Co-innovation processes in the music business

Harriman Samuel Saragih, Togar Mangihut Simatupang, Yos Sunitiyoso

School of Business and Management, Bandung Institute of Technology, Indonesia

School of Business and Economics, Universitas Prasetiya Mulya, Indonesia

Corresponding author.
E-mail addresses: harriman.saragih@sbm-itb.ac.id, harriman.saragih@pmbs.ac.id (H.S. Saragih).

Abstract

This study aims to develop a framework grounded in theoretical and empirical findings regarding the ways in which co-innovation processes are carried out in the context of the Indonesian music industry. This study uses a qualitative case research method via interviews. Through literature reviews, four key concepts are proposed as the basis of rival analyses to the empirical findings. From the data collection and analysis, this study establishes that co-innovation processes in the music business constitute four stages of processes—i.e., co-discovery, co-creation, co-delivery, and co-capture, in which various theoretical concepts mentioned in the literature are embedded in each stage. The framework resulting from this study is the first to integrate value chain thinking concepts within the co-innovation processes.

Keywords: Business, Economics, Industry

1. Introduction

Previous studies have reported shifts and potential innovation in business models in the music industry in terms of network structures, relationships, and income sources (see Dellyana and Simatupang, 2013; Dellyana and Simatupang, 2014; Dellyana et al., 2017). A study published by the Indonesian Creative Economy Agency and the Indonesian Statistical Bureau in 2017 also reported that music is one of the fastest-growing creative sectors in the Indonesian economy (BEKRAF and BPS,
The report included a macro-analysis of the development of the creative economy in Indonesia and argued that innovation is an essential element in the advancement of creative industries. This study was motivated by the low level of understanding of co-innovation in the music business; few studies have explicitly described this process (Saragih et al., 2018b). This paper argues that co-innovation, which takes into account relevant stakeholders such as customers by inviting them to collaborate and innovate in a creative platform, is a way to tackle existing challenges, thus creating a productive co-innovation platform to ultimately enable these actors to co-create and co-capture value (Saragih et al., 2018a).

Thus, this study aims to answer one main question: How is the co-innovation concept practised in the music business? We seek an answer to this question by developing a framework rooted in both theoretical and empirical findings using qualitative research methods. This study hopes the results can be a useful point of reference for Indonesian government bodies or other private entities (e.g., record labels, independent music artists, and music communities) in mapping the co-innovation process and developing a co-innovation platform for the advancement of the music business.

To achieve the above objective, this paper is divided into six sections. The first section addresses the background of the study, which is then followed by a literature review regarding co-innovation processes in the second section. Then, the methodology that we used to answer the research question is described in the third section. The subsequent section focuses on presenting the empirical findings from the respondents. Then, we continue to present the discussion in the fifth section, which will primarily focus on synthesising the empirical findings with the preliminary concepts in the literature review. Finally, the sixth section ends by describing the conclusion, contributions and limitations of this study, and future research agenda.

2. Theory

Co-innovation takes into account the roles of every stakeholder in the ecosystem, not only producers, universities, and research firms, but also customers to integrate technological, institutional, and organisational capabilities to produce innovation in the music business, e.g., new business models, new customer base, new value chain (Saragih and Tan, 2018; Botha et al., 2015; Maniak and Midler, 2008; Romero and Molina, 2011). Considering the evolution of innovation theory, this study argues that co-innovation is relevant and vital to the music business. Engagement, compelling experiences, shared values, and collaborative participation by relevant actors in the music business are key to implementing co-innovation (Lee et al., 2012). Stakeholders must also realise the importance of all innovation activities that are
conducted throughout the value chain, from discovery and creation to delivery and capture (Simatupang et al., 2017).

Thus, we define the co-innovation process as the tasks undertaken by relevant contributing stakeholders in a platform, including customers, to produce and capture values in the market. The tasks comprise four stages: convergence of ideas, co-creation experiences, collaborative arrangements, and value co-capture. The above four-stage process is proposed in this study to extend the previous conceptualisations of co-innovation that take into account the role of every relevant stakeholder, particularly customers. In Table 1, we highlight how previous studies have focused specifically on key procedures in an innovation process. The next sub-sections describe in greater detail each of the stages mentioned above.

2.1. Convergence of ideas

Shared values refer to the justification of common interests, not solely for one party but for all parties involved in achieving specific objectives by a group of people. The goal is to produce innovative designs and improve efficiency (Lee et al., 2012). Convergence of ideas must also include the mutual benefits that are expected to be gained when completing the co-innovation process (Botha et al., 2015). Mutual advantage in this context must ensure that every contributing entity in the co-innovation process experiences symbiotic advantages. In co-innovation, it is essential for all parties to fulfil the interests of both and ensure that in the end, mutual benefits can be achieved.

Trust is also a crucial aspect in co-innovation; without it, the ultimate goal of collaboration might not be reached and can potentially be destructive (Romero and Molina, 2011). Two other fundamental elements are crucial in the convergence of ideas: co-experience and co-definition (Kijima and Arai, 2016). Co-experience refers to understanding the buyers’ needs from the perspectives of the consumers and vice versa. Co-definition, on the other hand, relates to the development of shared consumers’ responses to any service/product offerings. These two aspects facilitate the understanding of both producers and consumers in conducting the innovation processes.

