Capturing value from external NPD collaboration — the significant role of market information processing

Collaborating with external sources is becoming an integral part of the way many firms conduct innovation and develop new products. By turning to different parts of the value chain, firms can collect information pertinent to product development from a wide range of industry and market actors. By including customers, suppliers, competitors, universities, and other external experts in the development process, firms gain access to information, knowledge, and ideas that otherwise would have been out of reach. Extensive previous research has documented the beneficial effects of collaborating with many different external sources, from customers to competitors. However, there are several gaps in the literature regarding the dynamics of integrating external sources into the process of developing new products. The current literature focuses primarily on testing how collaborating with one specific external source, such as customers, contributes to the NPD process. Moreover, the majority of these studies focus on the dynamics of collaboration within a single industry. Thus, the current literature fails to grasp what happens when multiple external sources are brought into the same NPD project. Furthermore, the focus on specific industries and types of collaborators has created uncertainty as to the effectiveness of external sources in NPD. This uncertainty is has been caused partially by the fact that there is very little research on the firm-level capabilities needed to successfully engage with external sources. This study contributes to the existing knowledge of firms’ use of external sources in new product development. A model is presented that tests the effectiveness of external collaboration when multiple external sources have to be managed simultaneously. Also, firms’ ability to process information is included, as a central capability that allows them to identify the right collaborators for NPD projects, collect information from them, and disseminate that information throughout their organization. Finally, in the model, the level of novelty involved in new product development is included as a way of determining whether it is any more difficult to collaborate with external sources and process information about products that are completely new to the market. This thesis presents a model that points out how difficult it is to collaborate with many external sources unless the firm has the right formal and informal capabilities in place for finding the right partners and extracting information from them for use in the NPD process. Moreover, the model highlights the difficulties of collaborating with external sources when the project is so new that it is outside collaborators’ frame of reference.

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