

Collaboration between Consumers and Companies in Generating Ideas for Product Development

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Abstract

The development of modern society and the achievements in the field of technologies have led to changes in the interaction between companies and consumers. Nowadays, companies and organizations can use Internet technologies in order to reach their customers in a new and different way. This paper dwells on a research of the forms of cooperation between companies and consumers within the framework of digital domain in the foodstuff manufacturing sector in Bulgaria. The research aims to demonstrate how companies can improve the contact with their consumers by using innovative online platforms for generation of ideas thus creating new and differentiated products meeting the expectations of customers. These platforms allow business organizations to interact with their consumers and make them committed to their business. The present article is funded under Project №182/2016.

Key words: marketing, ideas, innovation, ideas generation platforms.

JEL classification: M31.

1. Introduction

In the contemporary market conditions companies tend to develop active approaches for new ideas generation and cooperation with consumers. The identification of customer needs is of particular significance in the process of successful product innovations development.

The paper provides summarized data of the examination of the forms of collaboration with consumers used by Bulgarian companies in the foodstuff manufacturing sector. This research studies the existing idea models under the digital environment conditions. Companies are aware that they do not have the entire information necessary for their activities, and that they need to work towards maintenance of collaboration. Gradually, communications are moving towards the Internet environment where the real and potential consumers are given individual attention. This is a precondition for the companies to use the modern forms of interactive communication that provide them the opportunity of establishing a new form of interaction with their consumers.

Over the last years, more and more companies have become aware of the potential of using their own employees, customers, partners and stakeholders as a source of information for innovations. Open innovation platforms constitute a means which is used by companies for accelerating the process of innovations. The various groups of stakeholders in these platforms have the opportunity of providing collaboration to companies by suggestions and ideas for new products, new concepts and trends that are expected to correspond to the organizations' needs. The present research more particularly explores the forms of interaction between organizations and their consumers. The research involves Bulgarian companies from the foodstuff manufacturing sector. This sector in Bulgaria covers about 14% of the industrial production in the country and generates about 14 % of the added value in the industry. The sector provides jobs for 15 % of the people engaged in the processing (manufacturing) industry. The average annual change in the indices of industrial production and the one concerning the turnover in the sector for the year 2013 is respectively -3.7% and -2%. The production manufactured by the enterprises is to the total amount of 7.09 billion BGN. In the year 2013, the turnover of the foodstuff manufacturing enterprises on the foreign markets amounts to 2.06 billion BGN. On the domestic market, the sector sold its production for 6.25 billion BGN. Price increase could

be noted per manufacturer in the sector of 3% on average during the year 2013.

The production consists of meat and meat products, fish, fruits and vegetables, dairy products, bread and pastry, confectionery, etc. It is accomplished by 5 743 companies, taking into account that half of them are situated in the territories of the provinces of Sofia-City, Plovdiv, Varna, Blagoevgrad, Burgas, Stara Zagora. Companies such as Papas Olio AD, Mondelez Bulgaria Holding AD, Amilum Bulgaria EAD, Nestle Bulgaria AD, Pilco EOOD, etc. stand out among the players in the sector. The share of the sector in the foodstuff industry export increased by 7.9%, in the year 2013. The main export destinations for the products of the sector are: Greece, Romania, Turkey, France and Germany.

The foodstuff manufacturing sector is an important unit for the development of Bulgaria's economy. Companies' activities are immediately related to consumption. Companies should follow and identify the needs of their customers for the purpose of maintaining the competitive level and the manufacture of products corresponding to consumer demand. It should be indicated that the process of developing new products underlies the modern high-tech idea models. This imposes the need of studying the contemporary forms of collaboration (interaction) and online platforms that companies use to perform direct contact with their consumers.

2. Collaboration between companies and consumers in the generation of new product ideas

The process of generating new product ideas is of exceptional importance for every single company. It is associated with the innovation activities of the companies and the development of new and differentiated products. The process involves various idea source groups with which companies should build good relationships with the aim of successful collaboration required for the creation and realization of innovative products.

