A Process for Co-Creating Shared Value with the Crowd: Tourism Case Studies from a Regional Innovation System in Western Switzerland

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> " *Life can be much broader, once you discover one* "
> *simple fact, and that is that everything around you*
> *that you call life was made up by people that were*
> *no smarter than you. And you can change it, you*
> *can influence it, you can build your own things that*
> *other people can use.*

Steve Jobs (1955–2011)
Entrepreneur, inventor, and industrial designer

Despite the presence of a regional innovation system, the gross value added attributed to tourism in the Swiss region of Valais is declining. Innovation policies fostering private initiatives and collaboration between companies, researchers, and coaching services have been reinforced recently, and policy instruments are in place to support strategic industries. However, no incitement instrument is dedicated to supporting the co-creation and the creation of shared value through local actors. This article presents a co-creation process of shared value and the lessons learned while implementing a new mode of innovation and entrepreneurship in two case studies in the peripheral region of Valais, Switzerland. The aim of the process is the co-creation of shared value-based business models, with an emphasis on the use of crowdsourcing to find new ways to create shared value.

Introduction

Tourism generates almost 11% of the gross value added of the canton of Valais, Switzerland, and almost 20% of the workplaces of the region in 2014. However, the tourism economy in the region of Valais faces a series of challenges such as aging infrastructure, the emergence of new competing tourism destinations, changes in customer behaviour and in the legal framework, and the high value of the Swiss franc. In 2014, the region welcomed almost 22 million visitors, who spent around 3.4 million Swiss francs; but this represents a decline of 4 million visitors from the level seen in 2000 (OVT, 2016). Hence, the tourism economy must now assert itself in a highly competitive international market. The small and medium-sized enterprises (SMEs) from Valais must therefore find innovative development approaches and new ideas that will be useful to not only tourism businesses and clients, but the local population as well.

Despite the presence of universities of applied sciences, a SWOT analysis of the French speaking part of Switzerland (Western Switzerland) realized by the Conference of the Heads of Department of Public Economy in the field of innovation policies for the period 2012–2015, revealed gaps in SMEs' cooperation with schools and research institutes, as well as in the innovation process of the region's firms. The analysis concluded that, despite the improvement of coaching services and technology accessibility through the regional innovation system, the innovation intensity declined in the region (CDEP-SO, 2015). Hence, the current interregional program aims to improve and to foster synergies and the convergence of actual innovation services. This program, promoting a regional innovation system that is able to reinforce the relations between firms, scientists, and institutions, aims to finance and to initiate accompanying innovative projects using sectorial (e.g., ICT, cleantech) and thematic approaches with the Innotour

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policy, which is dedicated to tourism. According to the broader New Regional Policy, the Swiss regional innovation systems refer to functional economic spaces, benefiting from the triple helix essential to the innovation process (firms, universities, and institutions) (CDEP-SO, 2015). But, except for the Innotour policy supporting cooperation actions such as bundling products, no incitement instrument is dedicated to fostering touristic activities using a tourism clustering approach, such as fostering the interconnections between companies and institutions involved in tourism activities, including suppliers, services, governments, higher-education institutions, and competitors (Capone, 2004).

This approach relies, however, on a new paradigm described by Porter and Kramer (2011) through the concept of creating shared value, which expresses that "societal needs, not just conventional economic needs, define markets, and social harms can create internal costs for firms". As formulated by Alia (2011), the argument of Milton Friedman expressing that "What is good for business is good for society" can be now reworded according to Porter's theory of creating shared value to "What is good for society is good for business". Indeed Porter and Kramer (2011) present three different levels of action enabling companies to create shared value: i) at the enterprise level, in the design of products and markets; ii) in terms of economic sectors, in defining (and redefining) productivity in the value chain; and iii) at the level of the interaction of companies with their environment (including research institutes), allowing the formation of clusters at local level. Moreover, Kramer and Pfitzer (2016) assert that "companies must sometimes team up with governments, NGOs, and even rivals to capture the economic benefits of social progress". Indeed, clusters constitute strategic regional resources in order to support innovation and to transform it into regional development and competitiveness by facilitating relations and canalizing knowledge (Alberti & Giusti, 2012).

