Finding the Right Role for Social Media in Innovation

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SOCIAL MEDIA SUCCESS STORIES have become widely shared narratives, highlighting the impact social media can have on companies’ fortunes. For example, Burberry Group plc, the London-based luxury fashion brand, relies heavily on social media to reach customers and fans. As far back as 2011, Burberry was spending more than 60% of its marketing budget on digital media. Increasingly, companies are attempting to navigate the social media landscape and use social media as a business tool to enhance performance. This is reflected in reports of increased spending on social media initiatives and the establishment by some organizations of dedicated social media functions. Despite this, there is a significant opportunity that isn’t being tapped: using social media to support innovation and new product development.

Consultants and academics alike have been touting social media as a resource for innovation and new product development — a vehicle for developing customer insights, accessing knowledge, cocreating ideas and concepts with users, and supporting new product launches. Yet our research suggests that, despite the promise, the expected positive results are frequently not realized in practice. To begin with, the use of social media by companies for new product development lags far behind social media use by the general public. Although some companies have been able to use social media to develop new insights that lead to successful new products, many others simply do not know how to utilize social media for innovation. What’s more, some companies have seen their innovation performance negatively affected. For instance, some get distracted by the diversity of input from social media; their traditional filters for screening data, like representativeness or consumer
demographics, no longer work. Others waste resources by not validating the source and reliability of information; they mistakenly consider the information from social media to be just as valid as information from traditional online databases.

Nevertheless, we believe that social media provides a game-changing opportunity for companies that learn how to exploit it. But taking advantage of the opportunity requires more than having a Facebook presence with a loyal base of “friends” who say they “like” you. In order to use social media for innovation, organizations need clear strategies and objectives.

Several studies have examined how social media can be used for wider business purposes, especially communication, and as a driver of internal interaction and knowledge management within companies. In these realms, social media seems to have become an established part of the corporate tool kit. Our research indicates that acceptance of social media for innovation has been less widespread. Fewer than 50% of companies surveyed use social media during the new product development process. In the development stage, the use of social media to improve the new product development process was also found to be low. Moreover, the use of social media tools can create unexpected challenges for managers. A study of northern European companies found that, for some managers, social media contributed to “info-glut” and made it difficult for managers to know which voices to listen to. In other words, there is a danger of listening to the wrong audience.

We recently studied the social media practices of large global companies as they relate to new product development, using data from the Product Development Management Association’s 2012 Comparative Performance Assessment Study. The data showed that 82% of the surveyed companies said that they have used social media for new product development. However, only 14.7% of the respondents said they used social media in at least 50% of their projects. Despite the hyperbole surrounding popular social networks, the findings showed that most companies actually use tools such as user forums and blogs much more frequently than sites such as Twitter and Pinterest.

Broadly speaking, we found that for many companies, the results of using social media for new product development fell short of expectations. Although social media did tend to help companies generate customer insights, companies that jumped on the social media bandwagon and invested in social media initiatives without a clear strategy, the right skills, or knowledge frequently did not achieve the results they were looking for. Those that utilized social media sources exclusively to search for technical information saw no improvements in new product development performance; in fact, the effect on performance for these companies was negative (due to information overload and the complexity of processing such information). The companies that benefited the most from using social media for new product development were those that used social media in every stage of the development process; they built organizational processes and structures to support new product development activity.

Before embarking on social media initiatives for new product development, managers need to develop a strategy and be sure they have the right processes and people in place to be successful. They need to figure out if their goal is to understand the latest trends in their marketplace and obtain customer insights, to cocreate with customers to develop new ideas and concepts, or to support the launch of their new products and use social media to create awareness and positive word of mouth among users. To illustrate the various approaches, we use the analogy of summer camp, a setting where children can explore and learn from everything they do. Like parents who aspire to find the right camp environment for their children, companies must consider their social media needs and strategies with care and intelligence. Companies that lack a vision of what they want to achieve by incorporating social media into their new product development process won’t be able to reap the potential rewards.

For the purpose of illustration, we describe three different “camps”: Camp Explore, Camp Cocreate, and Camp Communicate. Each camp offers a distinctive approach to thinking about the different phases of the innovation process and delivers an important skill set required to leverage social media for innovation. To realize the potential of social media for new product development, product developers must engage in three interrelated activities: (1) they need to listen to and learn from user-generated
content; (2) they need to engage and facilitate dialogue with customer innovators; and (3) they need to find an audience of early adopters to create excitement for new products and collect feedback for their improvement. The three activities are not sequential but overlapping. Although listening and learning are important in the early stages of new product development, companies can use the ideas generated during the early stages to cocreate with customers later on. In addition, rather than simply scanning a few social media sites or looking for insights in Twitter feeds, companies need to pursue an integrated social media strategy that pulls together a wide range of different skills, capabilities, tools, and infrastructures.

