

CO-CREATION VALUE THROUGH CUSTOMERS' PROACTIVE ENGAGEMENT: A CASE STUDY ON HEINEKEN (A)

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Abstract—In the modern dynamic business environment, the innovation practices for co-creating value provide for companies the instruments for generating sustainable development and increased business performance. Thus, successful innovation requires engaging external stakeholders in developing new ideas and solutions for new product development which satisfy customer's needs and create value for the company. The online environment, through special platforms for open innovation and social media are used by companies in order to engage customers in co-creation by successful interaction and continuous dialogue. In this context, the Heineken company approach regarding open innovation involves policies, strategies, new product development efforts, team management interventions and on-going interactions with external stakeholders on platforms for co-creation value.

Keywords—Co-creation, customers' engagement, open innovation, online innovation platform.

I. INTRODUCTION

CUSTOMERS' engagement in continuous dialogue and online interaction with companies in order to bring new ideas and solutions for providing new products and services adapted to market needs represent new ways for innovative companies to gain competitive advantages. Accordingly, companies use co-creation as “a powerful innovative force” [1] and as “a way to create a deeper relationship with customers that will be harder for competitors to copy” [1], attracting them in a proactive and interactive dialogue for creating value.

The current paper is based on a case study approach, which aims to provide a model for open innovation used by Heineken company in relation with its stakeholders directly involvement in the innovation process through company's online instruments. The study analyses the concepts of value creation, open innovation and the importance of proactive engagement of customers for companies in improving business performance and gaining competitive advantages.

Thus, emphasizing Heineken company efforts for new product development through exploring new market opportunities engaging proactively the customers in a dialogue and interactive experience with the team management of the company, defining key policies and strategies based on sustainability and innovation, redefining the organizational structure in order to improve the innovation process and establishing key strategies for promoting innovation.

II. VALUE CREATION THROUGH PROACTIVE ENGAGEMENT OF CUSTOMERS

A. Co-creation of Value

Co-creating value in the business environment requires company's interaction with customers and development of new products and services. Accordingly, co-creating value means that “customers are part of the enhanced network”, “co-create and extract business value” [2]. Thus, companies create online instruments, which provide for customers the opportunity to participate in an interactive dialogue with the team management of the company in order to bring new ideas and innovative solutions for “co-creating market acceptance for products and services [2].

In the new digital era which enables customers to have Internet access almost everywhere, companies have access to information regarding their customers' needs and develop interactive instruments to keep their customers engaged. This is a new view of innovation, which “is at the heart of value creation” [3], the innovation efforts being focused on products and services and the value consisting of customers' experiences, which determine managers to focus on building interactive experience environments [3].

Moreover, co-creation value in the literature was described as a general concept for customers and other stakeholder involvement, being mentioned that value co-creation is “a process of multiple interactions and

multidirectional resource integration, stressing the interaction and dialogue, which is implicit for “Co” (together) [4].

B. Open Innovation Model

The open innovation perspective emphasizes that companies focus their attention regarding the new product development, welcoming new external contributions coming from their customers or other external stakeholders [4]. Thus, companies which adopt the open innovation business model focus on proactively engaging customers in developing ideas and innovative solutions for creating new products.

This new paradigm assumes that companies should use external ideas which could come from their customers, but also from other external stakeholders, but also internal ideas coming from their team management and employees, in order to create value [5]. Also, the open innovation model utilize valuable ideas which can come from anywhere, from inside or outside the company, the ideas coming from the external sources and which contribute to creating value being as well important for the R&D department of the company [5].

C. The proactive engagement of customers

In the open innovation model, keeping customers engaged plays a significant role. Thus, consulting with customers in providing ideas about discovering and developing new products and services represents a great opportunity for companies to enhance their organizational competitiveness.

Creating a network of customers using the online environment generates valuable inputs for the company using an open innovation business model. Formulated in this way, companies can use several approaches to involve customers, from creating a user or customer community to engage its users, participation in single activities or stages of the innovation process (concept testing, ideation), to customer involvement in an entire innovation process, basing innovation entirely on customer input [6].