In the context of the music industry, creating shared values focuses attention on the trade-offs during or at the end of the production processes. Hence, in this phase, all the activities in the music business chain that might be carried out in the value chain and cost structure must be appropriately considered (see Talonen, 2003; Simatupang et al., 2017). Stakeholders must adequately formulate how the music would be composed or performed, what are the required instruments, how would it be produced, how would it be marketed, how would it be distributed (i.e., online, physical, or both), and in what way the music would be sold (i.e., wholesale, retail).
2.2. Co-creation experiences

We argue that value co-creation focuses more on the production phase of a product or service offering. It focuses on the conception, formation, and construction of value propositions (De Koning et al., 2016; Lan et al., 2017), which consumers can...
ultimately capture, and resulted in possible realised exchanged value for firms: profits (Bowman and Ambrosini, 2000; Ryall, 2013a). Hence, it is plausible to infer that co-creation is one part of co-innovation (Lee et al., 2012; Saragih and Tan, 2018).

The concept of co-creation includes three aspects proposed in this study, i.e., engagement with all stakeholders, including customers (Parmentier and Mangematin, 2011; Prahalad and Ramaswamy, 2004; Herrera, 2016), existences of co-creative labour (Gamble and Gilmore, 2013), and co-elevation (Ramaswamy, 2008). Fundamentally, co-creation experiences can occur as a result of co-creative labours (Gamble and Gilmore, 2013; Banks and Deuze, 2009). Engagement is imperative for co-creation to be implemented because co-creation demands willingness to act on both sides. The absence of engagement between the collaborating actors can potentially inhibit chances for the parties to be involved in a co-innovation platform. The firm can utilise the role of communities in reality and engage customers’ active participation (Ramaswamy, 2008), which has made co-creative labour possible (Gamble and Gilmore, 2013). The case of co-production concepts can also be seen in a study conducted by Parry et al. (2012), which examined the value of co-production in the UK music industry.

Two other elements that are crucial to the model are co-development and co-elevation (Kijima and Arai, 2016). In co-elevation, both the producers and consumers are conceptualising and implementing standards of needs and wants from the consumers’ responses built in the co-experience and co-definition in the earlier phase. In co-development, both consumers and producers evaluate the resulting product and open the way to again engage in the co-experience and co-definition process.

2.3. Collaborative arrangements

The second variable is collaborative arrangements. This refers to four dimensions: orchestration (Parmentier and Mangematin, 2014), governance and leadership (Parmentier and Mangematin, 2011, 2014), resource integration, and exchange of knowledge (Bitzer and Bijman, 2015; Ramaswamy, 2008; Saragih and Tan, 2018). Orchestration in this sense refers to the organisations and management of a stakeholder’s involvement in the co-innovation platform. Bitzer and Bijman (2015) also added that, in conducting collaborative arrangements, governance and leadership are crucial. They expressed this dimension as complementarity. Providing access and blurring borders between actors in the business ecosystem enable the actors to gather in an innovation platform. In the case of the music industry, Parmentier and Mangematin (2011) have shown ways in which the digital music platform could collaborate with its customers to create new designs and services to improve the quality of the web-based music streaming platform. Chaney (2012) also added that consumers could participate in value creation in the digital music industry.
2.4. Value co-capture

Value capture in a firm level is realised in the form of profit, as value capture is the realisation of exchange value by economic actors. It is insufficient for an innovation platform only to create value; it must also be able to capture it (Ryall, 2013a). In the context of the music business, recorded musical projects, musical events, or music festivals are examples of value creation results. When buyers or event attendees considered the offering (i.e., in the form of perceived value) and decided to purchase the co-created value (i.e., known as value in exchange), all of these actors have co-captured value throughout the transactions.

We argue that value co-capture in the music business addresses not only financial incentives but also nonfinancial benefits (Saragih et al., 2018a). This may include collaborative experiences to perform with professional musicians, volunteering opportunities for musical events, or as public speakers in a music event. This range of nonfinancial benefits can attract other entities to participate in the co-innovation platform. Other than the financial and nonfinancial aspects, value co-capture also triggers co-development, which can improve the overall experiences of participating members in the co-innovation platform (Kijima and Arai, 2016). Detailed operationalisation of the four phases is exhibited in Table 2.

3. Methodology

This study uses the abductive paradigm as its basis of analysis (Blaikie, 2007; Kovács and Spens, 2005; Järvensivu and Törmöros, 2010). According to such a view, it is vital to justify theoretical preconceptions before advancing further into data collection and analysis. Iteration in abductive analysis begins with the previous theoretical/conceptual basis, which is then complemented by empirical findings (Fig. 1). Therefore, this study uses a case research method, which supports the realism assumption in an abductive paradigm (Perry, 2000; Sobh and Perry, 2006).

Based on these methodological stances, this study uses the multimethod qualitative approach as presented by Saunders and Lewis (2009). This particular method pinpoints ways in which the data analysis would be carried out qualitatively through multiple sources such as interviews, diaries, internal documents, or the Internet. The study will attempt to form triangulation in the data analysis process (Perry, 2000; Sobh and Perry, 2006; Yin, 2013).