Generating Customer Insights

When most people think about social media, they think primarily about well-known platforms such as Facebook and Twitter. In practice, however, there are many different types of social media, and it is often the lesser-known platforms, such as special user forums or expert blogs, that provide especially valuable information for innovation. For example, for companies innovating in the agricultural products market, there are specialized channels such as the British Farming Forum and the Pig Forum that provide a steady stream of information on topics related to breeding, feeding, and selling livestock. Moreover, there are many different types of users, ranging from active contributors and lead users to passive users (widely known as “lurkers”). To tap the potential of social media, innovators have to determine which skills and competencies they need to be effective in different stages of the new product development process. In the early stages, strong skills in market research and data analytics are critical, whereas later on, the most essential skills are the ability to communicate with different types of potential buyers and the ability to understand and manage the impact of both positive and negative word of mouth.

Typically, obtaining data for new product development has been time-consuming and labor-intensive. However, the data and business intelligence made possible through social media have the potential to transform this area, providing information about trends in the marketplace, intelligence about competitors’ products, and feedback on early concepts rapidly and at very low cost. For instance, bloggers share their ideas and opinions about almost anything with anyone prepared to listen, providing a wealth of information. Facebook and Twitter have facilitated an explosion in self-reporting among users of novel products and services, providing innovators with a huge repository of data. Tools that detect sentiments on products and brands are widely available. The data are both structured and unstructured and may be composed of mixed-media formats that include text, images, and social network information, thereby increasing their diversity and richness. The global scale and speed of information gathering in real time is extremely valuable, speeding up the process and reducing the time to market, while also providing access to unobvious information beyond the traditional search scope of the company.

Consider Nivea, the German personal care brand owned by Beiersdorf AG. The Hamburg-based company is a worldwide leader in research on skin and body care. Yet when Nivea broadened its new product development processes beyond traditional market research techniques such as concept tests and focus groups, it saw significant benefits. For example, by analyzing user-generated content about its deodorants on Twitter, Facebook, and user forums, the company’s development team got unbiased views about problems users were having with the products.

ABOUT THE RESEARCH

Our research is based on two original studies that examined the use of social media tools and sources within the new product development process of larger samples of companies. In the first we studied how a sample of 209 northern European companies used social media for new product development. Our second study utilized the 2012 Global Comparative Performance Assessment Study data set of the Product Development and Management Association (PDMA), the largest professional organization in the new product development field. This study benchmarks the practices of 453 companies (198 from North America, 149 from Asia, and 106 from Europe). Every few years, PDMA surveys hundreds of innovation professionals about best practices and success factors for innovation management, and the latest survey also asked about the use of social media for innovation. This data showed positive effects for companies that utilized social media in all stages of the innovation process, but it found that companies should have dedicated structures and an innovation culture to capture the benefits. In addition, our thinking about how social media can enhance innovation has been advanced by research and consulting projects with companies in Europe and the United States, in which we help our partners understand which organizational processes, structures, and cultures enable them to interact deeply with their customers via social media; which website design factors enable these conversations; and how companies can tap into unknown and unconventional sources of user-generated content using social media analysis.
Traditionally, product development in antiperspirants had focused on the length of protection, skin irritations, and scent. But social media users weren’t concerned about those features at all — only about stains on their clothes caused by the deodorants’ residues. The comments led to the formulation of Nivea Invisible for Black & White, the most successful new product launch in the company’s history.

**Camp Explore**

If a company’s objective is to identify market trends and to generate customer insights, the right program may be Camp Explore, where activities are designed to extend the breadth and depth of how organizations search for innovations. Here, people will learn to read the signals from large, diverse, disconnected, and unstructured pools of data generated by users. In addition, they will learn to analyze and convert blog posts, tweets, and user-generated content into valuable insights for new products. Specifically, they will need to acquire skills in computational techniques to unveil trends and patterns within and between the various data sets. Activities will encompass data analytics, machine learning, sentiment and textual analysis, data screening, evaluation, and data privacy. This camp offers experience in learning what can be automated, what requires the human touch, and how to interpret and make judgments about the data. Managers will have opportunities to develop the skills of both a social and a data scientist, so they can assimilate, combine, and utilize data from many different sources. The goal is to sharpen their business acumen and teach them how to communicate the findings to those involved in innovation projects.