The existing social networks and the present internet capabilities enable customers' participation, and proactive engagement as the rise of these technologies, which companies use for the interaction with their customers, give customers the possibility to express their ideas, comments, needs and thoughts [7].

Also, companies such as Heineken, LEGO, Starbucks, BMW, Volvo, Electrolux, etc. use the open innovation business model, engaging their customers on special created web platforms for generating creative ideas, new solutions, for new products and services.

In this article, we highlight the open innovation business model of Heineken, outlining the most important aspects regarding company's strategies for open innovation and sustainable growth, emphasizing also customers' proactive engagement in developing creative products ideas through the online instruments company uses for continuous dialogue and interactions with their customers.

III. HEINEKEN AND INNOVATION MANAGEMENT

A. The Company and the Management Team

Heineken, Europe's leading brewer and the world's most international brewer, has a prominent brand portfolio, operating companies and breweries in five regions of the world. Heineken detains over 250 brands in more than 70 countries in the world, in Western Europe, Eastern and Central Europe, Africa and Middle East, America and Asia Pacific [8].

The property structure of the company, carefully established in order to enable company's growth and independence, encompasses the holding of Heineken Holding N.V., through the Board of Directors, and Heineken N.V., through the Supervisory Board. [9].

Concerning the firm management, the Executive Board has the most important role in business conduct at Heineken N.V. The two members of the Executive Board, Jean-François van Boxmeer (chairman/chief executive officer) and René Hooft Graafland (chief financial officer), are the main actors in the company, at the global level. The two members of the Executive Board, the presidents for the five regions of the world and the chief officers form the Executive Committee, which the company's highest consultative body [10].

B. Success and Failure in Company's History

Heineken has grown on the world's most international brewer with global brands of premium beer, from a single brewery in Amsterdam 150 years ago. Aiming at having a global presence and a valuable brand portfolio, the initiatives of the company were focused on extending globally through buying in 2010 FEMSA from Mexico and Brazil and in 2012 the company Asia Pacific Breweries [11].

One of the most important success of the company in evolving as a global company was the acquisition of the Amstel brewer, who was the main competitor of Heineken in the Netherlands. The ascension of Heineken continued, the company opening in Zoeterwoude, the largest modern brewery at that time in Europe [11].

Focusing on the innovation process by using online instruments, in 2010 the company aimed at doubling the innovation rate by 2020, as the innovation plays a very important role for the company success, 6% from company's sales being generated by innovations coming from the inside, from customers, suppliers and other external stakeholders [12].

Encountering also failures due to the cultural mistakes regarding the flag of the Saudi Arabia containing a Koran verse on the Heineken bottles of beer at World Soccer Cup in 1994, the company, obliged to recall all bottles and to create a new design for the special bottles of beer, [13] maintains though the global position of the third brewer in the world, focusing on innovation activities, sustainability and social responsibility.

C. Company's Efforts for Product Innovation

The Heineken company the most important brand is Heineken, also the most valuable premium global brand. Also, the company portfolio comprises a number international, regional, local and specialty beers and ciders.

The innovation efforts of the company highlight the evolution of the Heineken brand, which was reinvented each year by advertising and taste becoming an international premium beer producer. From the simple green bottle with the red star representing Heineken logo, the Heineken innovative products evolved in 2013 to the creation of a draught beer gadget in collaboration with Apple industrial designer Marc Newson, called "The SUB", with a futuristic submarine appearance, which delivers professional quality beer chilled to 2°C [14].

Another innovation from Heineken is called Heineken igNITE, the first interactive beer bottle from Heineken, which was created especially for events at which the light interactive features create visibility for the Heineken symbol: the beer bottle which has an add-on device battery-powered, which consists of a light unit and a silicon band [14]. Also, innovation regarding the bottles design of the Heineken beer was encouraged through creation of a special bottle for club events, "The Club Bottle". The new aluminium bottle reflects UV colours, which glow in the dark, ten years ago, Heineken being the first company which created an aluminium bottle, and now the company is among the first companies which use two UV colours for packaging and exciting effects [14].