In the first place, the significance of relationships in business needs to be clarified. No business is able to exist without relationships, interrelations and collaboration. One of the principal aims of relationships is the provision of access to resources for the participating entities, since every business is based on a set of specific resources combined in a manner creating a distinct business value. (Penrose, 1959). It should be noted that no entity is able to have and control all the resources necessary for its business. Companies use a combination of resources that are within the limits of their structure due to which the internal resources of a company are among its most important attributes (Ford et al., 2011). No company accommodates all the resources, but every company is dependent on its partners and consumers. They provide the additional resources necessary for an organization's business (Baraldi et al., 2012). Relationships provide the organizations with access to a broad combination of resources beyond their control which improves their abilities for innovations. The interaction between companies and consumers is of vital importance for encouraging business development and improvement of technologies (Hakansson and Waluszewski 2002, 2007, Baraldi 2008).

Companies create complex networks of knowledge and technological connections, which they use to create innovations as a result of collaboration (Möller et al., 2005). Traditionally, companies rely on their internal research and development activities in order to increase their innovation potential, but according to the literary review made by Johannessen and Olsen (2010), still greater focus is placed on the innovations accessible to, and oriented towards clients. In the contemporary economy, the organizations applying the new marketing rules directly develop relationships with their consumers (Scott, 2013). The main objective is to improve the processes of identification and satisfaction of their customers' needs. Through the introduction of new technologies and tendencies in marketing, organizations aim at establishing closer relationships with customers, creating loyal consumers who would recommend the organization to their reference groups (Kotler and Keller, 2006).

By adapting to the changes, the organizations start searching for methods of using creativeness and productiveness of internet consumers in order to achieve their business goals in real time. Nowadays, a customer has the opportunity of participating in the economy on equal grounds with big companies, he/she is able to contribute together with the other customers, to create value and satisfy their personal needs and necessities, to be part of a community like never before, to change the world or simply entertain themselves. Brian Solis asserts that people are building full-fledged networks around them, creating a distribution channel of audiences with audiences and their reach is as influential as it is infinite. According to Bradshaw and Rohumaa, the term user-generated content most exactly encompasses the content that has not been commissioned or paid for by an organization. In this new environment, companies constantly change and adapt by experimenting with new techniques, methods and approaches. It could be stated that one of the most popular concepts is the concept of using people scattered all over the world but still joined by their willingness to work for ideas, causes, products, services that inspire them or help them reveal their potential.

On the Internet, millions of pieces of information are transmitted, circulated and then connected to each other. This development has generated a new type of consumer (Cova, 2008) which does not hesitate to use his creativity to deliver innovations, improvements in products or services, to live their passion and not only to satisfy an economic interest. Consumers exercise their influence in every part of the business system and represent an opportunity that businesses must learn how to use in interacting with them and to co create value (Fabris, 2003, Cova, 2008). Armed with new tools and dissatisfied with available choices, consumers want to interact with firms and thereby “co-create” value (Prahalad and Ramaswamy, 2004). The changing nature of the consumer-company interaction as the locus of co-creation (and coextraction) of value redefines the meaning of value and the process of value creation (Normann and Ramirez, 1993, Prahalad and Ramaswamy, 2000).

The concept of automated marketing has also been developing over the last years. Automated marketing is an opportunity for companies to take advantage of innovations in order to achieve growth through designed development. Consumers can also benefit from the automated marketing used by companies, in terms of the positive effect on their awareness, decisions, general expenses, benefits from the consumption of the product and other positive transfer effects (Tonkova, 2016).

3. Research Methodology

A survey has been conducted among the managers of 30 companies dealing with foodstuff manufacturing in the territory of Bulgaria for the purpose of revealing and presenting the specifics of the forms of interaction between consumers and companies in the generation of product development ideas. The research was performed within the period February – May 2017. The instrument used in the process of research was the online questionnaire. It involves three blocks of questions associated with the specifics of the companies, innovation activities, sources of information used and platforms applied for consumer-generated ideas in the development of new products.

The object of research is the interaction between companies and consumers within the digital domain framework in the foodstuff manufacturing sector in Bulgaria, while the subject refers to the platforms for consumer-generated ideas in the development of new products. The main aim is to present and analyze the forms of interaction between consumers and companies in the generation of ideas for product development.