3.1. Case selections

Four cases were proposed in this study. Each case represented four distinct perspectives and experiences: a contemporary music group, music consumers, a traditional music community, and a contemporary jazz music community. Before the data
Table 2. Conceptual and operational definition.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Dimension</th>
<th>Operational Definition</th>
<th>Indicator</th>
<th>Sources</th>
</tr>
</thead>
</table>
| Convergence of ideas            | Shared values        | Shared values refer to the justification of common interests — not solely for one party, but all parties involved — in achieving specific objectives by a group of people.                                                                                                                                                                                                                     | • Determining shared goals  
• Facilitating potential conflicts and disputes  
• Establish mutual benefits through agreements  
• Discovery of new things and ideas | Lee et al. (2012), Parmentier and Mangematin (2014), Botha et al. (2015)                                                                                       |
| Value co-discovery              |                      | Co-discovery is a forward-looking view with the belief that the plan can influence the future, which contains collaborative interaction, imagination, and articulation. Takes into account co-definition.                                                                                                                                                                              |                                                                           | Simatupang et al. (2017)                                                                                                   |
| Trust Building                  |                      | Trust represents a bilateral process that requires mutual commitment between organisations and customers when attempting to keep their promises.                                                                                                                                                                                                                          |                                                                           | Romero and Molina (2011)                                                                                                   |
| Mutual benefits                 |                      | Every contributing entity in the co-innovation process must form symbiotic advantages for each                                                                                                                                                                                                                                                                               |                                                                           | Parmentier and Mangematin (2011, 2014), Ramaswamy (2008)                                               |
| Co-creation experiences         | Engagement with all stakeholders | A proactive attachment between producers and customers as well as contributing stakeholders                                                                                                                                                                                                                                                                                     | • Utilizing the role of communities  
• Initiating customers’ active participation  
• Building interactions between firms and other stakeholders in creating value  
|                                 | Existences of co-creative labour | Co-creative labour is every actor in the ecosystem that assists the co-creation of experiences processes                                                                                                                                                                                                                                                                              |                                                                           |                                                                                                                                 |
| Value co-design                 |                      | Collaborative actions of design both by supplier and consumers or other external organisation partners to produce value in the market                                                                                                                                                                                                                                                                     |                                                                           | Romero and Molina (2011), Lee et al. (2012)                                                                                       |
| Co-elevation                    |                      | The availability of data to support customers in co-creating experiences with firms through active interactions. This also takes into account co-experiences and co-definition.                                                                                                                                                                                                       |                                                                           | Kijima and Arai (2016)                                                                                                   |
| Collaborative arrangements      | Orchestration        | Organizations and management of stakeholders involved in the co-innovation platform                                                                                                                                                                                                                                                                                                                                   | • Organization and management of agents  
• Blurring the boundaries of organisation  
• Assigning the lead users  
• Assigning of project leaders  
| Value co-delivery               |                      | Delivery of products or services through collaborative participation that adds value for the consumers                                                                                                                                                                                                                                                                                                                          |                                                                           |                                                                                                                                  |
| Governance and leadership       |                      | Implementation of policy and responsible personnel in                                                                                                                                                                                                                                                                                                                                                                     |                                                                           |                                                                                                                                  |
Table 2. (Continued)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Dimension</th>
<th>Operational Definition</th>
<th>Indicator</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Integration</td>
<td>Integrating resources and skills from various actors in the co-innovation platform</td>
<td></td>
<td>Bitzer and Bijman (2015), Ramaswamy (2008)</td>
</tr>
<tr>
<td>Exchange of knowledge</td>
<td></td>
<td>Exchanging knowledge amongst actors in the co-innovation platform</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value co-captured</td>
<td>Shared financial incentives</td>
<td>Mutual financial advantages not mainly for the central players in the industry, but all the contributing stakeholders in the ecosystem</td>
<td>• Gained shared financial benefits, i.e., profits, incentives, or allowances</td>
<td>Ryall (2013b), Clarysse et al. (2014), Simatupang et al. (2017), Kijima and Arai (2016)</td>
</tr>
<tr>
<td>Co-development</td>
<td>Conceptualising and implementing the standard of needs and wants from the consumers’ responses</td>
<td>Evaluation and review or feedback from both producers and consumers regarding the service offerings</td>
<td></td>
<td>Kijima and Arai (2016)</td>
</tr>
<tr>
<td>Shared non-financial benefits</td>
<td>Mutual nonfinancial advantages for all the contributing stakeholders in the ecosystem</td>
<td>Preservation of cultural heritages, advanced knowledge, and technological understanding</td>
<td></td>
<td>Ryall (2013b), Clarysse et al. (2014), Simatupang et al. (2017), Kijima and Arai (2016)</td>
</tr>
</tbody>
</table>

collection was carried out, the procedure and techniques described in this study had been approved on June 12th 2018 by the Institutional Ethics Committee of the School of Business and Management — Bandung Institute of Technology (Letter No. 135/I1.C12.5.3/PP/2018). To maintain the confidentiality of the respondents’ identity, their names will not be disclosed in this study. Their background, professional capabilities, and organisational experiences are described in Table 3 to maintain the trustworthiness and validity of the data collection.