The care for environment being a core-value for Heineken, the company created the system for draught beer, David XL Green, a sustainable gadget for chilling the kegs below the tap, which reduces the costs and losses and brings ecological benefits. Heineken initiative was awarded several times, being voted as the best sustainability initiative from 2014, the company ensuring that the new system reduces the energy consumption by 50% in comparison with an usual fridge, stating also that innovation plays a key role for conducting business at Heineken and sets an industry standard for doing things differently [15].

Amstel, Desperados, Sol, Affligem and Strongbow Apple Ciders are the most important global brands of Heineken. Creating Amstel Radler, a blend of superior beer and lemonade, Desperados Verde, a beer with tequila flavour, lemon and mint, and Affligem, in its three varieties, blonde (with tropical fruit flavour), double (with clove and caramel) and triple (with banana, apricot and peach flavours), Heineken continues its international growth and innovation efforts seeking to respond to its consumers' needs [16].

D. Reflecting Innovation in Company's Mission, Vision and Values

The fundamental values of the company express the company's concerns for permanent innovation, the

passion for quality being very important for company's evolution, which influences its activities from growth of brand portfolio, satisfying customers' and consumers' needs through continuous innovation, permanent investments in people, technology and increasing efficiency [17]. It may be observed that Heineken principles emphasize activities based on continuous innovation, in order to offer to customers and consumers quality products.

The company mission highlights that Heineken "is a proud, independent, global brewer committed to surprising and exciting consumers everywhere" [18], and the company's vision outlines the main goal of the Heineken to become leader in all markets with Heineken brand and to develop a full brand portfolio in markets company choose, investing in innovation for growth [18].

IV. COMPANY MANAGEMENT AND PROACTIVE ENGAGEMENT OF CONSUMERS/CUSTOMERS IN INNOVATION

A. Key Policies and Strategies

Heineken company strategy is based on sustainability and innovation, the two policies being essential in business conduct. "Brewing a Better Future" strategy, initiated in 2010, seeks to create sustainable value for the company, society and planet. Focused on four area of interest for a better future in 2020, this strategy developed with company's stakeholders is based on protecting water resources, reducing the CO₂ emissions, raw materials obtained from sustainable sources and promoting responsible consumption [19].

Also, innovation plays a key role in company's success, as Heineken is a company open to change and consider innovation can arise from anywhere, from employees, consumers, suppliers, or other external sources. Thus, Heineken aims to collaborate with external innovators through the online platform „Innovators Brewhouse" for open innovation [12].

Among the six business priorities of the company which include brand development and integrating sustainability, a key policy for the company is the permanent communication with consumers in order to develop another global brands, as Desperados, Strongbow Gold, Sol, etc., for increasing the innovation rate and for value creation for customers, these elements bringing the long-term success for Heineken company [20]. Consequently, the fact that Heineken has as a key policy the engagement in innovation process of any entity which can contribute to the growth of the company, stating as strategic objective the permanent communication with the consumers for increasing the innovation rate and value creation for customers, implies also the proactive engagement of consumer in developing company products, facilitated by the platforms for open innovation Heineken owns.

Among the strategic objectives and directions of the company sustainable development seems to be the most

important. “Brewing a better future” strategy is essential in achieving company’s goal to receive inspiration from consumers, to be customer oriented and oriented to brand portfolio development [20]. Thus, we can notice the connection that the company establishes between sustainable development objectives and innovation through proactive engagement of consumers, customers, suppliers and other stakeholders in creating innovative products.