Developing a competitive advantage requires consideration of the business environment, both in terms of resource management and adaptation of business value proposals to the market. These considerations are part of the concept of customer development proposed by Blank (2011) based on customer discovery, customer validation, customer creation, and company building.

Cadman and Bildfell (2012) report that important shared value initiatives have been implemented by more and more companies. However, until now, only about 10% of companies have integrated customer experience in their core strategy. According to Köpcke (2008), external collaboration such as through open innovation or crowdsourcing allows organizations to promote better public adoption of innovations in a context where the average rate of the innovation failure is between 30% and 70%. Some experimentation has been done in order to involve the public in the innovation process among tourism practitioners using open innovation or crowdsourcing approaches (Doctor et al., 2016) or with a living lab approach (Lapointe et al., 2015). However, according to our research, few studies have been undertaken focusing on the question of fostering innovation and growth in a touristic region through the creation of shared value or on improving local touristic clusters with the crowd (i.e., professionals, residents, and tourists).

Hence, this article presents lessons learned through the implementation of new modes of innovation through improved cooperation between local companies in the region of Valais, Switzerland. The aim is to use a crowdsourcing approach to co-create shared value-based business models and thereby find new way to create shared value.

Methodology

We chose the multiple case study method for its capacity, in a qualitative approach, to identify the effects of a phenomenon where the researchers have little control over the studied events; moreover, the multiple case study approach allows us to consider the phenomenon in recurrent situations (Collerette, 1997; Stake, 1994; Yin, 1984). Two regions were selected as cases, according to the need identified by our political and professional partners (i.e., local development agencies and the regional company association). The multiple case study approach enables us to test two distinct situations. The first case was realized with a group of beneficiaries belonging to the same enterprise, which is an entire resort of 100 chalets developed 35 years ago under the umbrella of one single enterprise (Fedo Tschuggen AG), and which was in financial difficulties. The second case was dedicated to a group of unbundled beneficiaries but based on a united territory: the Val d'Anniviers, which is facing a strong decline in visits by tourists.

In order to elicit new paths of innovation, we used crowdsourcing that, in opposition to outsourcing, refers to the crowd (Howe, 2006) for its ability to generate ideas without distinguishing between contributors and allowing professionals, the residents, and tourists

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to participate. Crowdsourcing is a quick and easy way to involve a large community to gather ideas in order to solve a problem (Mendoca & Sutton, 2008). Gassmann (2013) describes the crowdsourcing process as "interactive new knowledge transfer and problem solving to external stakeholders through public and semi-public call to a large group. Creative topics are typically at the center, but repetitive tasks are also possible. Typically, this call is made through Internet". In summary, Gassmann defines crowdsourcing as "an interactive innovation strategy based on the community." Operationally, this research relies on phases adapted from the five steps of crowdsourcing identified by Muhdi and colleagues (2011) (Figure 1).

Finally, in order to facilitate cooperation and co-creation among the local professionals, we used Osterwalder and Pigneur's (2011) business model canvas because of its ease of use and effectiveness as a brainstorming tool. Indeed, its nine building blocks enable participants to brainstorm about a business project, which then allows multiple stakeholders to co-create a new and common business model.

Although co-creation is commonly understood as joint value creation by a company and its customers, where value creation comes from outside of the firm and the traditional value chain model (Prahalad & Ramaswamy, 2004; Porter, 1980), we used a different position of fostering co-creation through local professionals using the inputs of the crowd in the idea-generation process. With this approach, we tend to reinforce the cooperation between local enterprises, according to the expectations of the public.

Project Details

In order to meet the expectations and needs of the population and the hosts, who are the end consumers of the tourism products and services, we chose to implement the steps of customer discovery and customer validation through a crowdsourcing process. Crowdsourcing enabled us to generate a "4P" process involving a partnership of people (population), private companies, and the public institutions and researchers.

