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# **Consumer co-creation during the online age of New Product Development**

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## **ABSTRACT**

This paper is a narrative literature review on the subject of co-creation during new product development. A wide range of literature is analysed and results revealed the importance of companies urgently needing to engage customers during each stage of the design of new products. Motivating customers during this process is considered one of the barriers to getting customers involved and interactive during this process. Integrating customers in new product development yields a number of benefits, as customers' intentions leads to behavioural advantages, intellectual or educational benefits, social advantages, and personal benefits, and these personal benefits can be financial, social, and psychosocial aspects.

**Keywords:** Co-Creation, Customer, New Product Development, Social Media, Influence, Benefits

## INTRODUCTION

Co-creation is a burgeoning business practice that allows organizations to become involved with the community and meet their demands. It is a method of including customers in the development process in order to obtain ideas and perspectives that will help the company announce a new product or enhance an existing one.

Usually the purpose of co-creation is to bring together potential expert clients to help contribute their various perspectives in the designing of new productions, this can be applied through well-developed co-creation workshops. These co-creation workshops are set up with clients, product designers and moderators to help support the development of news products (Vianna et al., 2012).

Even though many think of co-creation as transparent technique in aligning the views of the developer with the view of the buyers, this approach is actually part of an innovation processes. When designers and potential customers team up to establish a co-creation process, it supports a tight, trustworthy and transparent environment of collaboration between customers and designers to create a unique and new value proposition (Bisello et al., 2021).

Before the Co-Creation process was adopted by companies, customers were considered to be final consumers that are not part of the production process and their ideas were not taking into consideration. After the co-creation process, consumers became part of the NPD process in its every detail. Consumers changed from purchasers to collaborators and instead of making customers feel the need of the product, companies are catering for the customers' needs (Prahalad and Ramaswamy, 2004).

For example, a survey was conducted in three European countries to assess the willingness or demand among consumers for plant based meat alternatives for a potential future product. The survey interviewed 2405 respondents from Spain, the UK, as well as Denmark, and found out that 57% of respondents were willing to try out plant based meat products, while 46% were ready to buy the product (Grasso, Asioli, and Smith, 2022). The survey was conducted to establish consumer demand and interest in the product and the results were provided to manufactures to help shape any future product that arrives on the market.

Additionally, research conducted by Storvarg, Huag, and Nguyen (2020) argues that retails stores can improve their sales and grow their networks by adopting co-creation relationships with consumers in the shape of redesigning their stores to be more outdoor friendly. The research used two longitudinal studies of different stores in Denmark and concluded that there are several advantages to more outdoor retail stores, such as an increase in sales and more networking for the stores. In addition the study identified that consumers often interact with each other in such an environment, which helps to grow the strength of the network. The paper does note that this process is not easy and there are some challenges to transitioning from a traditional retail store environment to a more outdoor setup.

The purpose of this paper is to review and debate the available literature and studies on co-creation and new product development. It first discusses new product development, then describes what has been written about co-creation and its benefits.

## LITERATURE REVIEW

### *New Product Development*

Companies must compete in developing new strategies that leverage creativity to respond to client demands and desires in a rapidly changing business environment, as it is now. One of a company's competitive advantages must be new product development. As a result, infusing innovation into businesses contributes to the emergence of new items in the market. Organizations can achieve a durable competitive advantage via successful and continuous innovation and new product development (Filieri, 2013).

Businesses attempt to produce new product attributes such as increased services and better quality to customers by innovating (Cooper, 2013). This corresponds to offering a unique better-quality product and improving the multitude, recurrence, ability to respond quickly, and customizability of the item (Smith, 2002). As a result, the new product development attempts to deliver solutions that meet the demands and desires of customers (Von Hippel, 2005). Therefore, all newly announced items struggle to gain a sustainable competitive advantage and are unable to pique the interest of buyers. New product shortcomings claim that they do not fit customer satisfaction (Joshi & Sharma, 2004). Similarly, businesses do not comprehend their customers' requirements (Von Hippel, 2005).

