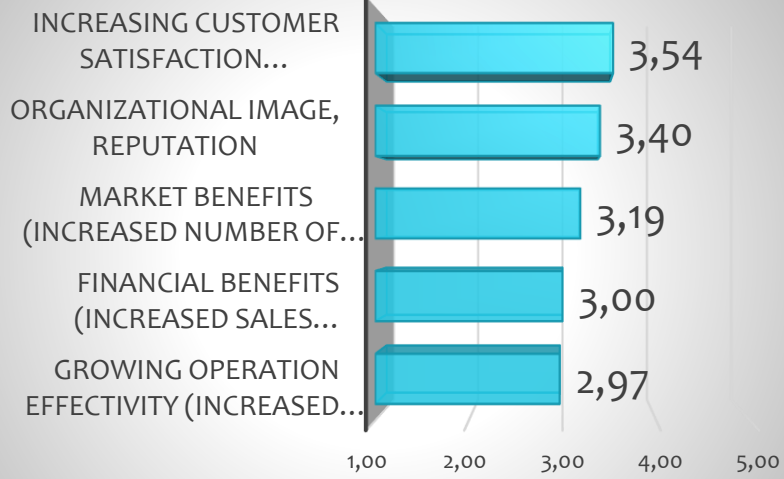


Difficulties in involving customers

- Involving consumers is **time** consuming
- Consumer involvement requires **financial** resources
- Involving consumers allocates resources, is **resource**-intensive (infrastructure, technology, IT)
- It is difficult to identify **customers who can provide innovative ideas** during the innovation process
- It needs **know how**

Barriers to use digital tools

- **Financial** barriers (high cost and investment needs regarding hardware, software, networks, trainings, organisational changes)
- **Unclear return of investment** (difficult to measure the added value, lack of objective information regarding the benefits and costs of ICT, too much risk)
- **Lack of information**, knowledge and digital skills (lack of professional human resources)
- **Lack of corporate resources** (lack of appropriate knowledge-based assets, technological capabilities)
- **Lack of trust in the use of ICT** (Risks in protection of intellectual property and digital rights. challenges in terms of digital security and privacy)
- Lack of organizational **ICT culture**



Benefits

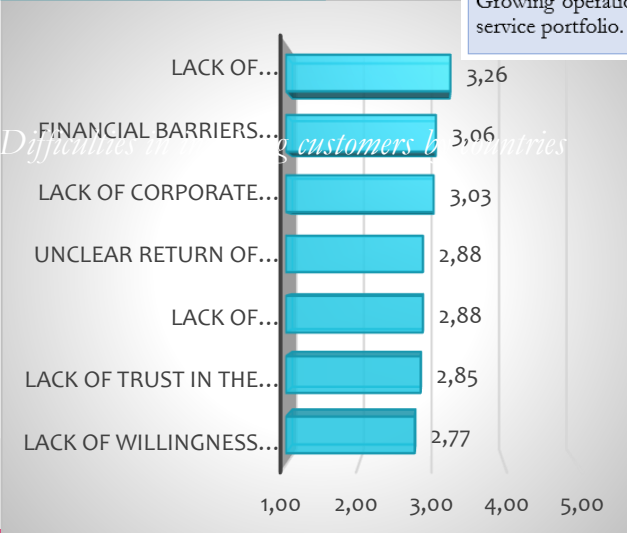
	Denmark	Germany	Hungary	Poland
Increasing customer satisfaction (increased understanding & response to customer needs. tailor-made/customised product development. better and faster communication with the customers)	3.14	3.60	4.18	3.00
Organizational image. reputation	2.57	3.60	3.70	3.60
Market benefits (increased number of customers & potential clients. market share. entering of new markets. global trade. geographic expansion. business linkages)	2.43	3.80	3.64	3.40
Financial benefits (increased sales revenue. profitability. cost reduction)	2.57	3.60	3.30	2.80
Growing operation effectivity (increased sales volume. product & service portfolio. productivity. quality. speed. reliability)	2.43	3.60	3.20	3.00

	less than 10	10-50	51-250	more than 250
Increasing customer satisfaction (increased understanding & response to customer needs. tailor-made/customised product development. better and faster communication with the customers)	3.55	3.00	4.33	3.57
Organizational image. reputation	3.26	3.50	4.00	3.43
Market benefits (increased number of customers & potential clients. market share. entering of new markets. global trade. geographic expansion. business linkages)	3.30	3.00	2.67	3.29
Financial benefits (increased sales revenue. profitability. cost reduction)	3.00	2.50	3.00	3.43
Growing operation effectivity (increased sales volume. product & service portfolio. productivity. quality. speed. reliability)	2.89	2.80	2.67	3.43