Classic Hymns Band is a contemporary music group that has produced two albums available in both physical and digital platforms. The musical arrangements combine...
traditional musical instruments with contemporary modern nuances, analogous to world music, which combines traditional cultural heritage with modern elements in its arrangements (Feyen, 2011; Ling, 2003; Guilbault, 1993). This genre has great potential for economic development where cultural elements are abundant (Kabanda, 2016; Ambert, 2003; UNIDO, 2016). This study argues that, by understanding the processes by which various actors innovate in the world music ecosystems, future actions related to events, marketing, and festivals can be improved to enhance the experiences of relevant actors in society (Saragih et al., 2018b).

UKSU-ITB, as the second organisation, is one traditional cultural community consisting of undergraduate students from the Bandung Institute of Technology, which specialises in North Sumatran cultural heritage preservation activities. The organisation was first formalised on December 23, 1978. UKSU-ITB attempts to preserve traditional North Sumatra’s ethnic and cultural heritage like Toba, Karo, Pak-pak, Simalungun, Mandailing, Nias, and Melayu.

ITB Jazz is a local college community in Bandung, along with Klab Jazz. The difference is that ITB Jazz is supervised under a higher education institution, while Klab Jazz is organised privately by several of its members in Bandung. These two communities are related to one another, as it is in the same geographical area in

Table 3. Respondents’ profiles.

<table>
<thead>
<tr>
<th>Organisation/institution/background</th>
<th>Participants’ initials</th>
<th>Detail</th>
<th>Key individual position(s)</th>
<th>Experiences in music/creative industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classic Hymns Band</td>
<td>JM*</td>
<td>Specialises in ethnic music arrangements</td>
<td>Guitarist</td>
<td>&gt;9 years</td>
</tr>
<tr>
<td></td>
<td>RS*</td>
<td></td>
<td>Bassist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DH*</td>
<td></td>
<td>Backing vocalist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IL*</td>
<td></td>
<td>Guitarist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>JK*</td>
<td></td>
<td>Producer</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IA*</td>
<td></td>
<td>Percussionist</td>
<td></td>
</tr>
<tr>
<td>UKSU-ITB</td>
<td>EH*</td>
<td>Cultural community</td>
<td>Vocal alunnae, music division</td>
<td>&gt;4 years</td>
</tr>
<tr>
<td></td>
<td>PG*</td>
<td></td>
<td>Organisation division, alunnae</td>
<td></td>
</tr>
<tr>
<td></td>
<td>PS**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITB Jazz/Klab Jazz</td>
<td>EI*</td>
<td>Local jazz community in Bandung</td>
<td>Member of local music community, a semi-professional singer</td>
<td>&gt;5 years</td>
</tr>
<tr>
<td></td>
<td>HT*</td>
<td></td>
<td>Semi-professional pianist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DS**</td>
<td></td>
<td>Semi-professional drummer, session player for various jazz and pop artists</td>
<td></td>
</tr>
<tr>
<td>Music consumers individual</td>
<td>DP*</td>
<td>Music consumers that buy and regularly participate in musical performances</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>BS**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NA**</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* = interviews were recorded; ** = interviews were not recorded.

https://doi.org/10.1016/j.heliyon.2019.e01540
2405-8440/© 2019 The Authors. Published by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license (http://creativecommons.org/licenses/by-nc-nd/4.0/).
the same city. Klab Jazz in particular has invited various jazz performers to its community events, including David Manuhutu, Riza Arshad, Tesla Manaf, Sri Hanuraga, and Imam Pras. Various events have been held in these two communities such as Jazz Aula Barat, Jazzfield, Sunday Jazz, Jazz Nagari, and Prime Time Jazz. One example of such an event was Jazz Nagari. This event, according to the community’s website, attempts to present a unique combination of ethnic music and jazz within the community.

To reiterate, co-innovation recognises the importance of consumers’ participation in the innovation process. Therefore, it is essential to understand why and how music consumers can be valuable partners in developing innovative ideas in the music business, particularly in the world music sector. Respondents in this context are not just ordinary passive music consumers who only listen to musical products; they also understand the nature of musicians and the music business at a glance. They regularly watch music concerts, buy music through physical/digital platforms, and often contribute to the music production of a particular artist. In this study, three music consumers are also interviewed for their insights regarding their experiences in both music consumption and collaboration.

### 3.2. Interview processes

The data collection process took four months in Bandung and Jakarta in Indonesia. All interviews were carried out by the first author and were not outsourced. In total, 15 informants were interviewed during the data collection processes (see Supplementary Table for the list of questions). The duration of the interviews varied, ranging from 45–90 minutes per interview depending on the informant. After the interview was conducted, the research continued with the transcribing process, in which all the recorded interviews were transcribed into written texts. The transcription was done manually by the researcher without the assistance of any outsourced staff to ensure that both the data collection and data analysis would be subject to the interpretation of the researcher alone without any bias. Field notes were also used in cases where participants were uncomfortable with the voice recording technique.

After the recorded interviews had been transcribed and all field notes had been collected, the initial coding process could be carried out. The coding processes that would be used were descriptive and process coding (Saldaña, 2015). Descriptive coding would be used in the first cycle, and process coding would be carried out in the second cycle. We took into account the concepts discussed in the literature review (Table 2) in the coding process, ensuring coherency for the case research method (Fig. 1). These coding processes were conducted using Atlas.ti software.