Indeed, the applied research at the basis of the innovation policy described in this article is based on a partnership between the Entrepreneurship & Management Institute and the Tourism Institute of the University of Applied Sciences of Western Switzerland (HES-SO Valais Wallis; hevs.ch/en/) and the local economic development agencies: the Valais Excellence company association (valais-excellence.ch/fr/amvs/), the regional brand Valais Wallis (valais.ch/en/), the Valais Tourism Observatory (tourobs.ch), and the Regions- und Wirtschaftszentrum Oberwallis (rw-oberwallis.ch/allgemein/home).

According to Muhdi and colleagues (2011), the five key phases of crowdsourcing (Figure 1) contain specific subtasks that we operationalized to foster the creation of shared value through crowd innovation, as shown in Table 1. The crowdsourcing process was realized with the iBrain (ibrain.atizo.com) online innovation platform, which is a branded version of the Swiss crowdsourcing platform developed by Atizo AG for the University of Applied Sciences of the Valais.

Results

By the end of the crowdsourcing process, the first case (the chalet resort) had attracted 88 ideas from 35 different people. However, despite the many novel ideas arising out of the crowdsourcing process, a lack of effective communication between the key stakeholders (i.e., the shareholders and chalet owners) – apparently related to the financial difficulties affecting the resort – meant that they could not agree on a new convergent business model. Hence, this case failed to reach its objective of improving the situation of a single enterprise because of the unwillingness of long-term partners to cooperate in a new project. It appears that, before any concrete work can begin, a fundamental discussion of objectives must be undertaken by the shareholders, who currently are unable to agree on a common goal.

The crowdsourcing process of the second case (Val d'Anniviers) collected 64 ideas from 34 different people. The stakeholders of this case are local professionals from this newly merged municipality, which is a regrouping of six ancient municipalities. The new muni-
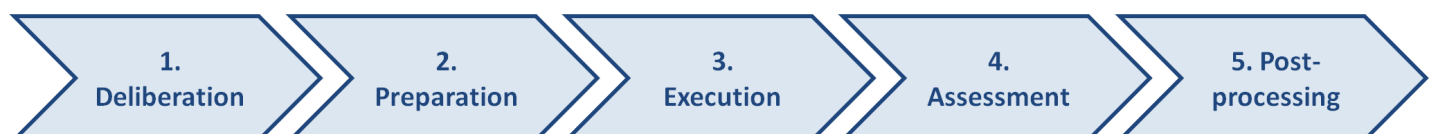
Figure 1. The five phases of the crowdsourcing process

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Table 1. Alignment of this study's project phases with important crowdsourcing tasks of crowdsourcing identified by Muhdi et al. (2011)

Key Crowdsourcing Phase	Important Tasks	Process Alignment
1. Deliberation	1.1 Overall analysis of the crowdsourcing approach	The researchers conducted interviews and a SWOT analysis with partners separately in order to understand the innovation profile and capacity of each stakeholder.
	1.2 Reflection on how internal problems can be approached with crowdsourcing	
	1.3 Promote internal buy-in	
2. Preparation	2.1 Clarification of company expectations towards the crowdsourcing project	Workshop 1: Analysis of the interviews and discussion of the synthesis with all partners. Discussion and search for convergence of expectations with all partners. Formulation of the question and of the criteria to select the expected results. A communication plan was discussed in order to benefit from the contact lists of each stakeholder and of the researchers and in order to target the right people. The researchers guided the discussions.
	2.2 Definition of a question fitting to the crowdsourcing approach	
	2.3 Formulation of the question	
	2.4 Reflection on timing of the crowdsourcing project and the duration of the online aspect	
	2.5 Definition of the idea-rating criteria	
	2.6 Planning internal resources	
	2.7 Reflection on strategies to increase the participation in own crowdsourcing project	
3. Execution	3.1 Gradually reading and possibly clustering the received ideas	Crowdsourcing 1: This first crowdsourcing process was closed to the public and only open to the partners in order to allow a first round of propositions.
	3.2 Communication with community members	Crowdsourcing 2: During this second round of crowdsourcing, the partner propositions were disclosed to the public. People were invited to rate develop existing ideas or to propose new ideas.
4. Assessment	4.1 Tool selection for clustering and rating of received ideas	The partners, the public, and the researchers rated the best ideas through the application.
	4.2 Definition of an internal rating strategy	Workshop 2: The partners rated and selected the best idea and considered its business values.
	4.3 Rewarding best idea/ideas	The partners rewarded the winner. (The definition of a reward by the partners was made during the first workshop.)
5. Post-processing	5.1 Interpretation of the results and planning their implementation	Workshop 2: The partners, guided by the researchers, co-design the business model and the empathy map of the selected idea.
	5.2 Management of side-effects	

