Predictions for Social Product Innovation in 2012

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Social media has made significant changes to the way we live and interact with one another on a personal level. Facebook, YouTube, twitter, and a host of other popular sites have added a new dimension to personal interaction. Social media has even made important political impacts, ranging from changing the way politicians reach their constituents to providing transparency to world events such as the 2011 “Arab Spring” revolution in Egypt. Although growth has been slowing for social media, its impact on our culture will continue to make lasting changes to the way we share information.

But what about the impact that social media and social computing have on our business lives? Over the last several years there have been significant strides in using social techniques in business. In particular, social product innovation techniques such as crowdsourcing and open innovation are offering new ways to incorporate the voice of the customer and collaborate on product development and innovation.

What predictions can we make for the use of social media and related social technologies to improve product innovation? To help answer that question, we turned to the results of Kalypso’s annual Social Product Innovation surveys from 2010 and 2011. The findings and trends from the research help us understand where we are on the journey toward mature and effective social product innovation practices.

The data helps us make the following predictions for 2012:

- Companies that have adopted social product innovation will increase their usage based on the benefits they are already receiving
- Companies that stepped back to re-plan in 2011 will re-emerge on the social product innovation scene in 2012
- Companies will likely see even greater benefits in 2012 based on lessons learned and emerging best practices

A Snapshot of 2010-2011: Benefits Despite a Lack of Strategy

The past two years have been a time for the industry to experiment with (and learn about) social product innovation. There were many grass roots efforts and experimental activities, but there was a clear lack of leadership and direction in most companies.
Despite this apparent lack of strategic direction, companies were able to gain strategic benefits. In 2010, over one-third (39%) developed more product ideas while over one-quarter (27%) reported getting better product ideas (Figure 1). In 2011, the percentage of companies gaining these benefits increased to 50% for better ideas and 33% for more ideas. In addition, companies reported developing better relationships and collaboration both internally (44%) and externally (33%). Clearly the benefits are available.

Challenges Remain

Although there were benefits reported, significant challenges remain and not all companies were equally successful. Many businesses have had false starts with social media in general. In fact, a study by Prescient Media showed that only 6% of executives rate their social media initiatives as “very good” and only another 22% rate them as “good.” With only about one-quarter of executives pleased with the results they were achieving with social media overall, it is little surprise that Kalypso’s 2011 survey showed that many companies have had mixed results from their social product innovation initiatives. In fact, the research shows that the use of social product innovation declined from 2010 to 2011.

Why have companies faced difficulty with their social product innovation efforts? The top challenge identified in the 2011 survey is lack of resources, including talent or time, as reported by one-half (50%) of the companies surveyed (Figure 2). Many programs were grass roots efforts and companies did not allocate the proper resources to social product innovation. Almost one-half (44%) indicate they lack understanding of what approaches work, and 41% report that they lack expertise and best practices. This reflects the immaturity of current business practices.

The lessons of 2010 and 2011 should help provide some of those answers, and newly developed strategies will (hopefully) include appropriate resource allocation.
Looking Forward to 2012

Despite the dip in social product innovation usage in 2011, companies remain very optimistic. In fact, 94% of companies surveyed plan to increase their use of social product innovation (Figure 3). The benefits that companies have already achieved and the promise of future competitive advantage are too strong to ignore.

But there has been an important shift to note. It appears that some companies have taken a step back. As in 2010, the 2011 survey results indicate that about one-half of companies either have – or are developing – a strategy or plan to use social product innovation. But the shift (see arrow, Figure 4) indicates that while they plan to increase the use of social product innovation, some are stepping back to re-develop their plans.

Given the early stage of the social product innovation movement, this is a healthy sign that companies are examining what they have learned and developing strategies to move forward. They are putting their false starts to rest and taking advantage of what they learned from both their failures and their successes.

These observations help us predict that 2012 will bring a continued evolution and maturation of social product innovation strategies. The benefits are attainable. While most companies have been experimenting and trying to find practices that help them out-innovate and outpace their competition, the lessons of 2010 and 2011 will help accelerate and deepen benefits in 2012. We predict continued growth in social product innovation building on the successes companies have achieved over the last two years.

The hype period has passed, and now it is time to develop a solid social product innovation strategy and get down to (social) business.