Customers are now seen as “passives pointing to purchase or use the commodity” (O'hern and Rindfleisch, 2015, p.84). In this approach, the company is in charge of deciding whether or not to release an item and has complete authority (Fuchs & Schreier, 2011). This approach is likely to be a company-centric action with a one-way transmission of data from the client to the company and ideas primarily coming from existing factors (Sawhney et al., 2005; Filieri, 2013). Historically, a corporation creates a new product by focusing on the market (Cooper, 2013). With a reactive business strategy, the company aims to study and uncover people's requirements in order to create goods that are based on their feedback (Kristensson et al., 2008). To be able to develop and introduce new profitable products, the company has to consider the client's needs, the obtainable experience and competencies as well as the intensity of competition and the essence of the marketplace (Bessant & Francis, 1997; Joshi & Sharma, 2004).

Cooper created the Step approach for new product development in 2001, intending to support conventional new product development by establishing a multi-stage framework for organizations to achieve successful new goods (Cooper, 2013). Interestingly, every stage seeks to gather the data required to move on to the next stage, which is characterized as a critical point where the data is checked for validity. Therefore, Discovery (Ideas Generation), Scoping, Business Case, Development, Testing & Validation, and Launching are all the established and recommended steps to be followed in order to commence a popular product simply and quickly. Firstly, idea generation refers to the process of identifying and developing new ideas. The company can then attempt to define the design and construction of technology tools and requirements of the industry through scoping. Secondly, building the business case is a detailed explanation of the business based on market research, competitive analysis, and client requirements. Regarding physical development, development applies to the planning of a new product. Testing and validation then come to enable the corporation to confirm the product's qualities, marketing strategy, and manufacturing. The final

stage is launching, which is when the new product is introduced to the marketplace. This is preceded by the Post-Launch Evaluation, which entails adapting and improving the goods in response to client input (Smith, 2002).

Value creation is one of the most crucial parts of any new product development process. Value creation is the backbone of any process that seeks to prosper in the market. For this avenue, companies have made use of the technological break that opened the gates between customers and companies. Thus, inviting customers to play a significant role in the development process which is known as “consumer co-creation” (Hoyer et al., 2010). This Value Creation process shifted consumers from being isolated into integrated in the product development processes through “customer to firm” and “customer to customer” engagements (Filieri, 2013; Prahalad and Ramaswamy, 2004). As this phenomenon grew it has been observed that creativity is not only limited to the internal researchers of the company, it is enticed and spiked by the external sourced whom are the consumers themselves (Filieri, 2013; Chesbrough, 2003). Consumer co-creation is integrating consumers in the new product development process, in which they play major roles. Customer integration in the new product development process is of high importance. The importance lies within valuable information and feedback customers provide. This process adds vital tweaks that helps centre on customer satisfaction.

### **Understanding Customer Co-creation**

The enabled customer's position in the new product development is divided into two aspects (Fuchs and Schreier, 2011). Customers are involved in new product development because; (i) they are eager to produce and have innovative fresh thoughts, and (ii) they are able to choose the right product so that the company can market it. The definition of customer co-creation is in which the customer can contribute fresh ideas and choose which ones should indeed be implemented (O'hern and Rindfleisch, 2015). “A collaborative new product development activity in which clients actually engage and/or select the composition of a new product launch” is what customer co-creation in new product development is defined as (O'hern and Rindfleisch, 2015, p. 86).

Customer co-creation is linked to the overall new product development process, by which customer cocreation signifies an energetic, innovative, and social engagement procedure between manufacturers (retailers) and clients (users), made possible by the business, arising in a co-created value (Piller et al., 2010). It seeks to create more inventive ideas than a small sample of customers questioned using typical market research methodologies and to discern between positive and negative ideas (Filieri, 2013). As a result, buyers are eager to advocate for products that may be the fit for the markets, resulting in commercial success. Furthermore, customers’ independence allows the organization to learn more about their demands and adopt new solutions, while customers contribute useful ideas based on their hidden desires and requirements. This allows the organization to prioritize one idea over another, reducing risk, obscurity, and ambiguity (Filieri, 2013). For instance, a co-produced value is created when customers and a company collaborate to build a product. Companies will be better equipped to create a successful product that meets the needs of customers if they are able to work successful together (Witell et al., 2011). For example, the worldwide firm Swarovski has introduced a contest in which innovative clients are involved in the design and development of a new watch. In order to get input on their proposals, several timepieces have been designed and submitted to their community of clients. As a result, Swarovski utilized consumer inclinations and produced a profitable product (Füller, 2010).

