

# A Consumer Value Theory of Innovation: a Grounded Theory Approach

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# Overview

- ◆ Purpose
- ◆ Data
- ◆ Findings
- ◆ Theory / Contribution to Knowledge
- ◆ Implications

# 1. Purpose

Research Question: How do consumers understand value in a new technology?

- Investigated how / why consumers buy new technology; A consumer approach... a dynamic approach... a contemporary approach.
- Re-examined diffusion of innovation theory; a restrictive “intellectual paradigm” Rogers (2003, p.xix)
- “By shifting [consumer] value thought beyond a state variable to include inter-related experiential process, we open the door for new research to better understand [value’s] dynamic nature...” Woodruff and Flint (2006, p.194)

## 2. Data

### 3G consumer experiences

- “Buy because cheaper way to communicate” MIC010
- “Happy with the package as a whole” MIC019
- “[3G] Care are always very professional” MIC022
- “There is no network at all... like when you are inside”  
MIC021
- “I’m going to tell all my friends, I’m unsatisfied” MIC010
- “I’m too scared to use [3G]. Maybe they will charge [after] saying free” MIC021

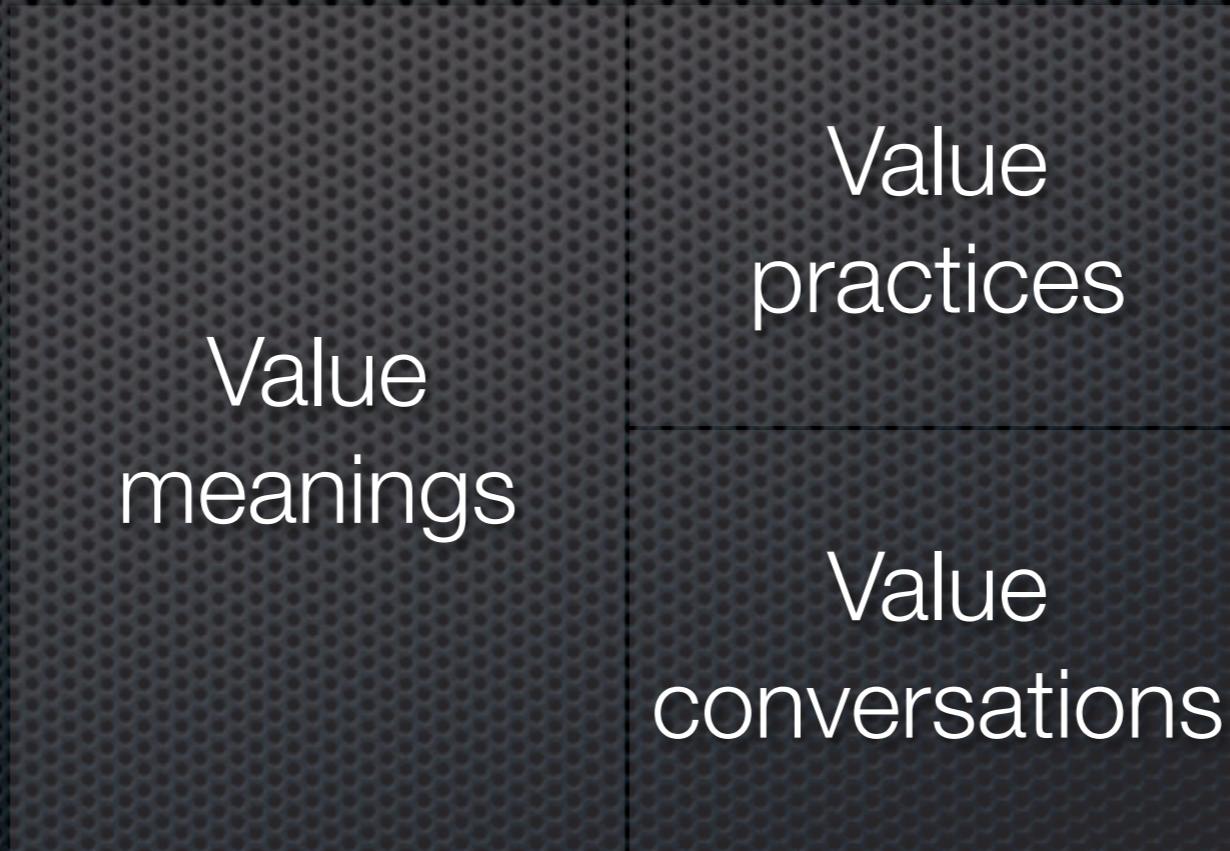
# 3. Findings

- Value (and related concepts) emerged from 3G data
- Core concept checked with three triangulating consumer technology datasets
- Concepts checked with Innovation and Consumer Value literature
- Concepts assessed for usefulness against Innovation policy docs
  - *Innovation Measurement: Tracking the State of Innovation in the American Economy, US Dept of Commerce (ACIMO 2008)*
  - *NBN Implementation Report* (McKinsey 2010)