The following tasks have been defined for the accomplishment of the formulated objective:

- to clarify the specifics of the foodstuff manufacturing sector in Bulgaria;
- to spell out the main tendencies in the collaboration between companies and consumers within the digital environment framework;

- to identify the specifics of the platforms used for open innovations.

Statistical methods and their visual graphic presentation - Microsoft EXCEL have been used for results analysis and assessment.

4. Results of the survey performed in the sector of foodstuff manufacturing in Bulgaria

The research encompasses thirty Bulgarian companies specializing in the manufacture and distribution of foodstuffs for the home market, while 25% of them work at a regional level. The participants in the survey are managers of companies 50%, marketing managers 25% and product development managers 25%. The companies have directed their activities towards end and corporate users. The results of this research clearly show that the predominant part of the companies invest in product innovations (84%) in their activity and a smaller percentage of them introduce technological innovations (13%) /see fig.1/.

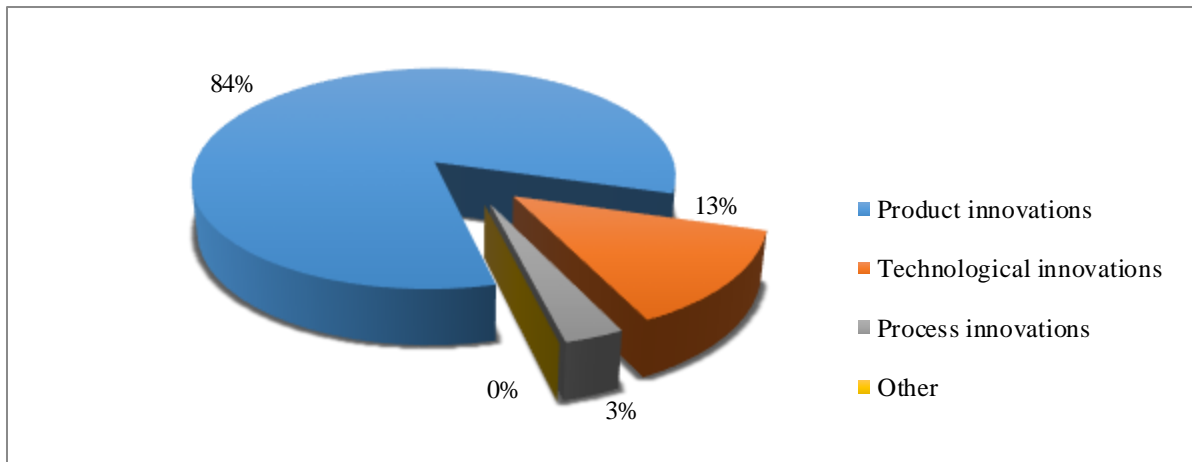


Figure 1. Types of innovations applied at the companies

Source: author' inquiry survey

As at the time of the survey, managers indicated that they used a combination of internal and external sources of information for the generation of innovation ideas. The particular sources of ideas that the companies apply in their business activities are specified in Figure 2. The results demonstrate that the most used idea sources are those people engaged in the company, regardless of their position (100%) as well as the consumers – present and potential ones (100%). The next most used category is the category of publications (66,6%), which comprises the publications of the organizations within the sector, magazines, exhibitions of goods and technologies, fairs. A great percent of respondents (47%) point to focus groups as a means for generating ideas. The advantage of this data collection method is that group work is usually better than individual work, because, as a rule, groups boost motivation of individuals.

