Competence Acquisition in Co-Creation Relations: The Dual Role of Knowledge Stocks

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ABSTRACT

Academics and practitioners alike have begun to acknowledge co-creation relations between suppliers and industrial customers as a key to develop competitively superior products (Subroto et al. 2004). No wonder as for instance 34% of all Dutch innovations are developed jointly with a partner of which 55% together with suppliers and 51% together with customers (European Community Innovation Survey, 2002). Co-creation relations foster new competence acquisition with customers (e.g., jointly developing knowledge about specific marketing or technological processes) involving tacit knowledge (Von Hippel 1998) that is hard for competitors to copy in contrast to the traditional marketing competence acquisition from customers (e.g., market surveys). In this article, the authors examine the interaction between internal and external sources of new competence acquisition in co-creation relations between buyers and suppliers. Drawing from research on capability development, the authors suggest that knowledge stocks are necessary ingredients for the development of new competencies. At the same time, however, this existing knowledge results in inertia hampering firms’ creativity and product development capabilities. This study investigates the key hypothesis that when functional knowledge stocks are detrimental to the development of new competencies, knowledge overlap with a supply chain partner (i.e. supplier or industrial customer) can overcome this barrier because it creates a greater common ground for joint new knowledge between partners. The authors test this hypothesis using a sample of 247 firms that recently participated in a co-creation relationship and find support for the proposed interaction. Thus, the study contributes to literatures on capabilities, buyer-supplier relations, and relational ties, and addresses a key managerial priority.