Case Study "Crowdsourcing@Rivella": In Search of New Flavors

Silvan Brauen

Red, Blue, Green and Yellow ✕ In 2012, the leading Swiss beverage company Rivella faced a strategic question of innovation management. At that time, the company generated the largest share of its sales with the popular two flavors "Rivella Red" (original) and "Rivella Blue" (low-calorie). The company introduced "Rivella Green" in 1999. Its green tea flavor was a successful aromatic supplement to the classic line. But the "Rivella Yellow" variety was withdrawn from the market only five years after launch despite its highly innovative concept. It was introduced in 2008, using an original soy serum produced with a highly complex technical process. After this setback in 2012, the company asked itself whether and how it wanted to tackle future innovation projects.

THE AUTHOR

Silvan Brauen
Head of Business Development Rivella AG, Rothrist, Switzerland
silvan.brauen@rivella.ch

BOX 1

Key facts about Rivella AG

> Family business, founded in 1952 by Dr. Robert Barth
> Largest Swiss producer of soft drinks and number 2 in the Swiss soft drinks market
> Brands: Rivella, Michel, Passaia, URS, FOCUSWATER, eau&moi
> Top Swiss power brand with a national awareness level of over 95%
> 2012: Start of a crowdsourcing project to develop new Rivella flavors
> Crowdsourcing platform: ATIZO 360°: 800 submissions, 20 taste finalists
> 2014: Successful launch of 2 new crowd-based varieties

The development of new beverage concepts via crowdsourcing was great but companies should not blindly trust crowds.

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Innovation yes – but how? × Several internal stakeholders had urged the company to postpone product innovations and focus exclusively on established offerings for the time being, but company management decided to reengage with new methods of innovation management. One requirement for the new process was to involve consumers more intensively in the research and development of new concepts, that is to strive for consumer-centric innovation rather than use a strictly technology-driven approach. After evaluating different methods and procedures, the team responsible for innovation decided to try the crowdsourcing platform ATIZO 360°, provided by an open innovation consulting firm. This approach enabled Rivella to search and evaluate ideas from consumers in the spirit of open innovation.

New varieties through crowdsourcing × The innovation process covered a period of almost two years. From idea generation to naming and launching, consumers – including many loyal Rivella fans – were involved at several steps of the process. First, over 800 different ideas for new Rivella varieties were collected via the digital crowdsourcing platform. After a rough pre-selection by the innovation team, the most promising ideas were selected in a workshop with consumers and internal decision-makers. These were developed into around 30 detailed idea profiles. After a further round of prioritization, 20 idea profiles were prepared for presentation on the crowdsourcing platform where users evaluated them in detail. Finally, concrete beverage recipes were developed for the 10 best-rated ideas. The concrete product concepts and product samples were then tested using classic quantitative market research methods (concept and product tests) in several Swiss cities until the two winning flavors, Rivella Peach and Rivella Rhubarb, were ultimately chosen and launched in the Swiss market in spring 2014.

The fact that the two new varieties were co-developed by consumers was prominently communicated during launch. In the end, the two new varieties contributed to a significant increase in household penetration of the Rivella brand and to successful business results in 2014 and 2015. In recent years, new flavors such as Rivella Mango and Rivella Elderflower have replaced the earlier range extensions and other new flavors based on the crowdsourcing innovation philosophy are in the innovation pipeline.

Crowdsourcing works, but … × The development of new beverage concepts in close cooperation with consumers via crowdsourcing can be deemed a success for Rivella AG overall, but the approach was not without difficulties and challenges. For example, when reviewing the more than 800 ideas, the Rivella innovation team observed that a small group of users had managed to push certain ideas. A central part of ATIZO 360°'s crowdsourcing system is a process by which consumers can both like and comment on the ideas they receive, as well as respond to posts on social media such as Facebook and Twitter. These comments and likes have an impact on which ideas are considered promising and pursued by the company's internal innovation teams. This is what Rivella learned in its crowd project:

› **Social dynamics can skew results** × Reto Hofstetter, professor of marketing at the University of Lucerne, uses the term ''social bias'' to describe the problem that many participants reciprocate positive comments or likes with each other, regardless of whether they actually like others' ideas. For 14 months, his team examined 87 crowdsourcing projects on the ATIZO 360° platform. The study also showed that users who were connected as ''friends'' liked each other's ideas more often than they did those they had no connection with. The evaluations of many crowdsourcing users therefore often reflect generic social media behavior rather than indicate the actual quality of the ideas or real preferences. On closer inspection, the likes and dislikes of users turned out to be rather unreliable indicators of the actual quality of ideas.

The moderation and communication effort can be considerable ⤬ Another challenge of the crowdsourcing approach is the increased management effort for in-house innovation teams. The demanding and complex moderation and coordination role of an innovation project goes beyond the various internal stakeholders, and includes external consumers, with their attendant ideas, questions and needs. The higher the number and complexity of submitted ideas, the more the administrative burden of viewing, sorting, prioritizing, and condensing all these ideas can escalate.

Creativity dominates feasibility considerations ⤬ Experience also shows that platform users in crowdsourcing projects are often attracted by ideas with a certain degree of originality and novelty. While finding really "new" ideas is a main reason for involving external crowds, aspects such as feasibility, profitability, and the strategic sense of an idea are sidelined in a typical process. With their limited perspective, most users don't know whether an idea that sounds exciting can be effectively implemented or economically and strategically meaningful for the company.

Critical questions should be part of the exercise ⤬ These examples of challenges in crowdsourcing innovation projects show that it is advisable to take a closer look and not blindly trust "the crowd". One of the basic skills of a good innovation manager is to analyze why an idea finds approval or disapproval from users. The challenges described above do not mean that crowdsourcing isn't a useful tool for innovation management. Rather, it shows that new solutions and procedures are needed to avoid or minimize issues like social bias. For example, it may make sense to work more closely with a carefully curated crowd, where the individual members have relevant expert knowledge. It might be better for companies to work more intensively on an innovation project with a smaller number of the "right" people than to invite many randomly selected people to submit ideas and vote on them. This would not only significantly reduce the risk of social bias, but also result in a lower coordination effort. And finally, the chances of finding ideas that are both highly original and creative, as well as ones that are economically feasible, and strategically relevant would increase substantially.   ⤬

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