## **The Co-creation process and the relation with New Product Development**

New product development has progress recently due to the co-creation process, which has highlighted the move from product dominant logic (as it was in conventional development) to service-dominant logic. Clients and customers are seen as core assets with competencies and understanding of the service-dominant logic. As a result, the connection between the organization and its consumers is viewed as a piece of information, expertise, and/or service transfer in which value is co-created (Vargo and Lusch, 2004). Customer value is referred to as 'sticky information', highlighting the expenses and the difficulties in transferring information from one location to the other due to the implicit nature of data. (Von Hippel, 2005). As a result, it was previously impossible for businesses to provide high levels of customer satisfaction since they were unable to comprehend the value required from their customers.

Companies, on the other hand, have begun to shift their attitudes toward customers and their ability to contribute information and skills, and consider clients to be an integral part of new product creation. It has been demonstrated that engaging with customers using co-creative market research approaches, such as those employed on the internet, allowing businesses to find new prospects (Witell et al., 2011). In addition, the transition from a reactive to constructive market orientation is differentiated (Narver et al., 2004). Indeed, restricted new product development, the company aims to identify and comprehend consumers' needs and desires, as well as build new goods based on the value of customers to live up to their expectations. The company's marketing orientation is accentuated and reflected in the co-creation process by organizations that wish to be 'customer-driven' by identifying and analyzing their customers' underlying demands and exploring different chances of growth, which is critical for developing effective products (Narver et al., 2004). Therefore, when a company gets connected with its lead users through market research results produce proactive market orientation (Witell et al., 2011). This method seeks to capture a substantial amount of data through both verbal and implicit requirements. These are defined as clients' hidden desires, which are difficult to identify for a business. In order to explore these hidden demands, companies must first engage lead users and collaborate with them in order to acquire details needed during development (Kristensson et al., 2008). As a result, companies that have an active business strategy employ approaches like the lead-user technique to gather knowledge that customers already have about product value. The corporation is more willing to make a service that corresponds to the customers' hidden demands by combining the information in a practical environment of use (Wittel et al., 2011).

### **The Role of Consumers during Co-Creation**

The role of customer integration is divided into three parts: feedback, solutions information and elevating the chance of consumers to adopt the new products. The feedback that customers give shed light on unmet needs that new products are meant to address and satisfy, based on consumers providing their insights, ideas for new goods which may improve existing offerings (Schweitzer et al., 2019; Rosenthal and Capper, 2006; Dahan and Srinivasan, 2000). Encouraging customers to provide potential solutions to problems regarding certain product problems can also play a vital role during co-creation, especially when this helps the company increase the willingness of consumers to adopt and pay for the product. Even though the last part is post product development, consumers integrated in the co-creation process will play a marketing role of advertising the

product themselves and thus boosting the adopting rate by others (Schweitzer et al., 2019; Coviello and Joseph, 2012; Abetti, 2000). Consumers’ integration has sufficiently contributed to companies’ advantage by lowering the rate of products failure due to the insights they share regarding customer satisfaction (Filieri, 2013; Ogawa and Piller, 2006).

The consumer segments that are more likely to participate in co-creation are innovators, lead users, emergent consumers, and market mavens. Innovators are always interested in better products to adopt and play a vital role in assessing New Product Development (NPD) (Hoyer et al., 2010; Geoffrey and Regis, 1991). Lead users can solve problems in the marketplace that others haven’t yet noticed to reach a solution early on in the development process (Hoyer et al., 2010; Van Hippel, 1986). Emergent consumers have a pungent perception and awareness of what needs refinement so that potential consumers in the market discover the product’s efficient and effective quality (Hoyer et al., 2010; Hoffman et al., 2010). Market mavens whom have credible information about market offerings and the market in general (Hoyer et al., 2010; Feick and Price, 1987). Subsequently, the co-creation process and its results, whether it is successful or a failure is dependent on the type of consumers chosen for the co-creation inclusion process (Klincewicz, 2021; Vernette and Hamdi-Kidar, 2014).



