Strategic Services Marketing
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Week – 03

Lecture - 13

Crowdsourcing and customer involvement in service development

Hello everyone. In this lesson, let's try to understand the concept of crowdsourcing and customer involvement and application of these concepts to services development. Crowdsourcing. What is crowdsourcing? Crowdsourcing is a practice where individuals, often in a large and diverse group or as a crowd, bring their skills, ideas, efforts or resources to a project or task. It is distributed problem solving and innovative approach that taps into the collective intelligence and expertise of a community. Crowdsourcing is a collaborative approach that leverages the collective intelligence, skills and efforts of a large and diverse group of individuals, often referred to as crowd.

So, what are the three characteristics of crowdsourcing? 1.Diverse participation 2.Open call for contributions and 3.Online platforms and technologies With respect to diverse participation, crowdsourcing encourages participation from a diverse range of individuals, often tapping into global audience.

Contributors can come from different backgrounds, expertise levels and geographic locations. Significance of these particular characteristics is that diverse participation brings a variety of perspectives and skills, enriching the pool of ideas and solutions. Next characteristic is with respect to open call for contributions. Crowdsourcing typically involves an open call for contributions, where participants voluntarily submit their ideas, solutions or efforts to address a specific challenge or project. An open call fosters inclusivity and allows for a wide range of contributions promoting creativity and innovation.

And lastly, with respect to online platforms and technology implementation or usage. Crowdsourcing is facilitated through online platforms, websites or applications that connect organizers with contributors. These platforms streamline the submission, evaluation and even management of contributions. Technology enables scalability, efficiency and global reach, making it easier for organizers or service providers to

engage with and manage large crowds of contributors. Let's understand the different types of crowdsourcing.

First here is idea generation crowdsourcing. It involves gathering ideas and suggestions from a crowd to solve problem, create new products or even generate innovative solutions or services. For example, idea contest or suggestion boxes where participants contribute ideas for a specific challenge. Next type is crowd voting or ranking. This involves allowing a crowd to vote on or rank ideas, products or solutions to determine popularity or preferences.

For example, online polls or competitions where participants vote for their favorite ideas or designs. Next comes crowdfunding. This involves raising funds for a project by collecting small contributions from large number of people. Example here can be platforms like Kickstarter or Indiegogo where creators seek financial support for creative projects from a broad audience. Next type deals with data collection crowdsourcing.

This involves gathering large amount of data or information from a crowd to analyze or use for research purposes.   Example for this type of crowdsourcing involves crowdsourced mapping projects where individuals contribute data to create detailed maps of specific regions. Next comes microtasks or crowd labor. This involves breaking down a large task into smaller manageable microtasks distributed to crowd for completion. Example can be Amazon's Mechanical Turk or AMT where workers known as Turkers perform small tasks that contribute to larger projects.

Next comes open innovation challenges.   In this type of crowdsourcing, the issue challenges or competitions to a crowd to solve complex problems or develop new technologies. For example, companies launching innovation challenges to find novel solutions to specific industry challenges. Then comes citizen science. This involves the public in scientific research or data collection leveraging the collective power of individuals.

For example, birdwatchers contributing observations to ornithological research projects. Another type is social media crowdsourcing. This involves engaging a crowd through social media platforms to gather opinions, content or even feedback. For example, hashtag campaigns encouraging users to share photos or experiences related to specific theme. Now let's discuss the role of crowdsourcing for service design and innovation.

Crowdsourcing plays a significant role in service design and innovation by involving a diverse group of individuals to contribute ideas, feedback and solutions. Here are the applications of crowdsourcing in service design along with some examples of some services firms. First contribution is with respect to idea generation for new services. Crowdsourcing can be used to generate ideas for new services or even improvements in the existing service processes. For example, Starbucks.

Starbucks initiated the MyStarbucks idea platform where customers can suggest and vote on ideas for new beverages, store experiences and features. Next comes user experience design feedback. Crowdsourcing can help to gather feedback on user interfaces, service interactions and even overall user experience. For example, Airbnb. Airbnb conducts usability testing and gathers design feedback from host as well as guest to enhance its platform's user experience.

Next contribution from crowdsourcing is into co-creation of service features. This involves customers in the co-creation of service features or even customization options as well. For example, Lego. Lego ideas platform allows customers to submit and vote on ideas for new Lego sets, engaging the community in the creation process. Next comes feedback on service prototypes.

This involves seeking feedback on service prototypes or beta versions to identify areas for improvement. For example, Google. Google often releases beta versions of its products such as Gmail to gather user feedback and enhance features before the official launch. Next contribution comes with respect to problem solving and service innovation challenges. This involves issuing challenges to the crowd to solve specific service related problems or innovate in a particular areas.