After the coding, the results were then translated into a “network view” to draw a conceptual interrelation regarding the empirical findings from the interview and
coding analyses. It was expected that the network view could present an illustrative view of how the findings were coded, quoted, and connected to one another based on the interview transcripts. The network view also takes into account field notes, manuscripts, photos, or any other documents that could support the analysis, thus making the analysis richer and easier to grasp.

4. Results

4.1. Convergence of ideas

Our findings show that setting a shared goal is vital, particularly in the music business. A shared vision is important due to its being “everybody’s business” (in creating a music project), specifically in the context of collaboration. Another respondent also asserted during the interviews that if there is no consensus regarding the ultimate goal of the collaboration, regarding who should do what, or when, who, how, or where should they do a particular task would be unclear.

Setting a common goal (in the music business) is important … it is between two or more parties. Music is, in my opinion, a consensus of harmony, so … it must be a shared interest; it cannot be in own (individual) interests, especially when it comes to collaboration… (DH)

Considering the fact that musicians’ idealism often conflict with the markets’ preferences and with the producers’ aims to make profits, it can be a daunting challenge for the collaborating actors to achieve such a win-win consensus.

Look at the needs of each. It must have mismatched between ideas to develop world music, with the needs or wants of the listeners. Because not all of them also want to hear (world music)... (JM)

Trust in this musical context includes the “chemistry” between the artists on the stage. Our respondents confirmed that in the art performance context, particularly music, there should be a “bond” between the performing artists. Should the “ambience” of trust not exist, it could potentially degrade confidence in presenting what has been prepared beforehand. Mutual benefits in this context ensure that every contributing entity in the co-innovation process must enjoy symbiotic advantages. Our respondent asserted that she was involved in a music project where financial benefits were not the main issue. At that time, she was looking more for valuable experiences—that is, to collaborate with a locally renowned artist in a musical project.

4.2. Co-creation experiences

Co-creation experiences address the role of communities, initiating customers’ active participation, building interactions between firms and other stakeholders in
creating value and proactive firms—i.e., users’ dialogue. In the music business, engagement with all relevant stakeholders, particularly customers, addresses a proactive attachment between the producers and the contributing stakeholders.

Indeed, (music) listeners’ roles will be very essential too. See for example Dewa 19, its engagement with its customers (fans/listeners). Suddenly when the band changed the vocalist, the listeners chose to not to listen to them again. It’s like a curse, right. So how to come back / how do you embrace them? If you want to entertain them, musicians may need to expedite their idealism. But, if you want to maintain idealism, you’re maybe going nowhere in this business. (JM)

Our informants explained that co-creative labourers in the music business are, for example, consumers, communities, government, and private sectors. They can provide a significant contribution to the music business ecosystem, particularly in the world music business. Another respondent also added that ministries of culture also play essential roles in developing the world music business. This government body must be able to “market” it to wider audiences, because this type of music has been commonly identified with the elderly.

### 4.3. Collaborative arrangements

Orchestration refers to the organisations and management of stakeholders involved in the co-innovation platform. It is a process of inviting relevant actors and organising the tasks to achieve desired objectives. RS explicated the ways in which orchestration can be carried out in a musical context.

*Because this collaboration is from music, a blend of cultures between the outside and the local can synergize with each other in order to achieve new music, or maybe you could say there are various people, say, achieving contemporary music. The process is by practicing, exercise, practice, combining the compatibility of this music with the music they carry.* (RS)

Governance and leadership address the implementation of policy and responsible personnel in orchestrating co-innovation processes. Again, this has been described earlier by JS in that the government ideally plays a vital role in the implementation of policy in orchestrating co-innovation processes.

*For me, the official government agency does have a program for culture. Preserve the culture as a whole or collaboratively. So, it still must be from them because they will embrace people who have ideas. There are people who have ideas but only limited creative collaboration, the end if not directed by the government (can be lost). So it must be supported, especially now that globally today (tourism, for example) is intensified. So, I think the government must start, too. Don’t just go down, but the government must also sharpen it.* (JS)
Resource integration refers to the incorporation of resources and skills from various actors in the co-innovation platform. In a world music context, this involves sharing, operating, and enhancing the skills of new ethnic musical instruments, recording new sounds, and producing unique arrangements, which essentially demands various actors’ involvement in the co-innovation platform. Exchange of knowledge, as the word implies, reflects how the co-innovation platform can be useful for actors in terms of learning and sharing knowledge.

4.4. Value co-capture

Value co-capture is defined as actions whereby financial benefits are gained by the relevant actors through profits or incentives—i.e., evaluation of the existing service or product offerings, and nonfinancial benefits shared by all the relevant actors. Financial incentives matter to the musicians in the Classic Hymns Band because most of them are full-time and semi-full-time musicians. Some of them asserted that music is not about how artists produce musical products, but also how to make money from it. This is important since for full-time musicians, their income comes primarily from musical works.

We are currently making music for the purpose of “cultural preservation”. Now we must think about how we produce music and also make money. (IL)

Non-financial benefits are also relevant in the co-innovation platform. IL explained that even though she participated in an unpaid project, she experienced and learned new things. The following paragraphs will describe in greater detail the cross-case result and how each theoretical base fits with the four phases mentioned above. Then, a schematic comparison will illustrate the alignment between each case (Table 4).