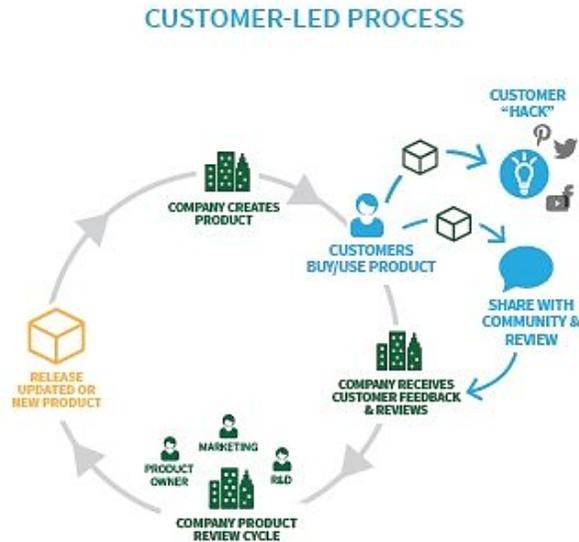
**Figure 1:** Company-Led Process (Source: Menzies, 2016).

The significance of the co-creation process in relation to the concept is also emphasized. This interaction is built on the product's co-created value, rather than the characteristics that the corporation delivers during a regular transaction (Prahalad & Ramaswamy, 2004). Co-creation expertise originates from the foundation pieces of the co-creation strategy, which correspond to the “DART” paradigm, which is “dialogue, access, risk assessment, and transparency”. The contacts between the business and its consumers are what define dialogue. It assists developers to have a better understanding and insightful knowledge of their consumers' demands by trying to

listen and identifying their psychological, interpersonal, and cultural backgrounds. Dialogue necessitates the cultivation of an adequate level of communication of both parties' interests, as well as the transfer of ideas that allows the other party to learn. As a result, a devoted network is formed (Prahalad & Ramaswamy, 2004). The use of data sources, such as access to the information on the production process, layout, or continuous improvement, is the result of access. Customers are becoming more aware of value chains, which is changing from the conventional model in which firms had complete control. Risk assessment considers the idea of risk as well as the possibility of causing harm to the client. The company's risk assessment is a difficult process. The company can raise client awareness of risks and rewards by actively engaging with them, which will lead to a stronger sense of reliability between both the company and its customers. Furthermore, customers expect companies to be more transparent (Prahalad & Ramaswamy, 2004).

The co-creation effect is analyzed in terms of differentiating between the customer value manufacturing procedure (methods wherein the consumer aspires to achieve a goal), the supplier value designed in such a way (i.e., co-creation chances), and the interaction between companies and customers (Payne et al., 2009). The method of constructing customer value is divided into two parts: the knowledge phase and the experiencing phase, with the latter emphasizing the significance of relationships. Customers are motivated to engage in the co-creation process through interactions, which are defined as vital. The difficulty of providing a customer experience that leads to customer satisfaction characterizes the supplier value creation process. As a result, businesses must fully examine the value of their customers (Payne et al., 2009). Interactions emphasize a two-way information exchanged between both the firm and its customers as they collaborate to produce a genuine co-creation process. Compassion interactions, cognitive interactive encounters, and activity encounters are three types of interactions. As well as, monitoring interactions in the context of goal-setting allows for a better understanding of how customers and the organization interact. Take, for example, Ikea, which demonstrates to its consumers how to get the most out of its products, especially during installation (Payne et al., 2009). This approach allows for a company's relationship with its customers to build and improved service over time.

Taking advantage of social media and the online intervention, Starbucks has adopted The Company-Led Co-Creation (see Figure 1). The company Led Process that Starbucks generated is a co-creation process in which they collect customers' feedback, comments and ideas into the "My Starbucks Idea Community" platform that allows them to share their judgment and insights. They have also gave provided a platform for baristas to participate in the idea sharing concept taking into consideration their crucial role as observant and problem spotters because of their direct contact with customers (Menzies, 2016).



**Figure 2:** Customer-Led Process (Source: Menzies, 2016).

Customers sometimes offer companies ideas without being integrated in the NPD or collaborating together. It is when the customer shares a hack or modification to a product via social media. This is called the Customer Led Co-Creation. Companies then pick up these ideas, revises them and recreates and modifies their existing product (Menzies, 2016).