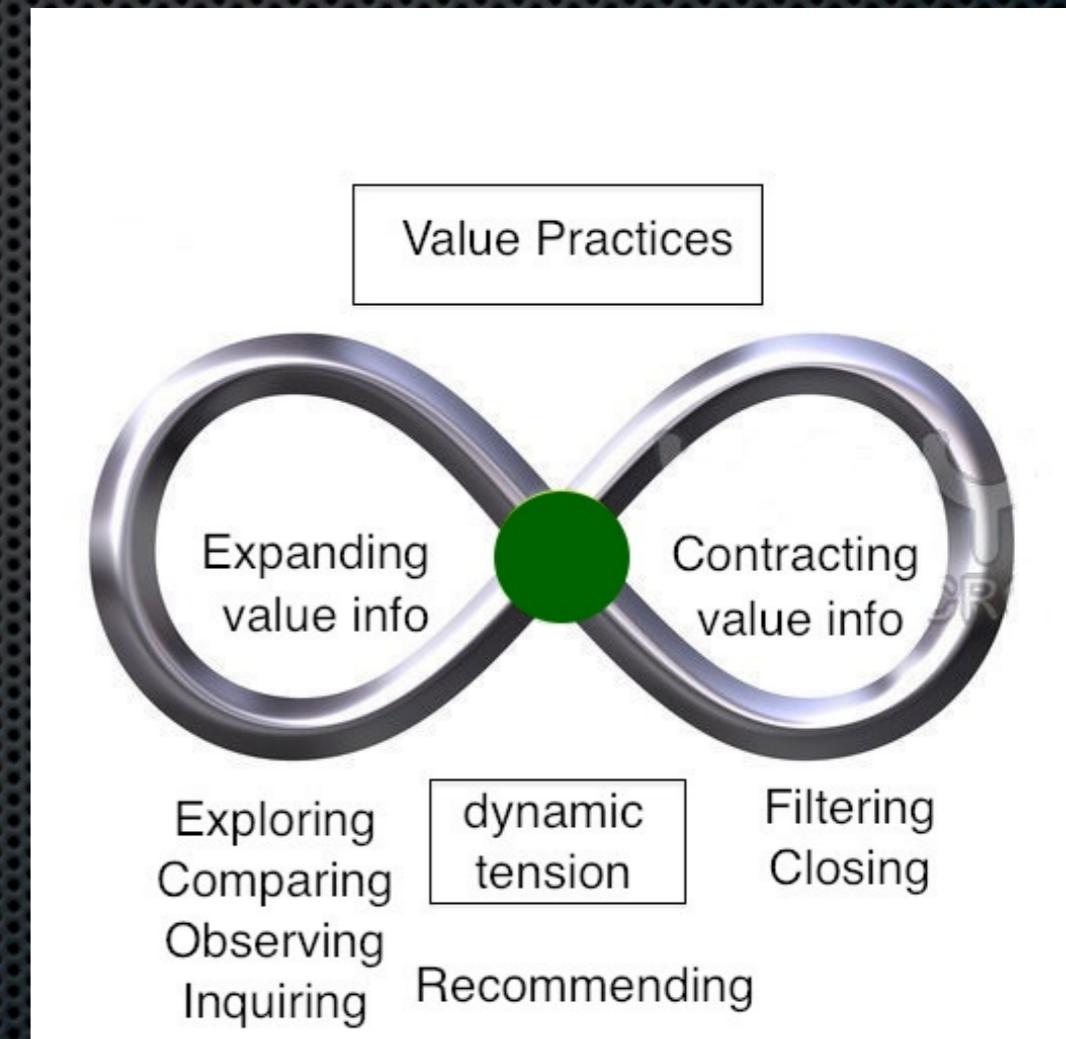
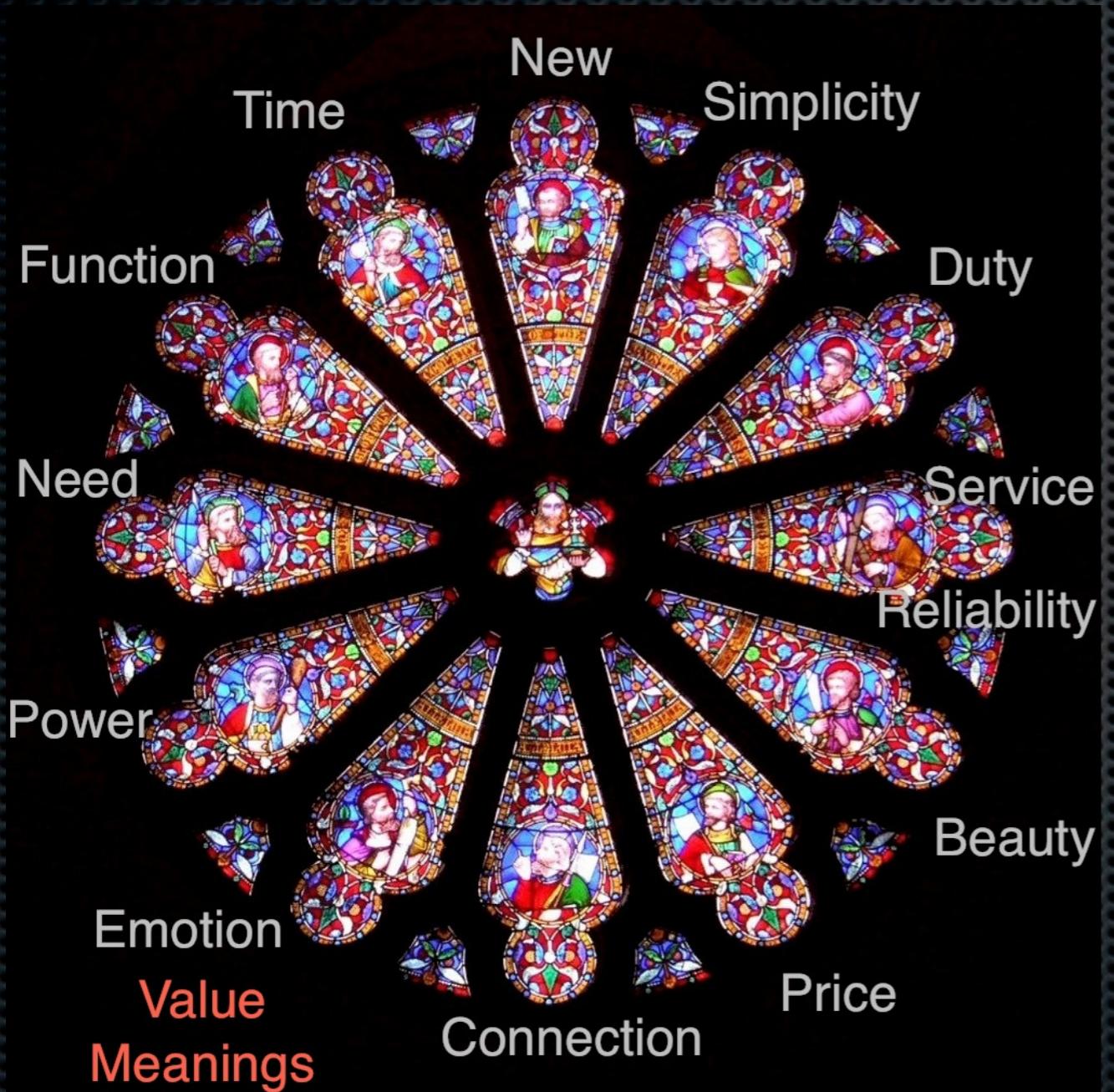
# 4. Theory and Contribution to Knowledge