5. Discussion

We indicated earlier that co-innovation pinpoints four conceptual elements: convergence of ideas, co-creation experiences, collaborative arrangements, and value co-capture. Empirically, the respondents in our study show consistent findings with the above theoretical notions. According to the above denotations, our analysis suggests that co-innovation in the music business principally follows four basic processes following the value chain thinking concept mentioned in the literature review, which are co-discovery, co-creation, co-delivery, and co-capture (see Simatupang et al., 2017).

We propose that these terms are able to practically emphasise the value chain thinking concept, making it easier for wider audiences to understand that co-innovation processes in the music business fundamentally covers not only music creation, but also its commercialisation. We see that the proposed terms do not change
Table 4. Schematic comparison of case findings.

<table>
<thead>
<tr>
<th>Co-Innovation aspects</th>
<th>Classic hymns</th>
<th>UKSU ITB</th>
<th>ITB Jazz/Klab Jazz</th>
<th>Music consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Convergence of ideas: co-discovery</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shared values</td>
<td>Brainstorming, discussion, acknowledging community of practices, setting objectives, trust, and benefits</td>
<td>Brainstorming, discussion, acknowledging community of practices, setting objectives, trust, and benefits</td>
<td>Brainstorming, group discussions, acknowledging community of practices, setting objectives</td>
<td>Brainstorming, discussion, acknowledging community of practices, building trust and understanding benefits</td>
</tr>
<tr>
<td>Trust building</td>
<td>Trust must be built between producer and artist for the advancement of the industry</td>
<td>Trust is an essential factor</td>
<td>Trust is built between the contributing members</td>
<td>Trust is an essential factor, analogous with a married couple in music collaboration</td>
</tr>
<tr>
<td>Mutual benefits</td>
<td>Must be set at the first if present, either financially or non-financially</td>
<td>Must be set at the first if present, either financially or non-financially. However, financial benefits for them is not the primary purpose</td>
<td>Must be set at the first if present — for both non-professional, semi-, or full-professional</td>
<td></td>
</tr>
<tr>
<td><strong>Co-creation experiences: co-creation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engagement with relevant stakeholders</td>
<td>Government (BEKRAF), cultural communities, music communities, fan base</td>
<td>Government (BEKRAF), KEMENDIKBUD, other cultural communities, companies, university students’ bodies</td>
<td>Government (BEKRAF), professional/semi-professional musicians</td>
<td>Government (BEKRAF), technology-based companies, university, schools</td>
</tr>
<tr>
<td>Co-creative labour</td>
<td>Fans through fan base, music listeners, cultural community</td>
<td>Other music communities and the university has a significant contribution to the development of such a community</td>
<td>Consumers and communities have a significant role in affecting artists’ career development</td>
<td>Consumers have a significant role in affecting artists’ career development</td>
</tr>
<tr>
<td>Co-design and co-elevation</td>
<td>Takes into account idealism and market preferences; Market researcher in music business</td>
<td>Takes into account idealism and market preferences</td>
<td>Takes into account idealism and market preferences; community workshops; events</td>
<td>Takes into account idealism and market preferences; market research, survey</td>
</tr>
<tr>
<td><strong>Collaborative arrangements: co-delivery</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-delivery</td>
<td>The stage performance that demands focus on several aspects such as lighting, stage design</td>
<td>Company, other ethnic music/contemporary music communities, university students’ body</td>
<td>Delivery of events, e.g., Jazz Aula Barat, which is organised by students, community members, alumnae, university</td>
<td>Proper arrangements and presentation from the musical performances, e.g., lighting, sound, composition. Others may also include ticketing, accommodation</td>
</tr>
</tbody>
</table>

(continued on next page)
what has been discovered in the concepts and empirical findings. What we propose in principle is to synthesise and simplify the perplexing operationalisations so that it can be easier to understand for wider types of audiences without diminishing the underlying meaning within each process that we proposed earlier in the literature review (see Table 4 and Supplementary Figure).

### 5.1. Co-discovery

Co-discovery is a forward-looking view based upon the belief that the plan can influence the future, which contains collaborative interaction, imagination, and articulation (Dellyana et al., 2017). In the music business, co-discovery constitutes several key concepts: establishing shared values, initiating governance and leadership, justifying benefits, gaining trust, and building engagement among the contributing actors. This stage focuses on the philosophical reasoning as to why the platform for creativity and innovation is made.

Classic Hymns supported the idea that, indeed, having similar desired objectives regarding the production of music by an artist or a group, and also the prospective