### **The Incentives and Barriers to Consumer Co-Creation**

The reasons behind consumers partaking in the co-creation phase is mostly financial but it varies between levels. Some consumers are interested in the financial prizes and other are interested in the psychological awards of sharing intellectual property (Hoyer et al., 2010)

The Co-creation process is not an easy process for it has certain barriers that handicap some companies in taking a role in customer integration. For instance, to involve customers they need to be filled in on details of the new product and that can hinder the secrecy and privacy of the firm's processes (Hoyer et al., 2010; Prahalad and Ramaswamy, 2004). Another issue is the intellectual property that some customers want to take part in. The intellectual property has policies that can be an obstacle at times for customers whom participated and can create a problem by giving recognition to participants at the cost of others (Hoyer et al., 2010).

To entice consumers to participate in the co-creation process, firms have incentives to offer. The first type of incentives is financial, while the second type is psychological such as giving intellectual property to participants, and another type of motivator is to reduce consumer's costs such as time and effort costs by providing checklists or manuals for a better flow of ideas (Hoyer et al., 2010; Von Hippel and Katz, 2002). Finally, at times a firm can use a mix of these motivators to increase the stimulators effect.

Moreover, a study by Han and Broniarczyk (2022) point out co-creation in the internet age offers many advantages and opportunities for growth, but there are also a number of challenges for effective consumer empowerment through co-creation. The study establishes that in order

for businesses to create a healthy co-creation relationship with consumers, an environment where consumers can make informed decisions is vital. Access to product information through consumer platforms is useful in helping provide consumers with the required data, which helps build a health environment for customers. This process involves a certain element of complexity, which is why it is critical for proper implementation of consumer co-creation. According to the study, unsuccessful implementation runs the risk of creating an adverse effect on business and consumer co-creation.

A potential barrier or drawback to co-creation is expressed in a recent study by Sahi et al., (2022), in which the research examines how consumer desire for unique products hampers the effectiveness of the process. The study found that because consumers prefer their products to be differentiated, this can complicate matters for micro businesses and hamper their growth. However, it must be noted that the study only has a sample size of 196 respondents and is only focuses on designer clothing firms, which limits the scope of the study in examining the broader co-creation environment.

### **Consumer Co-Creation amidst the Online Boom**

Today's companies are taking advantage of the consumer's online engagement to their benefit. Companies have recognized the pool of opportunity that social media is providing to consumers, through the use of content creation, idea generation and feedback funnel for their experiences. However, companies can't just take note of anything they find posted online, companies should have the right skills and environment that allows for genuine ideas and unbiased consumer feedback (Filiari, 2013). Companies' are formulating an "outside in" innovation process which is defined as a focus on consumers as a key resource for NPD. Two concepts have been developed by companies such as Nivea to interact and be involved with consumers' insights. These concepts are the Netnography Insights Process and Online Co-Creation. The Netnography process is a process in which social media platforms that consumers have engaged are chosen for the consumers' opinions, ideas and comments to be observed and analyzed. Once these insights are analyzed and put into context the innovation team can proceed and identify solutions for the product using the later analysis. The Online Co-Creation step is the follow up step of netnography. After analyzing and collecting the necessary data, the company would select a sample of these online engagers to proceed forward with the formulation of ideas and solutions. The distinct thing about this process that it is complementary to the netnography since it allows to select consumers based on the netnography analyses. This enables the innovation team to narrow down the solutions that customers need with the internal team of the company. These two processes will have enabled for a cross cooperation between external sources (consumers) and internal (company). Nivea applied this process for its Black and White Deodorant in which they collected consumer insights on their invisible black and white deodorant through the netnography process and then discussed the ideas with the consumers and the internal innovation team (Bilgram et al., 2011).

### **Benefits of the Co-creation process**

The co-creation process can be described as an active, creative, and social process based on collaboration between companies and individuals that provide advantages for all and creates value for stakeholders (Ind & Coates, 2013). From a business standpoint, integrating customers in new

product development yields a slew of benefits. Companies participate in two-way communication with consumers when they collaborate with them, with customers providing information and expertise to the company. The goal of this communication is for information, data, and skills to flow freely between the two parties' experiences. Involving leads consumers in the new product development stages, for example, allows companies to establish more applicable and accessible products (Ind & Coates, 2013). Therefore, the corporation is able to offer a product on the shelf that looks more agreeable and noticeable to customers by matching customers' expectations (Joshi & Sharma, 2004).

