

## Drivers of Digital Product Innovation in Firms: An Empirical Study of Technological, Organizational, and Environmental Factors

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**Abstract :** With digitalization increasingly changing the rules of competition, firms face the need to adapt and assimilate digital technologies in order to remain competitive. Firms can choose from various possibilities to integrate digital technologies including the option to embed digital technologies aiming to innovate products or to develop digital products. However, the question of which specific factors influence a firm's decision to pursue digital product innovation remains unanswered in research. By adopting the Technology-Organization-Environment (TOE)-framework we have designed a qualitative exploratory study including eleven German practitioners to investigate relevant contingency factors. Our results indicate that the most critical factors for a company's decision to pursue digital product innovation can be found in the technological and environmental dimensions, namely customers, competitive pressure, technological change, as well as digitalization fit.

**Keywords :** digital innovation, digitalization, product innovation, TOE-framework

**Conference Title :** ICTBM 2016 : International Conference on Technology and Business Management

**Conference Location :** San Francisco, United States

**Conference Dates :** June 09-10, 2016