**Camp Cocreate**

Companies that know they want to actively engage and involve customers in their innovation process should consider attending Camp Cocreate. The activities here are geared toward developing collaborative skills and facilitating interaction with users to involve them in the development of new products or services. Managers will learn how to work with customers and to cocreate value with them in the new product development process. They will learn how to engage, identify, and select the right participants and develop the right incentives to encourage their participation. Creativity is both an input and an output of the cocreation process. Managers will also develop skills in relationship building and gain experience in the art of conversation and dialogue, a key aspect of collaboration. Managers will learn how to become better facilitators and community managers. They will learn to develop and select ideas and product concepts that are suited to both target and nontarget market customers.

Earlier research has shown that ideas for new product development are often inspired by outliers or people from nontarget markets, so obtaining rich input from unconventional users can be an important factor to enhance the creative process. In this environment, managers can learn to use social media sites to post their own ideas as well as to explore what others are doing and vote on their favorite concepts. Instead of relying on one designer or developer, there’s the opportunity to get dozens or even thousands of motivated users to engage with a task. To attract diverse input, some companies are adding apps to their Facebook pages; others are setting up their own ideation communities, which they either host themselves or through intermediaries such as Boston-based C Space or Munich-based Hyve Group, which maintain and manage dedicated cocreation communities. Relationships between companies and online communities don’t just happen — they must be monitored and managed on an ongoing basis. Traditionally, managers set their own deadlines and work at a pace set by the company rather than by external entities. At Camp Cocreate, however, the party doesn’t stop.

One good reason to consider Camp Cocreate is that several studies have supported the positive effects of collaborating with diverse participants in determining new product performance. For instance, when companies cocreate with customers, their products have been found to be more innovative and better suited to the market, thus making them more attractive to customers and enhancing profits. Recent research has also found that good ideas and designs can come from both expert industrial users and end consumers. Social media presents new opportunities for collaboration and idea generation, not just with selected users but also with a much larger network of users. Users and
the communities that form around social media platforms can be sources of inspiration for new product development and sources of creativity in their own right. Social media allows individuals and communities to share, cocreate, discuss, and modify company- and user-generated content.12

In our own research, we have explored how to cocreate innovation using social media. A project with Ford Motor Co., for example, was aimed at creating innovative vehicle interior solutions for senior drivers, using a cocreation app on Ford’s Facebook page. Although most of the ideas were aligned with concepts from Ford’s own research and development team, some of the insights came directly from the users. In interviews, seniors told us that they appreciated the convenience and “flow” of using Facebook for exchanging ideas with other users.

Dell Inc.’s experience with IdeaStorm offers another example of a company using cocreation for innovation. Its original site, established in 2007, was an online suggestion box in which Dell customers could suggest ways the company could improve products, features, or support; at the time, this was a bold move.13 In 2012, Dell added more advanced technology to allow greater collaboration and interaction with users. In a “Storm Session,” company representatives engage users in real-time dialogue about a specific issue. IdeaStorm has served Dell well, both in terms of customer engagement and as a source for innovative ideas: More than 500 submitted ideas have been implemented.

**Camp Communicate**

Customer expectations have risen dramatically over the last decade, and companies often face the challenge of launching new products into crowded markets. Simply being innovative isn’t sufficient; new products also need to be introduced in compelling ways. As social media becomes an ever more integral part of people’s work and social lives, people have come to expect communication about products and brands via social media channels. In the past, information about new products was broadcasted to target markets in a linear fashion via paid advertising on television and radio and in newspapers. Social media, by contrast, consists of direct interactions with friends, peers, remote contacts, and the company developing the new product. Attaining positive affirmations (such as “likes” on Facebook or Twitter) can attract attention, which can stimulate interest in the new product launch. This, in turn, can lead to early product acceptance and subsequent demand. Social network sites can provide innovative and

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**CUSTOMIZING YOUR SOCIAL STRATEGY TO THE PLATFORM**

Despite the potential benefits of engaging with users of social media and the communities that form around them, a number of studies show that companies are largely failing to realize benefits for innovation, irrespective of their social media presence or activity. In a recent study of 450 small- to medium-size companies in North America and Europe, we found that most (78%) use social media for marketing activities, and almost 40% of companies reported that Facebook was the most important online platform for their innovation activities. However, we found that what was important to the innovation process was not use itself but the approach taken. Companies that seek to use their social media capabilities to inform their innovation efforts should keep the following recommendations in mind:

**Emphasize the social.** The steep growth in popularity of social media is driven by people’s innate human need for connection, communication, community, and social validation. People come together in these communities to debate issues, make new friends, and interact with family, friends, and business associates across the globe. Our research found that companies that recognized the importance of the “social” and helped to create an environment conducive to socializing — in other words, one that helped people to create or enhance relationships — benefited through people’s subsequent engagement with the company’s online innovation activities.