## 4.1 Defining value

- Value is a dynamic, emotional practice assessing and exploiting a consumer's environment.
- Value consists of....

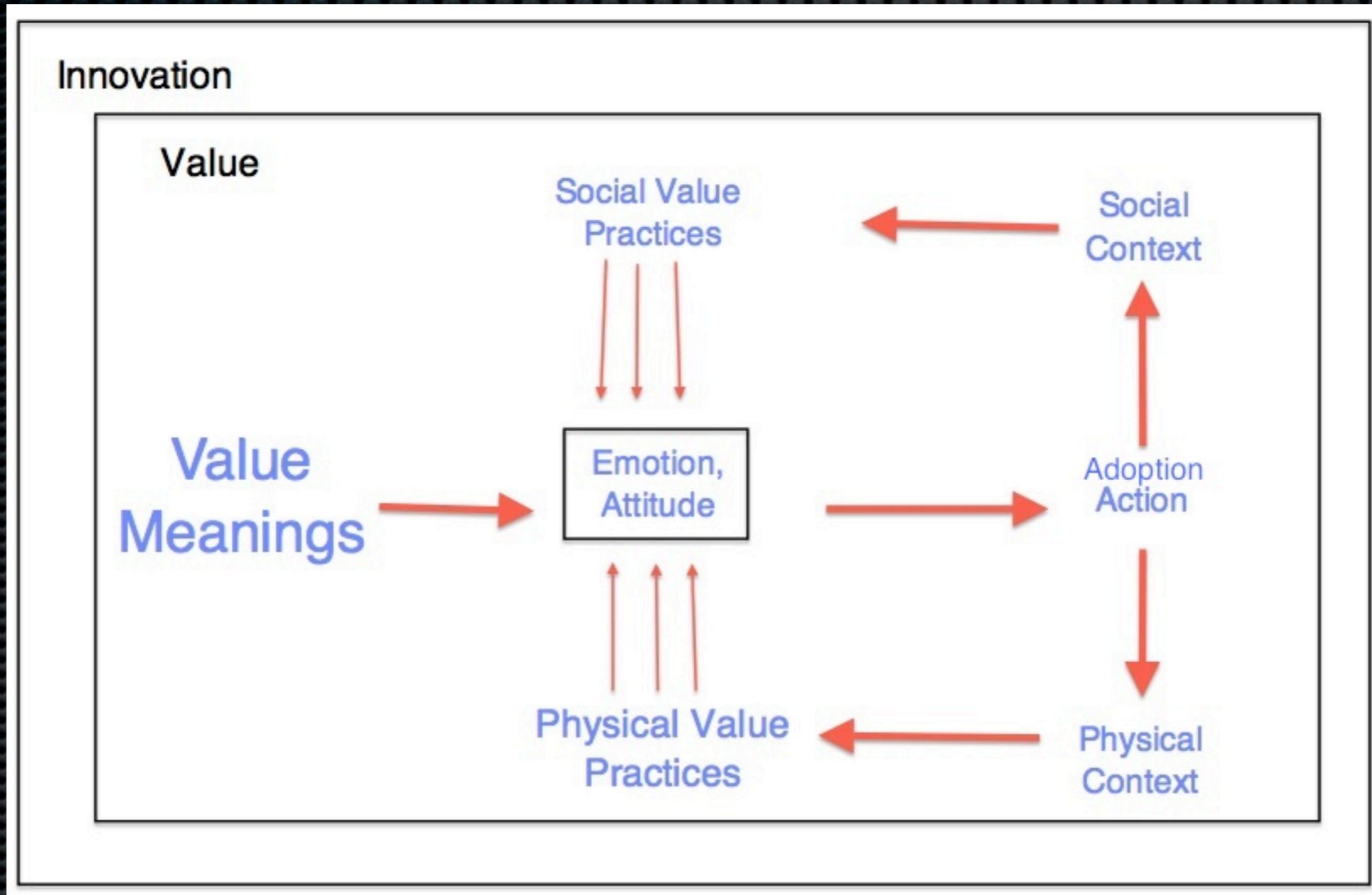


## 4.2 Value is complex



*Value is a resolution of dynamic tension.*

## 4.3 The process of value



*Value is an emotional feedback process, sensing and iterating, rather than a goal-directed progression.*

## 4.4 Five value propositions

*A grounded theory consists of concepts, relations and propositions.*

- P1: Value drives consumer adoption of new technology (complex, dynamic, action oriented).
- P2: Value has multiple, competing meanings.
- P3: Attitude expresses value (++ , + , - , --).
- P4: Less is more. *Closing, simplicity* concepts are unusual, unexpected, important.
- P5: Value is driven more by emotion than by goals.

## 4.4 P2: Value has multiple, contesting value meanings

- “[my wife] said ‘You need to have a phone. I need to be able to contact you’” V014 <value: duty>
- “[3G phone] is kinda cute and friendly... certain stylishness to it” V002 <value: beauty>
- “[3G telco] they were cheap, they were affordable” V012 <value: price>
- “I just want to make it as simple as possible at my age... I want to take calls in and out and nothing else” V015 <value: simple>

*Emotions resolve complex, contradictory value assessments.*

## 4.4 P3: Attitude expresses value (++, +, -, --)

- “[3G telco] reasonable with charges” V012 (+) <v:price>
- “texting just shits me” V012 (--) <dv:function>
- “[3G was] really cheap plan” MIC018 (++) <v:price>
- “the [3G] network is quite poor” MIC018 (-) <dv:reliability>
- “happy with [3G] content value” MIC019 (+) <v:function>
- “[too] long to repair... [I] wasn’t happy” MIC019 (-) <dv:time>

*For consumers to hold multiple contradictory attitudes is useful in a complex world.*

# 5. Implications

- Innovation Measurement: Measure emotion/attitude alongside revenue, profit (policy impact).
- Encouraging new technology adoption: NBN, Garnaut
  - McKinsey (2010) found to be value centric, to encourage adoption of NBN, “affordable price”, “no broadband caps” (policy impact).
- Managers: Manage value, rather than innovation; Engage customers in a value conversation, simple pricing, value trajectory (business impact).

*Conclusion: Value is the core concept of a dynamic, emotion-centric, consumer-centric, grounded theory of innovation.*

# References

- Final Thesis Review presentation (including references)  
at: [www.valman.blogspot.com](http://www.valman.blogspot.com)