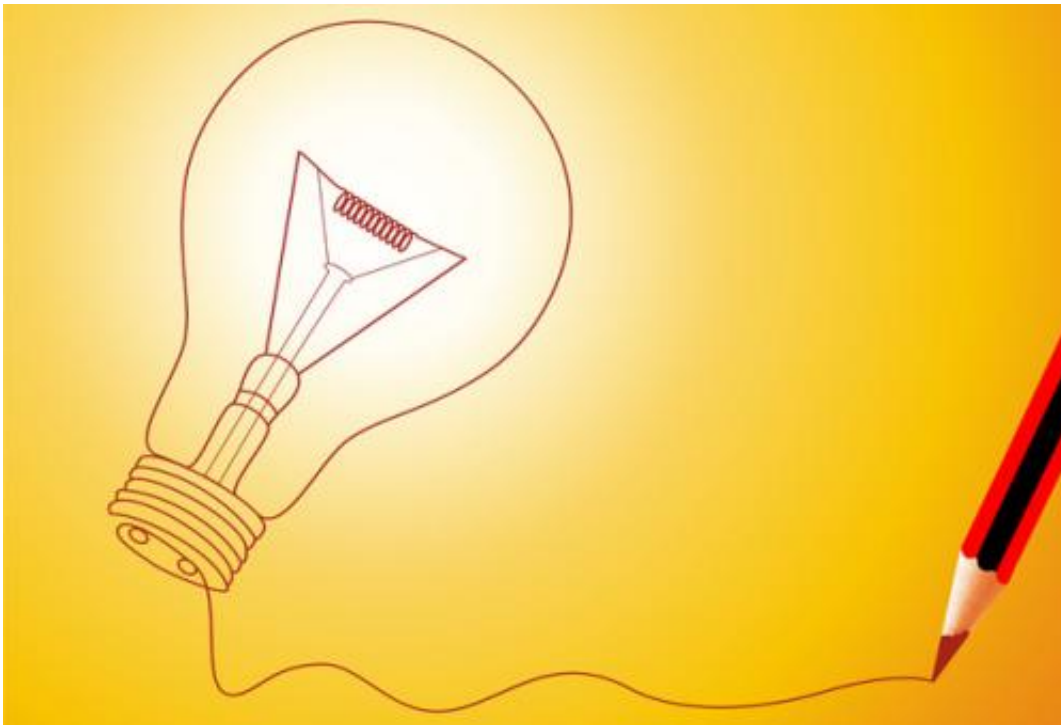


Model aims to help companies make products we actually want

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(Phys.org)—Researchers have developed a model that will, hopefully, help companies develop innovative products that people actually want to use. The model is a first step towards capturing the behavior of both companies and consumers, so that we end up with more iPods and fewer Edsels.

This concept may sound obvious, but companies have difficulty grasping it. Companies constantly try to develop new products and services that capture market share. We knew that. Consumers constantly try to evaluate recent innovations to determine whether they're useful, and how much they'd be willing to pay for them (if at all). We knew that, too. But, to this point, business researchers have attempted to understand these two processes separately: product innovation on one hand, and customer evaluation on the other.

Now a team of researchers from NC State, University of Illinois-Chicago, University of Illinois-Urbana-Champaign and University of Wyoming has developed an integrated model that tries to capture both sides of the equation.

Their conceptual model illustrates the interaction of innovation and customer response, which will hopefully help companies adapt their innovation processes to make them more efficient, forward-looking and successful.

But not so fast – there are at least as many questions as answers.

A paper describing the model, "The Interplay of Customer and Product Innovation Dynamics: An Exploratory Study," is published online by the *Journal of Product Innovation Management*. The paper lays out the researchers' ideas for integrating customer and product innovation dynamics. The researchers spend much of the paper identifying issues that need to be explored in order to flesh out their model and give companies a better idea of what exactly is going on.

One of the most interesting issues identified in the paper is what researcher and paper co-author Jon Bohlmann calls a customer-of-customer or "downstream customer" perspective. It has a place in the [conceptual model](#), but there's not a lot of data or "best practice" findings

that can be plugged in to that variable.

The term downstream customer is like a food chain of customers. It basically means all of your customers' customers, and their customers, and so on. So, if you manufacture computer chips, your customers are probably electronics manufacturers. Their customers (who are YOUR downstream customers), might include other manufacturers, retailers, etc. Those companies, in turn, will sell the finished product to consumers. And those consumers are your downstream customers too.

But there are some big questions here: How can a company research the perspective of the entire continuum of downstream customers? And, more importantly, how could they use that information to out-innovate their competitors?

Here's the thing: no one really knows. It hasn't been studied in any sort of systematic way. But it could be a valuable source of information for companies that are making strategic decisions about where to focus their innovation efforts. That's what makes a downstream customer perspective valuable – you can use it to do something. After all, it makes sense that understanding where your downstream customers are coming from would help you predict trends – and position yourself to take advantage of those trends. But now we need to figure out if that's true, and how to best utilize downstream customer information. For example, research is needed to see if companies that actually pursue a downstream customer understanding can actually boost their bottom line.

Provided by North Carolina State University

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