**Customize your approach to each platform.** To obtain valuable new product development insights from social media platforms, companies need to take a unique approach to each platform, since people use different social media platforms for different purposes. For instance, Facebook is predominantly a platform to enhance interpersonal relationships, while LinkedIn is primarily a vehicle for professional networking. Because Facebook is a more personal platform, people using it are more likely to be willing to share knowledge and ideas about products, brands, their own future needs, and insights on the competition. Their inhibitions are lower, and this can lead to more self-disclosure.

Professional platforms like LinkedIn, on the other hand, should be approached with a distinctly different tactic. On LinkedIn, companies can be more direct with individuals and groups when inquiring about products and features. For example, companies may have specific technology and product groups where specific design needs can be solicited from groups of engineers. Such community groups of specialized expert users can share ideas about new products or services and new markets — ideas that can be readily generated and shared without participants having to give away too much proprietary or personal information.

—Tucker J. Marion, Deborah Roberts, Marina Candi, and Gloria Barczak

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interactive means of communicating with customers and trigger interest in a new product.

Nestlé SA, for example, made good use of social media early in 2015 with the launch of its new Kit Kat “Celebrate the Breakers’ Break” campaign to promote its Kit Kat chocolate bar. In addition to utilizing Twitter and YouTube, Nestlé had promotional hashtags molded directly into the chocolate of the Kit Kat bars, thus adding novelty and visibility to an extremely competitive market sector.

If the company’s goal is to generate awareness and publicize the launch of new products, learning how to design and develop innovative product launch campaigns using social media needs to be a core activity. Activities at Camp Communicate will help managers take on this final and often costly stage of new product development. Camp Communicate emphasizes marketing communication skills: how to tell a story that resonates with the target market and, specifically, how to do this via Twitter or other easy-to-consume formats for mobile users. It trains managers in how to identify and connect with opinion leaders and early adopters in a way that resonates with their lifestyle (which may be dramatically different from interacting with conventional trade journalists or public relations agents). At Camp Communicate, managers learn that communication is multidirectional — a steady flow of arguments, comments, and modifications. They also learn that messages can be hijacked and subverted and that they are not — and can’t be — in full control of communications. One important skill is learning how to manage the risks associated with negative word of mouth and how to use positive word of mouth to the company’s advantage.

A Dedicated Strategy

As we saw in the late 1990s with the dot-com boom, many companies make the mistake of following the herd. In the case of social media, they embrace whatever social media sites and strategies are in vogue without developing a coherent strategy for tying their social media activity to new product development. Having a Facebook page, creating a brand community, or having a social media page dedicated to a new product launch will not, on its own, improve a company’s innovation performance. Although we didn’t ask about it directly, many of the companies we surveyed didn’t seem to recognize the differences and functionalities of different social media platforms and media sources. However, companies need to recognize that there isn’t one social medium — but numerous different platforms and networks. For example, communicating with Facebook fans may be a great way to rally the support of opinion leaders and brand fans when launching a new product. But if a company is looking for latent insights from lead users, it might be better off tapping into a user forum in a related area, where participants are discussing relevant problems in detail.

As we have noted, social media use does not automatically lead to improved performance in new product development. To achieve that, companies must develop a dedicated strategy that links social media to product development and to their corporate objectives. Managers need to question what they are trying to achieve. Are they seeking insights to develop novel concept ideas? Are they searching for technical information to enhance the company’s technical problem-solving capabilities? Or do they want to enhance creativity by reaching out to users and customers and cocreating new ideas and concepts with them?

Social media can provide input for answering these types of questions. Rather than just eavesdropping on existing user content, many companies will want to engage with users in greater depth. To do so, product developers need to learn how to engage users and how to maintain a continuous conversation with them. This requires understanding the different

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types of social media and how they can be used in different ways.

To the extent that the effectiveness of social media for new product development is influenced by so many different skills and competences tied to different functional areas, departments, and individuals, it’s critical that top leadership play an active role by encouraging cooperation and idea sharing among the various players. In some organizations, there may be the need for a “social media innovation leader” whose job is to align the different strategies and tools and help define a coherent social media strategy for new product development. The job would not only be to manage relationships with users and contributors (vital as this is) but also to manage the relationships among the various colleagues in the company’s different social media camps.

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