<table>
<thead>
<tr>
<th>Co-Innovation aspects</th>
<th>Classic hymns</th>
<th>UKSU ITB</th>
<th>ITB Jazz/Klab Jazz</th>
<th>Music consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orchestration, governance &amp; leadership</td>
<td>Government (BEKRAF), cultural community, university</td>
<td>Government (BEKRAF), university, university alumnae, other cultural communities,</td>
<td>Government (BEKRAF)</td>
<td>Government (BEKRAF)</td>
</tr>
<tr>
<td>Resource integration</td>
<td>Traditional ethnic music instruments</td>
<td>Traditional ethnic music instruments</td>
<td>Traditional ethnic music instruments</td>
<td>Traditional ethnic music instruments</td>
</tr>
<tr>
<td>Exchange of knowledge</td>
<td>Musical skills, organised events, workshops</td>
<td>Learn new musical instruments, collaboration with other communities</td>
<td>Learn new musical instruments, collaboration with other communities</td>
<td>Consumers can both participate and learn from communities, workshops, events</td>
</tr>
<tr>
<td>Value co-captured: co-capture</td>
<td>Essential aspects can be gained through live performances</td>
<td>Partnership with companies, event invitations, internal campus events, invitations from student organisation bodies</td>
<td>Spotify, live performances, iTunes, merchandise, endorsements</td>
<td>Must be set at the first if present</td>
</tr>
<tr>
<td>Shared financial incentives</td>
<td>Must be set at the first if present</td>
<td>Must be set at the first if present; is not the primary purpose</td>
<td>Must be set at the first if present</td>
<td>Must be set at the first if present</td>
</tr>
<tr>
<td>Shared non-financial incentives</td>
<td>Discussions through workshop, forums, events</td>
<td>Discussions through workshop, forums, events</td>
<td>Discussions through internal meetings, events</td>
<td>Discussions through workshop, forums</td>
</tr>
</tbody>
</table>

Table 4. (Continued)
benefits they will gain, shall be justified in order to create a strong foundation for the group to proceed. UKSU ITB described that an organisation must have clear shared objectives for the future before proceeding deeper into technical issues in the innovation process. Trust is also an essential element. Music consumers have also supported the idea regarding convergence of ideas through the three operational concepts of shared values, building trust, and mutual benefits. Trust between the producers and the artists is an essential element that needs to be fulfilled by all members.

Mutual benefits, again, are also important to establish for the group. Even though the “idealism” of the artist should be preserved at first, it demands that artists’ creativity be able to “commercialise” their music, particularly in the world music context, where cultural and traditional elements impact music composition. Therefore, ITB stated that an artist should not make a dichotomy between “arts” (in an ideal sense) and “making money.” This principally tackles the artists’ mindset that an artist should also be able to “commercialise” his or her musical products, not only as a basis for self-actualisation or forms of expression.

5.2. Co-creation

Co-creation is a proactive attachment among producers, customers, and contributing stakeholders in developing offerings to the market. Co-creation experiences are reflected by integration of resources, co-elevation, and co-design with co-creative labours. Our respondents explained that co-elevation might occur when the community collaborates to provide opportunities, events, or places until, finally, world music can develop in the first place. Co-elevation, on the other hand, focuses more on co-creation led by entities in the system. It stimulates higher expectations of service by intelligent and literate individuals that leads to higher-quality service and greater social values that, in turn, increase expectations.

Co-design happens in the community context and in the semiprofessional context as the opportunity to brainstorm and produce what has been discussed in the first place. One respondent asserted that in making music, all the musicians must gather together in order to arrange and produce music that every member of the musical group has agreed to create beforehand, and to create something “new” for its listeners. We argue that co-design and co-elevation might be seen as one concept, which in principle not only helps in leveraging the final quality of musical or performance output, but also in improving its commercial success in the market.

5.3. Co-delivery

Co-delivery is the distribution of products or services through collaborative participation that adds value for consumers. This process requires integration of resources, co-creative labours, and channel justifications. This can be seen, for example, in the
case of UKSU ITB and Classic Hymns, where they conducted an event that presented not only new musical performances, but also combined additional supporting elements in the performance such as lighting, video effects, ticketing, and educational experiences. This fundamentally shows the need for co-creative partners in supporting facilities and integrating various resources. Co-creative labour comprises music consumers, music communities, producers, and all the members mentioned above who can contribute to the value produced by the members.

5.4. Co-capture

Value co-capture is defined as actions by which the relevant actors gain financial benefits through profits or incentives—i.e., evaluation of the existing service or product offerings, as well as non-financial benefits shared by all relevant actors. Shared financial incentives are indeed important to be considered by contributing members. However, it will not always be the main priority for several actors, as with the four interviews.

If there are any financial incentives for a music project, it should be justified from the beginning. Second, considering the nature of the music community in a campus environment, financial benefit may not be the ultimate purpose of the contributing members. Third, if indeed the work is for commercial purposes, it must be justified regarding the profit distribution mechanism for the contributing members.

Co-development as the last concept, which refers to the acts of conceptualising and implementing standards of needs and wants from consumers’ responses, can also occur and is supported by the actors from data collection. This concept underlines the ways in which actors in the ecosystems (producers and consumers) simultaneously improve quality following market response. Table 4 provides a schematic comparison from the four cases.

6. Conclusions

Our study suggests that the co-innovation process in the music business comprises four phases: co-discovery, co-creation, co-delivery, and co-capture. Compared to previous works (Parmentier and Mangematin, 2011; Saragih et al., 2018a), our proposed framework has provided a more robust conceptualisation of the co-innovation process that incorporates value chain thinking as the basis of analysis. Our study supports previous works regarding co-innovation, which comprises co-creation experiences, convergence of ideas in a platform, and collaboration (Lee et al., 2012). The framework resulting from this study is also consistent with the concept of resource integration and complementarities in the co-innovation concept (Saragih and Tan, 2018; Bitzer and Bijman, 2015). We also discover that co-innovation needs
proactive involvement on the part of both producers and consumers (Parmentier and Mangematin, 2011, 2014).