Furthermore, the co-creation process can deepen the bond between employees and the business by providing more value to them and boosting communication (Hoyer, et al., 2010). Indeed, communication can lead to more openness between businesses and employees, resulting in more fruitful cooperation, a degree of trust, and fostering brand recognition (Fang, 2008; Filieri, 2013). Existing research, has noted that several customer incentives are needed to justify their activities in engaging in the co-creation process. According to the literature, these motives contribute to varied customer needs during the process. Indeed, multiple motivations for involvement exist based on the stage of new product development. Customers' intentions lead to behavioural advantages, intellectual or educational benefits, social advantages, and personal benefits (Nambisan & Baron 2009; Hoyer et al., 2010). Füller (2010) elaborates on the intrinsic (e.g., curiosity, intrinsic play task) and extrinsic (e.g., money incentive, personal demands) motivations for participating in co-creation activities. The benefits are divided into three groups: financial advantages (e.g., cost savings), social benefits (identity and social image), and psychosocial aspects (e.g., stress relief) (Etgar, 2008). Five distinct advantages, including natural rewards (i.e., enjoyable interaction), intellectual advantages (i.e., learning), social advantages (i.e., interconnection), rewards (i.e., better social standing and appreciation), practical advantages (i.e., goods are resolved to customers' individual needs), and financial advantages (i.e., products are finished to customers' individual needs (i.e., compensation in return to the effort) (Verleye, 2015).

In a nutshell, the consumer evaluates the experience in terms of how well the predicted advantages are delivered (Verleye, 2015). As a result, achieving the predicted benefits leads to a favorable consumer experience. The relevance of psychological benefits such as belonging to a group, increased social respect, and prestige as a motivation to co-create with a brand in the available literature is also taken into consideration (Nambisan and Baron, 2009; Füller, 2010; Hoyer et al., 2010). Furthermore, belonging to a community fosters a stronger sense of dedication and loyalty to the business. As a result, active participants in the co-creation process often boosts consumer satisfaction.

### **Consumer Co-Creation in the “Fuzzy Front End”**

The Fuzzy Font End (FFE) is the early steps of the product creation, from the very first recognition of an opportunity to the assessment phase of the product to evaluate whether it is to be proceeded with or not (Filieri, 2013; Tidd and Bessant, 2020). This stage has provided companies with a competitive advantage in which consumers are the main players at. When involving consumers in the early stages they are detecting problems, solving them early on and having them reached a solution for an unmet need ahead of time.

### **Principal Components of Co-Creation:**

For firms to optimize the integration of consumers in the NPD process, they can follow three principal components. These components are knowledge sharing, value in use, experience and relationships (Ranjan and Read, 2016). Sharing knowledge is very efficient when it comes to consumer co-creation. When consumers share their experiences and thoughts with the internal R&D specialists of a company, a better understanding and visual image of the NPD can be formulated. The diverse backgrounds of the consumers and the clear-cut skills of R&D specialist combined results in high end products, creative problem solving and a better understanding of how the product should operate (Ranjan and Read, 2016; Maglio and Spohrer 2008; Ranjan and Read, 2016; Enz and Lambert, 2012; Grover and Kohli, 2012; Powell and Swart, 2010; Ramirez, 1999).

The 'value in use' factor determines the consumers' perception of a product based on individual ways of usage to determine each consumers' different feedback based on different usages. The 'value in use' factor divides and organizes value usage based on the different reasons of use varying from personal motivators of use to personal performances assessment (Ranjan and Read, 2016; Edvardsson et al., 2005; Edvardsson et al., 2010). Experience is the aftermath of the usage that consumers formulate and generate feelings for. The experiences can vary between low and high depending on whether the product met or failed to meet their expectations. According to their satisfaction of set product, consumers will either reuse the product or not. This hints that going through the experience or testing phase in the co-creation process is vital so that developers can know what to modify and change and what to keep and further develop. Having strong built relationships with customers will boost their self confidence in sharing and discussing ideas and thoughts indicating that companies should connect with the consumers and make them feel that they play a significant role in the whole process (Ranjan and Read, 2016; Bonsu and Darmody, 2008).