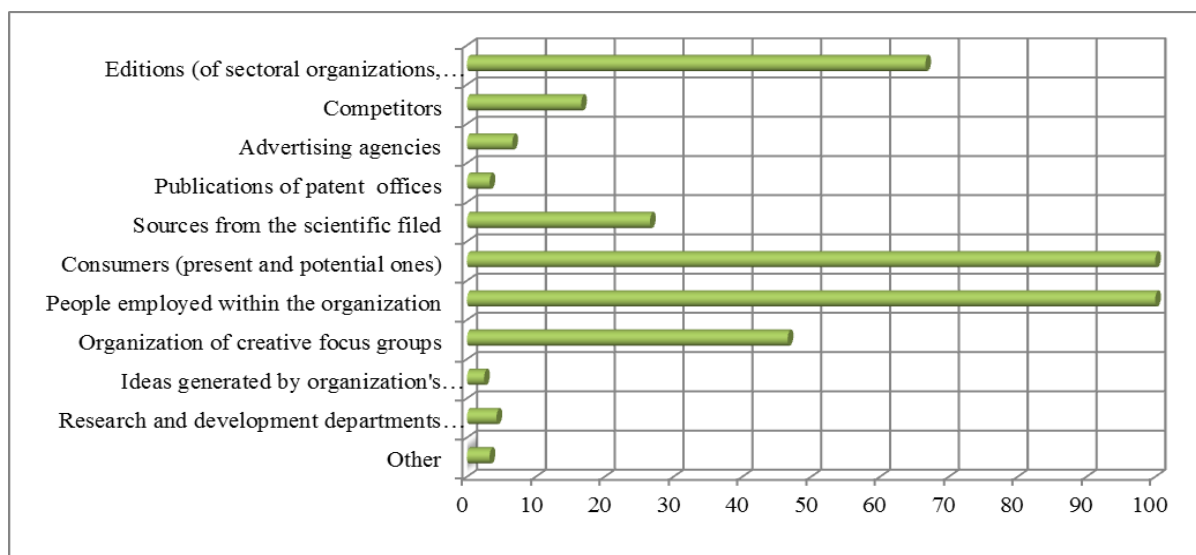


Figure 2. Types of idea sources

Source: author' inquiry survey

Note: The answers exceed 100% because the respondents gave more than one answer

The percentage distribution between the various sources of ideas confirms the statements made by managers concerning the mix of sources used by them. The results of the research indicate that the companies are rather satisfied with these sources at the current moment. A necessity could be observed for the optimization and enhancement of the sources used. Along with this, customer needs and wishes could be highlighted as a starting point in the search for new product ideas. The greater part of the respondents involved in the research (83,3%) state that they make changes to their product portfolio under the influence of clients. They join around the opinion that many of the good ideas come when asking consumers to describe the problems they face with the existing products.

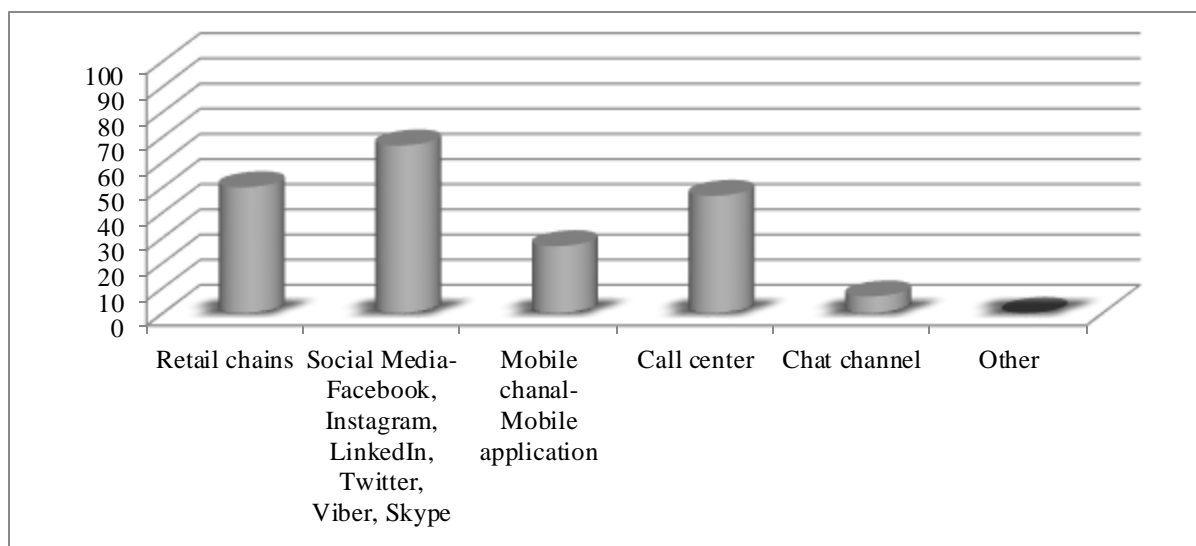


Figure 3. Channels of obtaining consumer feedback

Source author' inquiry survey

Note: The answers exceed 100% because the respondents gave more than one answer

The analysis of the results brings social networks forward (66,6%) as main channels of obtaining consumer feedback /see fig.3/. They comprise the contemporary online communication networks - Facebook, Instagram, LinkedIn, Twitter, Viber, Skype. Digital forms of communication line up before the traditional forms of contact and relationships through the means of personal commercial network of sites and facilities (50%). The remaining