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cipality has already established a tourism commission to cooperate between political and professional persons in order to improve the attractiveness of the region to tourists. The participants represented local politicians and local touristic professionals such as hotels, cable car companies, real estate agencies, transportation organizations, and specialized shops. The participants selected a niche idea: the creation of a "stars park" for stargazing. For the professionals, this could be an opportunity to reinforce the attractiveness of the local area. For visitors, the project aims to offer a new experience by creating a pool of darkness that becomes an ideal location to view the night sky. For the municipality, the project aims to strengthen local skills and resources while incorporating best practices in energy savings at the municipal level. Figure 2 shows the corresponding business model co-created following the crowdsourcing process. This business model is based on existing local key resources: dark places (due to the location in a narrow valley) and the local sky observatory, as well as reinforced communication, specialized human resources (e.g., astronomers), and dedicated labels. Building on those resources, this model will propose values such as knowledge from the sky and the stars, discovery experiences (e.g., astronomy,

local products, new activities, silence, or concerts in the mountains) to a varied public (e.g., local tourists, families, seniors, and workers). The relationship with customers should enhance experience with weekly sky maps, and channels should be improved by partnerships, such as with scientific camps, public transport partners, and craftsmen and economic associations. During this designing phase, the blocks of the model relating to revenue streams and cost structures were not addressed because of the time available for the brainstorming and the difficulties in building such financial plans in this co-creation phase and the visionary character of the discussions.

The next steps of the project will be led by a team of students specialized in tourism products and services design supervised by two professors specialized in business model innovation and in service design methods from the School of Business and Tourism of the University of Applied Sciences of Western Switzerland (HES-SO Valais-Wallis). The measurement of energy savings and public awareness will be achieved by a multidisciplinary team of researchers capable of measuring the energy savings and reductions in light pollution.
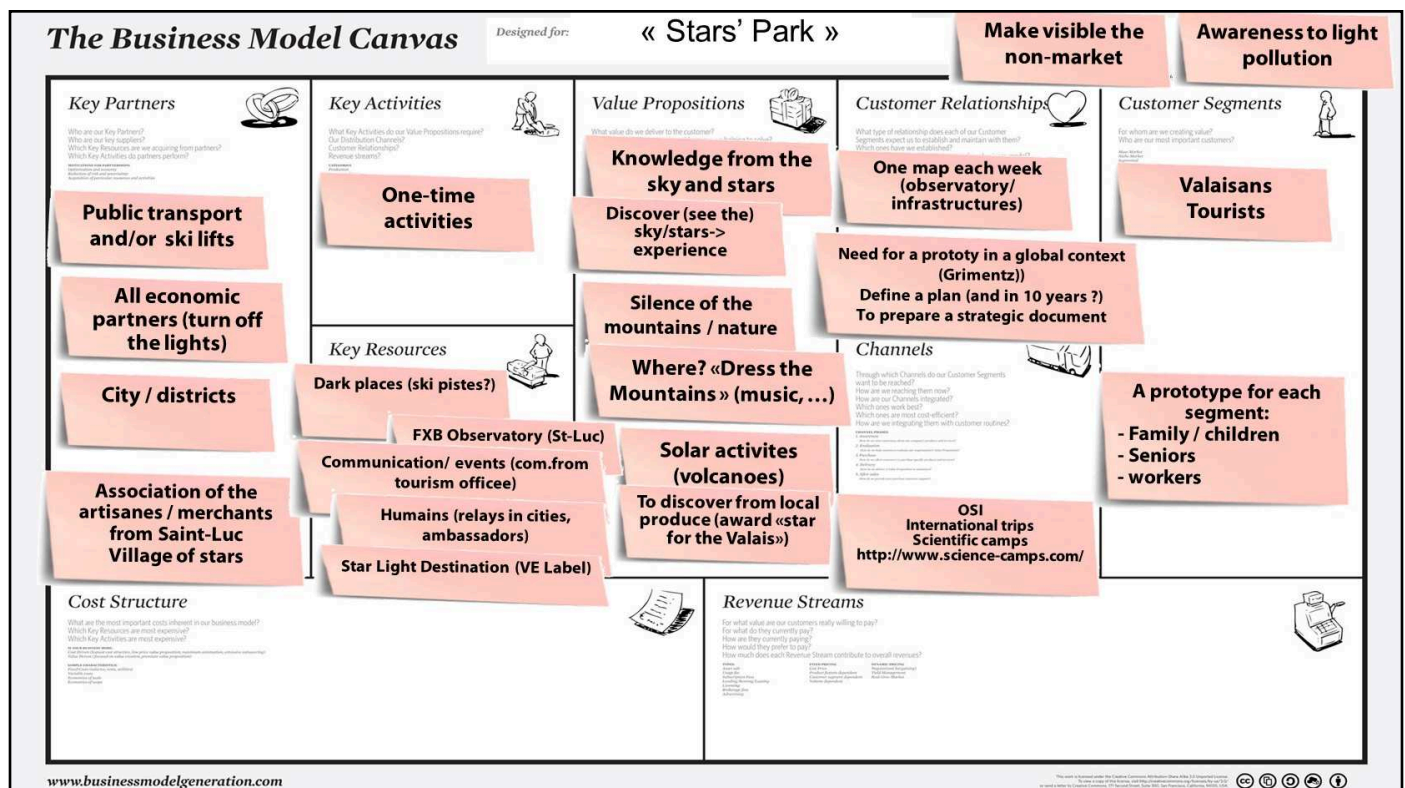