For example, the Smart India Hackathon in India is an initiative by the government of India that leverages crowdsourcing to address challenges faced by various ministries and departments. Then comes localization and cultural adaptation and the role of crowdsourcing. This involves leveraging crowdsourcing to adapt services to local preferences and even cultural nuances. Example here can be Uber. Uber incorporates local insights through crowdsourcing to tailor its services to specific regions considering factors like preferred payment methods and even transportation habits as well.

Next, crowdsourcing can be used for quality assurance and testing. This involves engaging the crowd for testing services, identifying bugs and even ensuring quality. Example here can be Microsoft. Microsoft runs Windows Insider programs allowing users to test pre-release versions of Windows and provide feedback to improve the operating system. Next comes customer support and knowledge base enhancement.

Crowdsourcing ideas can be used to encourage customers to contribute to knowledge bases, frequently asked questions or FAQs and even community forums to assist others. For example, Salesforce. Salesforce Trail-based community enables users to share knowledge, ask questions and contribute solutions enhancing the overall customer support experience. Then comes Predictive Analytics for services demand. Crowdsourcing can be used to predict service demand and optimize resource allocation.

For example Waze, a navigation application that relies on crowdsourced data from drivers to provide real-time traffic information helping users make informed travel

decisions. Next comes Sustainability and CSR initiatives. Crowdsourcing can be also used to engage the crowd in sustainability initiatives or corporate social responsibility projects. For example, the Ocean Cleanup. The Ocean Cleanup is a non-profit organization that uses crowdfunding to support its initiative to develop advanced technologies to rid the oceans of plastic and other wastes.

So what are the benefits of crowdsourcing? Crowdsourcing offers benefits such as cost effectiveness, access to diverse talent, accelerated problem solving and the potential for innovation through collective intelligence of the crowd. Organizations and individuals can leverage the collective power of the crowd to achieve goals that may be challenging or resource intensive to accomplish independently. But there are also some challenges. First challenge here for crowdsourcing ideas include need for effective management. A service provider or any business firm need to effectively manage all the ideas and the participants on these particular platforms.

Second challenge deals with quality control. Third with respect to intellectual property concerns as the ideas shared by different contributors are their own intellectual creation and it is crucial for business firms or service providers to identify and protect these ideas as a intellectual property rights. Then comes the challenge with respect to the potential for biased contributions. Different participants and contributors are contributing and there might happen that there are different biased contributions or opposing ideas that are coming together. So these are the some challenges that service providers can face while using crowdsourcing platforms for service design and innovation.

So addressing these challenges require careful planning, transparent communication and mechanisms to ensure the reliability and authenticity of contributions. Now let us move on to the next concept called as customer involvement. The concept of involvement appears to be ambiguous, encompassing various meanings. The complexity intensifies when utilized as a broad category for numerous words that while look similar carry distinct nuances. This complexity may stem from the fragmented nature of the literature on the subject customer involvement and also the divergent perspectives embraced by researchers over time.

Consequently a universally agreed upon definition of customer involvement remains elusive. The literature in this domain reveals a multitude of terms with slightly different interpretations including customer involvement, customer participation, user involvement, co-development, partnerships, knowledge co-creation and even customer integration and customer engagement and even customer desired roles and many more. So what does exactly is this customer involvement? Customer involvement refers to the active participation, engagement and elaboration of customers in various aspects of business including product development, service design, decision making processes and feedback mechanisms. Customer involvement recognizes the importance of integrating

customers into different stages of the business to enhance the overall customer experience, poster loyalty and drive innovation. Several researchers have provided comprehensive reviews of the literature on customer participation and customer's role.

Following are some examples of the customer roles. First role here is customer as the advocate. Von Heppel and Von Heppi and Von Kong maintain that companies become part of a customer driven community. By the world of Moth, customer becomes a promoter of the service organization.

Customer also act as an innovator. Customer ideas, know-how and competence should be transformed into new products and services. Further, customers also act as the source of competence. In this role, customers actively define and co-create distinctive values for themselves. Going further, customers are also human resource. Customers contribute in companies identified areas to increase productivity.

Further, customers also act as the partial employees. This is a negative role assigned to the customers. They are regarded as a main source of input uncertainty. Going forward, customers as a productive resource. Customer contributes to quality, satisfaction and value and as a competitor as well.

Further, customer can also be viewed as a co-producer. Martin in 2001 argued that customers act as a co-producer and contributes in the development of the service's specification, production, quality control and marketing. Finally, customer as the productive resource. Customer contributes to quality, satisfaction and value and as a competitor as well.