channels of the managers surveyed are: telephone channel (46,6%), mobile-phone channel (26,6%) and live chat channel (6,6%). The specified data reveal the tendency of interactive communication penetration into companies' business through the help of which they can easily and quickly reach their consumers.

The idea models the respondents specify as being used by them within the framework of their activity are: business idea platforms (47%), idea banks (26,6%), business idea incubators (37%) and ideas competitions (50%). The approach of using platforms for product development is an important factor for the successful performance of various markets. This is also a way of achieving a successful mass personalization – for large scale manufacturing of products designed to answer the needs of individual clients. The ideas competitions that appear to be next in the ranking rely on the introduction of a system intended to encourage organizations' competitiveness among their employees by awarding the successful participants. Idea banks are a widely accessible resource, which helps people freely share, exchange, publish and discuss new product ideas. The principal objective in incubators is to provoke human creativeness, which stimulates consciousness and generates a diversity of ideas part of which can be transformed into reality. The results reveal that companies start using new idea generation platforms in a high-tech environment with a focus on the category: business idea platforms.

Respondents' knowledge on idea generation platforms predetermines their ability to point out the key advantages of their use. The most important advantages that distinguish the platforms, as assessed by the entities surveyed, are the accessibility at any time and from any place (100%) and the provision of a high-tech marketing channel for cooperation (100%). Nearly 80% of respondents of the research point out as an advantage the possibility to search for balance between supply and demand (80%), the increase of customer satisfaction through direct and immediate collaboration (66,6%) and adequate communication with consumers (53,3%). The opportunity for creating integrated cooperation between the company and consumers within a company's innovation policy has also been underlined (46,6%). The following have also been highlighted as advantages: attracting consumers (24%), increase of a company's market share (16,6%), covering new markets segments (7%), increase of sales revenues (6,6%). The results are visualized on figure 4.