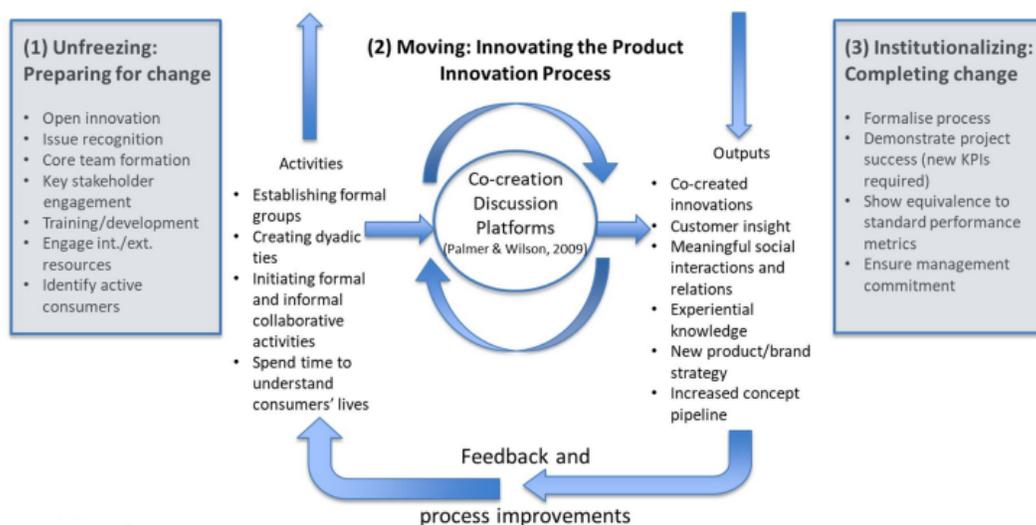
### **The shift to open innovation in NPD through Consumer Co-creation:**

This shift happens through the insertion of consumers in a three step process: the unfreezing process, the moving co-creation activities and the institutionalizing stage (Roberts et al., 2021). The unfreezing stage begins when managers recognize the importance of open innovation. They start to become more open in wide varieties of inclusions starting from engaging their stakeholders in the process. They extended their engagement and relationships with agencies and internal employees to have gained the full perspective of what is needed to go forward with the process. This extension helps management screen the obstacles that the company could stumble upon. Managerial training is needed to help develop a better understanding of consumers and develop skills for problem solving. The aim is to have a team of insightful colleagues. For a collaborative environment a framework was created to enhance communication and participation between internal and external participants. An eye catching idea is to move away from the office to create a more member friendly, informal and welcoming environment for participation. This initiative can boost participation and help recognize active participants most willing to be involved in co-creation.

The second step is called the moving stage in which the following activities take place: consumers are grouped to participate in activities together and a formation of dyadic long-term collaborative relationships with individual consumers. This takes place after the agency

hired seeks out and finds the most suitable and unique consumers to choose. The co-creative activities that consumers participate in in groups is about creating a friendly working environment and process that identifies the right concepts to adopt. The activities that consumers participate in individually was to formulate a relationship with each consumer separately to have deeper understanding of the needs and perception of these consumers in the world. These activities resulted in useful new insights, knowledge based on experience a well-defined and understood strategy suitable for both internal employees and consumers (Roberts et al., 2021).

The third step, is the step in which change is launched and presented in the results of steps 1 and 2, the success is showcased and assessed and this success results in evaluating whether management is going to commit to this process based on the type of success it achieved (Roberts et al., 2021).



**Figure 3:** NPD shift to open innovation through consumer co-creation (Source: Roberts et al., 2021; Zynga et al., 2018; Kotter, 1996).

## CONCLUSION AND RECOMMENDATIONS

In conclusion, this paper emphasizes the analysis of NPD from a co-creation point of view through current literature. Literature results found the importance of the transfer of the consumer position into the procedure. The new position of the consumer is now formulated in process and needs to be well-informed, well-connected, and an active individual during development (Prahalad and Ramaswamy, 2004). Customers are becoming more involved in NPD, which leads to the co-creation approach. Several authors have looked into this topic in an attempt to better comprehend the concept of encountering a product rather than just consuming it.

The literature agrees on the benefits that co-creation can give in terms of delivering value to customers and businesses. Businesses can improve product performance, lower costs, and eliminate defects while increasing market share. A successful co-creation process, on the other

hand, ends in customers receiving the promised benefits, such as psychological and social benefits. The organization can provide services to customers by responding to their anticipated results. However, it has been demonstrated that the process of co-creation does not always result in a satisfactory outcome. Indeed, this study recommends further readings regarding the disadvantages of co-creation in an attempt to have a comprehensive understanding of the whole procedure.

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