Then customer as an instructor. This role refers to no intensive business services tailored to specific needs of customers in the business to business environment. Going further, now let's discuss some principles of customer involvement. These are transparency, accessibility, active listening, collaborative decision making, feedback integration, empowerment, recognition and rewards, iteration, co-creation, open communication channels and adaptability. Let's discuss these in detail.

First principle is transparency. This means providing customers with clear and honest information about product, services and even business processes. While this is important, transparency builds trust and encourages customers to actively participate when they have a clear understanding of how their input contributes to the business or services. Second principle deals with accessibility. This means enhancing that customers have easy access to information, channels for communication and opportunities to participate. Why this is important? Because accessibility enables a broad range of customers to engage with the business or service provider, fostering inclusivity and diverse perspectives.

Third principle of customer involvement is active listening. This means paying close attention to customer feedback, concerns and suggestions and demonstrating a willingness to understand and act upon those inputs. Why this is important? Active listening is fundamental to effective customer involvement as it shows customers that their opinions are valued and considered. Next principle is about collaborative decision making. This means involving customers in decision making processes related to product features, service enhancement and even business strategies.

Why this is important? Because collaborative decision making empowers customers, making them feel a sense of ownership and connection to the product or services they are using. Next principle, feedback integration. This involves actively seeking and incorporating customer feedback into continuous improvement of business service processes. Why this is important? feedback integration demonstrates a commitment to meeting customer expectations and adapting to their evolving needs.

Then comes empowerment. Empowerment deals with providing customers with the tools, information and autonomy to make informed choices and actively participate. Empowered customers are more likely to engage with a business or service provider, leading to higher satisfaction and loyalty. Next principle, recognition and rewards. Here it comes about acknowledging and rewarding customers for their active involvement, loyalty and contributions. Why this is important? Recognition and rewards reinforce positive behaviours, encouraging continued engagement and building a sense of community.

Next comes iterative co-creation. This involves engaging customers in an ongoing iterative process of creating co-creating products, services or even experiences. Why this is important? Iterative co-creation ensures that the business remains aligned with customer preferences and can quickly adapt to changing market dynamics. Then comes open communication channels, another principle of customer involvement. This involves establishing a transparent and open channels for communication such as forums, social media or customer support, where customers can express their opinions and concerns. Why this is important? Open communication channels facilitate direct interaction between the business or service firm and customers, fostering a sense of community and shared purpose.

And finally adaptability. This involves being flexible and adaptive to changing customer needs and preferences. An adaptable approach allows the service provider to stay responsive to customer feedback and evolving market trends, ensuring sustained customer involvement. By adhering to these principles that we have learnt, service providers can cultivate a culture of customer involvement that goes beyond just mere transactions and creating a mutually beneficial relationship that contributes to long-term

success of an organisation. Towards the end, now let's understand some principles of customer involvement with some examples.

First example can be co-creation workshops. Hosting workshops or ideation sessions where customers actively collaborate with service designers and developers to generate ideas, design features and even contribute to the development processes. For example, LEGO. LEGO invites adult fans and children to participate in LEGO Ideas, a platform where they can submit, vote on and even discuss ideas for new LEGO sets. Another example can be beta testing programs. This involves enlisting customers to participate in beta testing phases, allowing them to experience and provide feedback on pre-launch versions of services.

For example, Google. Google often runs beta programs for its software and services such as the Android beta program, where users can test and provide feedback on upcoming Android updates. Next example can be online customer communities. This involves establishing online communities or forums where customers can engage in discussions, share insights and collaborate with each other and with the service provider. Example can be Salesforce Trailblazer community that allows users to connect, collaborate and provide feedback on Salesforce products, influencing future updates and features.

Next example is customer advisory boards. This involves forming advisory boards composed of select customers who meet regularly to discuss their needs, preferences and challenges, providing valuable input for service development. For example, Microsoft has a customer advisory board for various products, bringing together key customers to share insights and influence the development of Microsoft technologies. Then we have an example of crowdsourcing for feature ideas. This involves using crowdsourcing platforms or campaigns to solicit ideas and preferences from a broader customer base, enabling customers to actively contribute to the decision-making process. For example, Starbucks, who initiated the My Starbucks Idea platform, allowing customers to submit and vote on ideas for new products, services and even store experiences.

These examples demonstrate diverse approaches to involving customers in the development of services. Whether through collaborative workshops, testing programs, online communities, advisory boards or crowdsourcing, customer involvement enhances the relevance and success of service offerings. By incorporating valuable insights and feedback from the end users. So in this session, we try to comprehend the concept of crowdsourcing and customer involvement   and their role in terms of services development. Thank you.