B. Organizational Structure as Innovation Trigger

The structure of the top management of Heineken enables company’s global growth. The Executive Board establishes the strategic objectives of the company and is the main body for making decisions in the company, being responsible for resources allocation and policies regarding brands, markets, acquisitions, etc., and reporting to the Supervisory Board, which offers recommendations [21].

The Executive Committee is the most important consultative body which supports the development of policies and strategies in the company. The existence of an Executive Director Global Strategic Planning & Business Control, and especially of an Executive Director Global Business Development [10] in the organizational structure of the Heineken company represents an advantage regarding the efforts for long-term research and development, with important effects in innovation outcomes. Also, it is very important that in the organizational structure of the company specialized departments for new product development exist. At the moment in the Heineken company, specialized managers, such as Global Research and Innovation Director, Willem van Waesberghe, Senior Director Global Innovation, Francois-Xavier Mahot, Senior Global Director Consumer & Market Intelligence, Florence Guesnet, Global Heineken Brand Communication Director, Anuraag Trikha, Senior Director Global Heineken Brand, Gianluca di Tondo, perform activities regarding developing innovative products and services for customers and maintain the relationship with the proactive customers who bring new ideas for the company products and services.

Taking into account that “innovation is at the heart of the business” [10] at Heineken, innovation focused on customer engagement who creates value represents an essential ingredient for the future development of the company [10]. Accordingly, the team management is open and involved in connecting and collaborating with partners, customers, consumers, suppliers, companies, academia, science parks, in developing great ideas and innovative solutions [22].

The organization of the Heineken company facilitates the innovation actions and the proactive engagement of consumers, customers and the other external stakeholders in product development, attractive design for product packaging, new technologies, etc., as the geographic structure, which involves organizing activities around

some regions (Heineken is present in 5 key regions in the world), provides a better interaction with customers and consumers from the entire world and understanding of their problems and needs, through new product development.

C. Team Management Role in Proactive Engagement of Customers/Consumers

The proactive engagement of the consumer in product development for innovation and value creation in Heineken company implies the powerful engagement of the team management in this relation, too. Thus, in October 2013, the company realized in collaboration with Marc Newson, an awarded designer and Krups, a consumer expert in technology, the innovation called “The SUB”, a draught beer, with an innovative design, with a submarine shape [23], which emphasizes a good collaboration between experts from different areas (design, technology), facilitated by the managerial efforts in realizing these interactions.

At a recent program of the company, Heineken Pop-up City Lounge, realized between 18 and 21 September, at London Design Festival, organized to discover innovative design concepts for a bar, through “conversation cocoons” with consumers, and experts in design (e.g., Ricardo Casas, Dr Sharon Baurley), Head of Global Design at Heineken, Mark van Iterson was present too at the event [24]. This event highlights Heineken team management involvement in programs for Heineken consumers’ engagement in developing design innovative concepts for a bar, taking into account the importance of a relaxing and comfortable place for beer consumers.

Another key intervention of team management actors from Heineken in relation to customers’ engagement in developing new Heineken products is outlined in the new technology and innovation program, Frontier, created by Heineken, which implies the engagement of companies whose activities are based on innovation and technology in a partnership relation for new product development, creation of innovative musical events, or development of the pleasure to consume alcohol moderately. In this action, important actors from the Heineken team management, such as Global Heineken Brand Communication Director, Anuraag Trikha, Heineken USA Chief Marketing Officer, Nuno Teles, Global Heineken Digital Manager, Nourdin Rejeb, and Global Heineken Marketing Activation Managers, Koen Morshuis and Hans Erik Tuut, are involved representing the judges for evaluating the applications based on creativity, implementation and relevance criteria [25].

D. Marketing Opportunities Exploration through Proactive Engagement of Consumers/Customers

One of the business strategic priorities at Heineken is the exploration of the opportunities from the emerging

markets, the main strategy of the company regarding acquisition, growth and partnerships.