6.1. Contributions and implications

Our contributions to extending co-innovation concepts in the literature are twofold. First, our study has adapted the abductive stance (Kovács and Spens, 2005; Blaikie, 2007) in developing the co-innovation framework in the music business, which, to the best of our knowledge, previous studies have not yet used (Castro Soeiro et al., 2016; Chaney, 2012; Gamble and Gilmore, 2013). For instance, we focused on consumer participation in value creation as part of the co-innovation process (Chaney, 2012)—i.e., their motivations and desires in contributing to the platform. Not only do we discuss partial actors in the discovery to creation and capture (Gamble and Gilmore, 2013; Hoksbergen and Insch, 2016; Parry et al., 2012); we also take into account other related stakeholders and how they may contribute to creating the co-innovation platform. Our study also provides a systematic framework in developing a co-innovation project in practical event situations, where previous studies have largely focused on the business model innovation without describing the ways in which co-innovation could be implemented by actors in the field (Dellyana and Simatupang, 2014; Dellyana et al., 2017; Fox, 2004).

Second, our study has synthesized the value chain thinking concept (Simatupang et al., 2017) in light of the co-innovation process, which has largely been modeled but not yet deconstructed into detailed processes and actors, particularly in the music business (Parmentier and Mangematin, 2011; Romero and Molina, 2011; Saragih et al., 2018b). We have attempted to deconstruct various studies regarding innovation processes (Gassmann, 2006; Fetterhoff and Voelkel, 2006; Chesbrough, 2006) and how they may be applied in the music business context using co-innovation concepts (Table 1). Thus, we are hopeful that our model provides more detailed theoretical elaboration regarding how value in the co-innovation processes is mapped and contextualized in music-related settings. Our study can also be used in developing guidelines or policies for co-innovation practices, which previous studies have not yet explained (Najmark-Hvidt and Espersen, 2012; Gateau, 2014; Lin, 2014). Government bodies or other private entities, e.g., record label, independent music artists, and music communities, in the music business ecosystems can use this as a guideline for constructing co-innovation process and platforms.

Taking an abductive stance, our study theoretically implies that co-innovation in the music business occurs in four phases: co-discovery, co-creation, co-delivery, and co-capture. Each of these stages embeds different concepts in which contributing actors undertaking co-creative labour play unique and specific roles in the innovation platform. This study supports the notion that co-innovation invites various actors into its ecosystems—not only musicians, but also music producers, communities, and
listeners. It is important for the related stakeholders within the music business to ensure that they provide a physical and/or virtual platform for the four stages of this process to effectively implement the co-innovation process through co-creative labour.

Practically, this paper can also be useful as a reference for other creative industries that intend to implement co-innovation. Indonesian government bodies and other private entities in the music business ecosystems can use this study as a guideline for constructing co-innovation platforms. It is also critical to understand that the co-innovation concept practically focuses not only on creating new offerings in the market, but also on enabling its actors to capture financial and non-financial value.

6.2. Limitations and future research

Even though this paper has achieved its objectives, it still has some limitations. First, the cases in this paper are limited to four sample entities in the music business—i.e., musicians, consumers, cultural communities, and music communities in Indonesia. Second, this study is limited because its analysis specifically focuses on innovation in a business and management context, thus concentrating mainly on market interactions. Finally, this study is limited in its theoretical exposition by not reviewing the notion of free innovation (Von Hippel, 2016), which may also yield interesting insights and discussion in the music industry.

Therefore, this paper suggests several possible agendas for future research. First, future studies may provide a more exhaustive analysis by taking into account other relevant entities in the music business ecosystems, which have not been discussed in this paper. Second, future studies might be directed toward the integration of cross-industry innovation (musical and technological experiences) in the music business ecosystem. Examples include building virtual reality in music arrangements with listeners, fans, or communities, engaging festival attendees in the co-creative electronic platform, or composing music in public places assisted by technology. Third, the concept of free innovation in the music business can provide interesting contributions, as it will yield a new understanding in seeing the music business as part of the globalised world where boundaries between customers and producers are becoming increasingly blurred.

Declarations

Author contribution statement

Harriman Samuel Saragih: Conceived and designed the experiments; Performed the experiments; Analyzed and interpreted the data; Contributed reagents, materials, analysis tools or data; Wrote the paper.
Togar Mangihut Simatupang, Yos Sunitiyoso: Conceived and designed the experiments; Contributed reagents, materials, analysis tools or data; Wrote the paper.

Funding statement

This work was partially supported by BPPDN Kemenristekdikti (Indonesian Ministry of Research, Technology, and Higher Education) No. 1363/D3/PG/2017.

Competing interest statement

The authors declare no conflict of interest.

Additional information

Supplementary content related to this article has been published online at https://doi.org/10.1016/j.heliyon.2019.e01540.

Acknowledgements

Harriman would like to extend his sincerest gratitude to Professor Togar Simatupang and Dr. Yos Sunitiyoso for their tireless support and insightful comments. Harriman would also like to thank the Heliyon Editorial Team, and two anonymous reviewers for their constructive comments and positive criticisms in improving the quality of this paper.

References