Experiences of survey and best practices

	Denmark	Germany	Hungary	Poland
Lack of information. knowledge. and digital skills (lack of professional human resources)	2.86	3.4	3.7	3.75
Financial barriers (e.g. regarding hardware. software. networks. trainings. organisational changes)	2.71	2.8	3.5	3.4
Lack of corporate resources (lack of appropriate knowledge-based assets. technological capabilities)	2.57	2.8	3.9	2.75
Unclear return of investment (difficult to measure the added value. lack of objective information regarding the benefits vs. the costs. too much risk)	2.43	2.6	3.3	3.25
Lack of organizational information and communications technologies culture	2.29	3	3.8	2.5
Lack of trust in the use of information and communications technologies (risks regarding protection of intellectual property and digital	2.43	3.2	3.5	2.75

Barriers



	less than 10	10-50	51-250	more than 250
Lack of information. knowledge. and digital skills (lack of professional human resources)	3.44	2.67	3.00	3.43
Financial barriers (e.g. regarding hardware. software. networks. trainings. organisational changes)	3.26	2.50	2.67	3.14
Lack of corporate resources (lack of appropriate knowledge-based assets. technological capabilities)	3.22	2.17	2.33	3.57
Unclear return of investment (difficult to measure the added value. lack of objective information regarding the benefits vs. the costs. too much risk)	3.11	2.00	2.33	3.29
Lack of organizational information and communications technologies culture	2.94	2.67	2.33	3.14
Lack of trust in the use of information and communications technologies (risks regarding protection of intellectual property and digital rights. challenges in terms of digital security and privacy)	2.89	2.67	2.00	3.29
Lack of willingness to use digital tools by our target groups	2.84	2.83	1.67	3.00

- Companies face the problem that their **customers are not motivated enough to give feedback** to the company.

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- it is important to encourage consumers to give feedback!
 - such a tool could be, to build on emotions of consumers (“we want to learn from you” or developing a sense of “belonging to a community”).
 - or generating financial interest from consumers, for example by introducing
 - coupons, vouchers, giveaways,
 - idea contests,
 - consumer loyalty programs,
 - or even securing a percentage of sales for the best ideas.

Conclusions and recommendations



- ✓ Small and medium-sized enterprises use very different ways to involve customers in innovation processes.
- ✓ Relatively simpler engagement methods are common, such as questionnaires, surveys, group or in-depth interviews, social media tools, various loyalty programs.
- ✓ More serious customer involvement methods, such as simulation, living labs, diary studies, are used by only a few companies, where the scope of activity is also based on more advanced technology.
- ✓ There is no significant difference in the field of customer involvement methods used by the scope of activities of the companies

Conclusions and recommendations

- ✓ Customer-centric innovation can be applied for companies independently from size. Even the smallest companies can find the right and accessible methods.
- ✓ The use of digital solutions, social media platforms, and data analysis tools greatly facilitates the collection and processing of customer feedback.
- ✓ Consciously learning about customer feedback and accurately identifying customers and their needs is helpful in developing a marketing strategy and product innovations.
- ✓ **Getting to know customer feedback is not a customer-centric innovation itself. The knowledge and experience gained in this way must be integrated into the process of product development to be able to talk about innovation.**



Conclusions and recommendations



- ✓ The lack of motivation and interest of customers in the field of feedback makes it difficult to create customer-centric innovations.
- ✓ It is advisable to increase the willingness of customers to provide feedback and to create motivation. This could be, for example, the creation of a "sense of community", the impact on customers' emotions, or the creation of customers' financial interest, for example with coupons, discounts, loyalty programs, and idea competitions.
- ✓ **SMEs have little or no knowledge about customer-centric innovation and the digital opportunities that support it. Based on this, there is a great need for training that develops the knowledge and skills of SMEs in this field.**



Thank you for your kind attention!