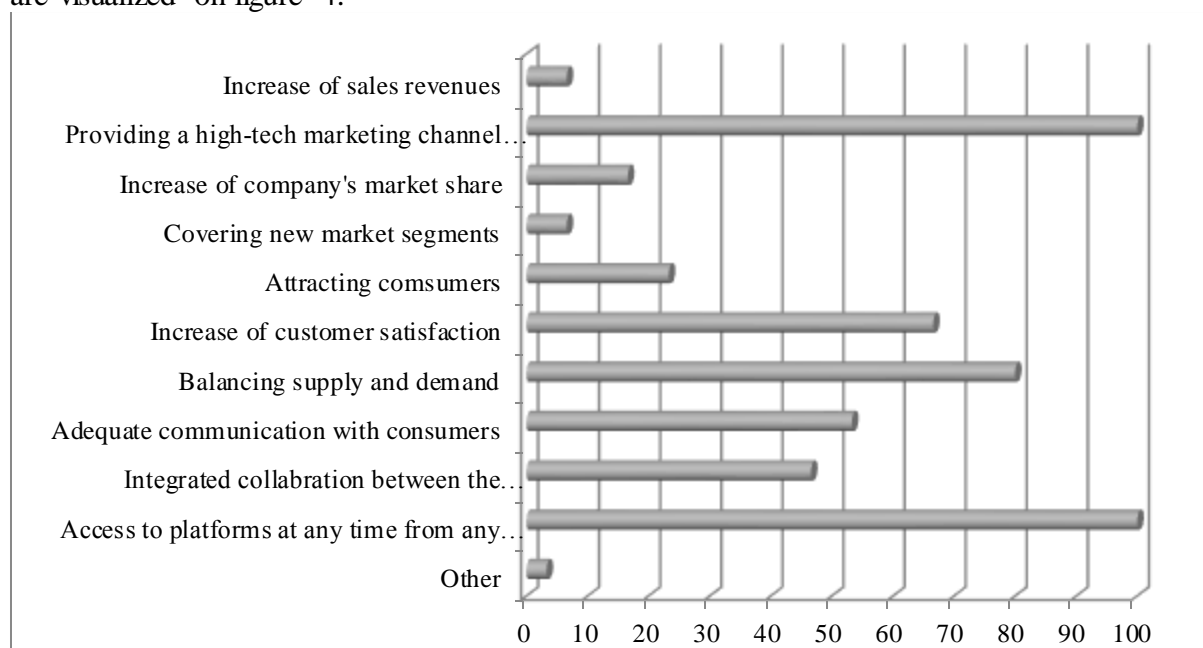


Figure 4. Advantages of the platforms for consumer-generated ideas

Source: author' inquiry survey

Note: The answers exceed 100% because the respondents gave more than one answer

The data provided on figure 5 demonstrate the characteristics that the platforms for consumer-generated ideas should have, according to the companies surveyed. The key characteristics indicated are the possibility for sending ideas substantiated by images, documents or video records (100%), and the possibility for real-time interactive communication with consumers (100%). These characteristics are also connected with the specified advantages of the platforms. The following characteristic emphasized by respondents is associated with the need of encouraging the process of ideas generation by consumers through the use of an established principle of voting and evaluation of ideas (66,7%). An interaction in the form of specific group or team of users (50%), as well as the accomplishment of joint activities between the organization and consumers – project development and involvement of teams of inventors (46,7%) have been specified by an approximately equal number of respondents. Other required platform components include the interaction of the entire community of the organization (20%) and the secure files sharing within the platform (16,6%). A small part of the surveyed company representatives of the foodstuff manufacturing sector point out the availability of an analysis preparation module as a necessary characteristic (13,3%).

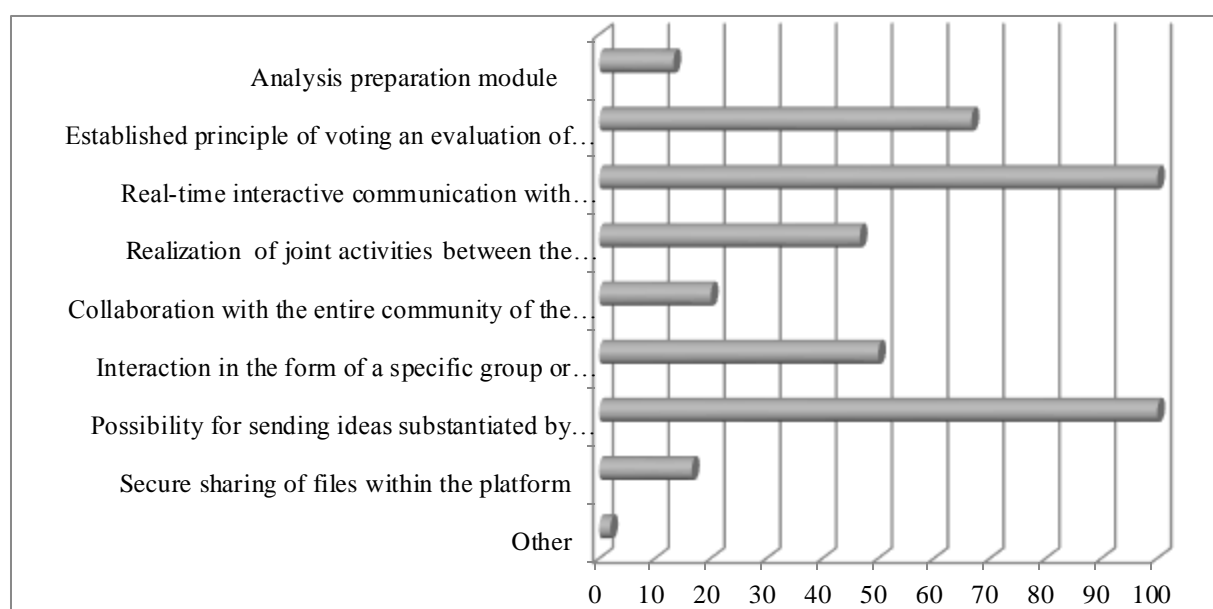


Figure 5. Characteristics of the platforms for consumer-generated ideas

Source: author' inquiry survey

Note: The answers exceed 100% because the respondents gave more than one answer

An analysis of several basic statements associated with the ideas generation platforms has been made within this research. The Likert scale showing respondents' degree of consent with five statements has been used for the analysis. The results reveal strong and explicit agreement with two of the statements, namely:

- The identification of customer needs is of particular importance in the process of development of successful product innovations.
- The open innovation platforms are aimed to improve innovation activity connected with the creation of new products and services.

Explored Statements	Likert Scale				
1. The open innovation platforms use technology achievements for the accomplishment of interactive communication between various sources of innovative ideas.	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
2. The open innovation platforms enhance the possibilities for co-creation with company's consumers.	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
3. The identification of customer needs is of particular importance in the process of development of successful product innovations.	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
4. Customers can provide valuable information relating to the marketing of products.	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
5. The open innovation platforms are aimed to improve innovation activity connected with the creation of new products and services.	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree

Table 1. Likert Scale

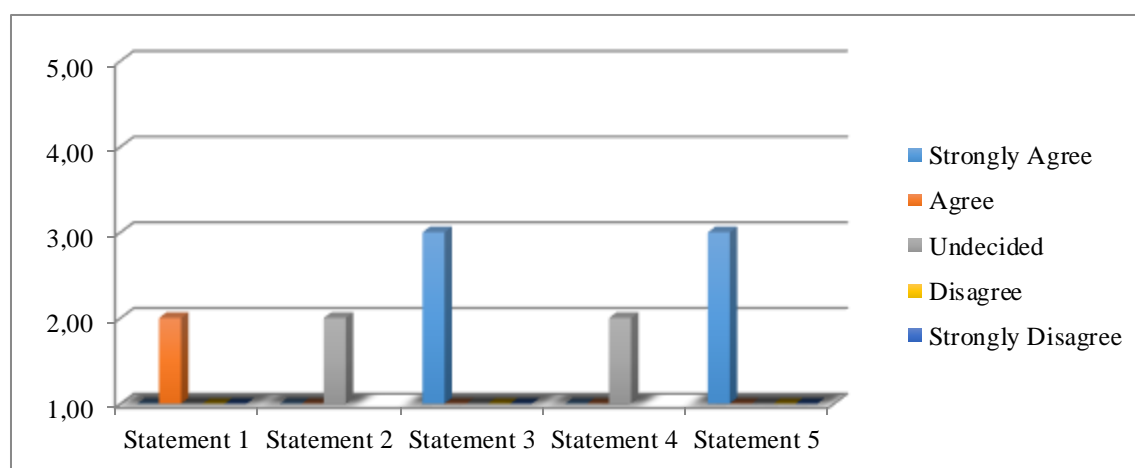


Figure 6. Examination of statements about the platforms of idea generation

Source: authors' inquiry survey

The results of the survey reveal that the main motivation behind the replacing of traditional approaches and practices in ideas generation in companies from the foodstuff manufacturing sector with the modern open innovation platforms in a high-tech environment is the development of technologies and communications, which change the forms of communicating with customers and support the process of building a real-time collaboration with existing and future consumers.

5. Conclusions

Digital technologies support the processes of interactive communication between customers and organizations, and as a result of this, they stimulate the development of product innovations. A variety of models that offer consumers diverse forms encouraging the process of free generation of ideas are being developed and applied.

As a result of the conducted survey of Bulgarian foodstuff manufacturers, it could be summarized that consumer - company interaction in the elaboration of product development ideas is evolving and a tendency for the implementation and use of online platforms can be observed. As an idea realization channel, platforms have a potential for future development. They are successfully applied in different areas and are increasingly strengthening their

positions of usage by the consumers in society. Thus, companies can generate ideas for their products directly from their consumers and make them contribute to their business activity. Customers are able to provide valuable information relating to the marketing of the products.

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