Thus, the company aims to promote permanently the Heineken brand, winning in the premium beer segment, exciting their consumers with global marketing platforms (e.g. Open your World campaign), but also exploring the opportunities to introduce Heineken in the new markets as a response to growth of consumers' demands from the entire world for high quality and premium beer brands. In realizing these actions, the company strategy is based on direct conversations with consumers, the company's quality of business partner for his customers, strong management capabilities of his customers and the effective in-store execution representing opportunities to create value for customers [20].

The role of the proactive engagement of consumers and customers in new product development for Heineken is very important as at the heart of company business is the consumer-focused innovation, bringing to consumers new product development, they need, through the Heineken Innovators Brewhouse online innovation platform [12]. Therefore, the company could explore market needs, having the necessary information for new product development from their consumers who come with creative solution and ideas, through the online communication platforms. The annual report of the company for the 2013 year outlines the creation of new products such as Radler beer, with lemon flavour and less alcohol, which was launched in 19 countries, or ciders with new flavours (Bold Dark Fruit or Black Cherry), but also the creation of new packaging for beer, such as 2-litre keg, with submarine shape (The SUB), for draught beer [18].

V. HEINEKEN COMPANY CONCERNS FOR PROMOTING INNOVATION

A. *Strategies for Promoting Innovation*

Among the main strategies of the Heineken company can be mentioned the customer-focused innovation, customer-orientation and brand growth, through sustainable growth of company's brands in all markets. Thus, the main concern of the company at this moment at global level is the development of a sustainable development strategy, becoming a customer-inspired company, customer-oriented and focused on growth of the existing brands [20].

Accordingly, the integration of sustainability in company strategy becomes a priority for Heineken company, in order to create a better future, protecting the water resources, reducing the CO₂ emissions, creating sustainable sources for promoting responsible consumption of alcohol, until 2020 [26]. Also, Heineken aims to become a leader among the others brewers in all markets and to have the most valuable brand portfolio at the global level [27].

B. *Company Concerns for Innovation Triggers*

Innovation represents the key for success for Heineken company, and the main factors which facilitate this process are represented by the multiple contacts with the internal and external environment, in order to find great ideas and innovative solutions. The company mentions that innovation can come from anywhere, from the internal environment of the company (from employees), but also from the external environment (from consumers, suppliers and other external sources).

Open innovation is a main characteristic for Heineken company, innovative ideas being sent through the Heineken Innovators Brewhouse platform, the company recognizing the role of proactive engagement of external stakeholders, such as consumers, artists, designers, entrepreneurs, inventors, universities, supplies, business and technological incubators, science parks, companies, having the main purpose to collaborate for mutual benefits, satisfying customers' needs in an innovative way [28]. Also, Ideas Brewery and Heineken Frontier represent other Heineken platforms, the last one aiming to engage external stakeholders (companies whose activities are based on innovation and technology) in the innovation process regarding new product development, new ideas regarding the product consumption, new solutions for product packaging, etc.

To conclude, innovation is also promoted at Heineken company, by long-term orientation of the company, according to its strategies and 2020 targets for sustainable development.

VI. CONCLUSION

In the current business environment, open innovation through proactively engaging customers and consumers in developing new products and services and co-creating value for the company represents a strategic imperative for enhancing organizational competitiveness.

Focused on customer engagement in innovation process, Heineken business success is based on company's strategies for new product development, sustainable development and long-term orientation. The engagement of all categories of stakeholders in company's open innovation efforts creates sustainable value for the company and for the whole society. Accordingly, the proactive engagement of customers and consumers in creating innovative products, which involves sharing ideas and innovative solutions through the online platforms, has a positive impact on innovation, sustainable value creation, and on company development.

Heineken approach based on sustainability involves the innovation for improving the existing company processes. Also, the engagement of the external stakeholders in bringing new ideas and solutions and co-creating value for company and customers represents an effective strategy which leads to increased business performance.

ACKNOWLEDGMENT

This research was undertaken within the framework of the National Research Program PN II, financed by MEN – UEFISCDI, project PN-II-PT-PCCA-2013-4-1811.

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