Figure 2. Co-created business model canvas for the Stars Park in the Val d'Anniviers

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Conclusion

The results of the case studies show different outcomes emerging from different situations. On one hand, when the shareholders were initially brought together, they had not been able to overcome their existing postures to benefit from the crowdsourcing approach to revealing opportunities. Indeed, the previous relationship and the challenge it represented was the main cause of the failure of the process. This case teaches us that a lack of existing conflicts between stakeholders can be seen as a necessary starting condition for success of the co-creation process. On the other hand, when a group of professionals was unbundled, the elaboration of a new idea to cope with a societal challenge reached the best results. The proposed "stars park" constitutes a new product and service relying on existing resources. Our results also show that the participation of the population, with all the creativity it can demonstrate, is not useful without a healthy collaboration between the stakeholders. Finally, this project includes all three levels of action enabling the creation of shared value according to Porter and Kramer (2011): designing new products and markets, redefining productivity in the value chain, and allowing the formation of clusters at local level.

We also realized a distinction between the creation of shared value, as argued by Porter and Kramer (2011), and the co-creation of shared value. The co-creation of shared value is based on crowdsourcing the original business idea and then co-creating business solutions with several actors. Furthermore, the distinction with the sharing economy concept is based on the aim of the project, seeking to create value for the society and the environment in addition to businesses. The sharing economy constitutes "a principle of maximizing the utility of assets and shareable resources by means of renting, lending, swapping, bartering and giving them away in order to avoid their idle existence, and is cur-

rently being facilitated by emerging collaborative business ICT infrastructures in the marketplace and society" (Romero et al., 2015).

The major limitations of this research are based on the provenance of the original needs that we intentionally sourced from the local professionals in order to facilitate our sectorial approach to tourism activities. This point will be addressed in a further research where the expression of the needs is based on a citizen dialogue at a municipal scale, aiming at eliciting societal and local challenges and looking for social innovation.

Regarding the improvement of the regional innovation system and the enhancement of the local cluster, the Valais Excellence enterprises' association recognized the utility of the process and will integrate and reproduce it in order to further fostering innovation through the co-creation of shared value in the region. They already plan to elaborate an indicator model able to measure the creation and the co-creation of shared value by future participants.

Acknowledgments

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