Configuring the Innovation Logic of Design Thinking

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Abstract

Design Thinking (DT) has emerged as a powerful yet theoretically underdeveloped approach for driving customer-centric innovation in contemporary marketing and business landscapes. This study aims at creating a comprehensive view on Design Thinking (DT) through structural embedding of its elements and processes in an innovative logic. The study applies a conceptual research design supported by integrative literature review, theory mapping and conceptual structuring. Empathy, iteration and abductive reasoning emerge as key principles of DT that operate via problem framing, prototyping and co-creation in order to foster customer-oriented innovation. The study shows how the proposed framework can complement the existing views on innovation such as Open Innovation, Dynamic Capabilities and Knowledge-Based View. Furthermore, it provides a foundation for future empirical research while offering practical guidance for embedding responsible, stakeholder-centric, and sustainable innovation practices that enhance customer-centricity, organisational resilience, and long-term competitive advantage. The current research contributes to the Design Thinking literature by considering DT as an innovation logic and developing a theory that integrates the fragmented views from design, innovation, and marketing literature. The originality of this study lies in conceptualising Design Thinking as a coherent innovation logic by integrating its foundational principles, processes, and mechanisms into a unified theoretical framework that bridges fragmented perspectives across the design, innovation, and marketing literature.

Keywords: Design Thinking; Innovation; Value Co-creation; Abductive Reasoning; Innovation Management

SMS Journal of Entrepreneurship & Innovation (2026)
DOI: https://doi.org/10.21844/smsjei.v12i02.30001
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How to cite this article: Maurya S., Prabhakar R. (2026). Configuring the Innovation Logic of Design Thinking. *SMS Journal of Entrepreneurship & Innovation. 2025; 12(1):* 1-14
Source of support: Nil.
Conflict of interest: None

Introduction

For a company's competitiveness, market relevance, and ability to create long-term value, Innovation is an essential element. (Tidd & Besan, 2014; Chesbrough, 2003). The growing importance of innovation has been recognized as a key factor for competitive advantage and

development (Uygun & Gujrati, 2020). Traditional innovation theories such as linear models, technology push, and demand-pull frameworks are insufficient to address the complexities, uncertainties and human-centric aspects of innovation challenges (Kline & Rosenberg, 1986; Dosi, 1982; Christensen, 1997). Organizations operate in environments characterized by rapid technological advancements, unpredictable consumer preferences and global competition. These situations require flexible, iterative and user-centered problem-solving approaches. (Brown,2009; Liedtka, 2015).

Design Thinking (DT) has emerged as a powerful mechanism that transforms innovation with the help of empathy, iteration and abductive reasoning, rather than solely relying on a collection of tools or procedures (Dorst, 2011; Brown & Katz, 2011). To emphasize a human-centered approach to problem solving, experimentation, and teamwork, design thinking integrates design studies, cognitive science and management theory principles. (Kolko, 2015; Carlgren et al., 2016). This mechanism focuses on technology or market dynamics by highlighting the importance of experiential and cognitive aspects in the innovation process.

From a marketing perspective, DT's focus on empathy and teamwork aligns well with service-oriented logic and customer-centered innovation approaches. In these frameworks, Value is co-created with users rather than by companies. (Prahalad & Ramaswamy, 2004; Vargo & Lusch, 2004; Lemon & Verhoef, 2016). Businesses can create outstanding products, services and experiences by integrating DT principles into innovation processes. They may address evolving customer needs and preferences. Furthermore, this can result in a sustainable competitive edge (Patricio et al., 2020; Verganti, 2009). Innovation sustainability is achieved through the integration of economic, environmental, and customer viewpoints (Khan, 2023).

Despite the growing popularity of DT, there is no strong theoretical foundation for it. Many researchers tend to regard DT as an approach that uses certain methods but does not form a coherent innovation methodology (Johansson-Sköldberg et al., 2013; Micheli et al., 2019). Lack of clarity regarding DT brings the following issues into picture:

- Poor comprehension of the interrelation of key concepts underlying DT, including empathy, iterations, prototypes, and abduction in terms of innovative solutions.

- The links between the DT framework and the effects of implementation in organizations, specifically the effects on marketing activities and customers' satisfaction and value co-creation.

- DT can be perceived as being implemented in an ineffective way due to focusing on the techniques rather than the logic behind the approach. It limits its use and undermines the importance of its theory (Liedtka, 2018; Carlgren et al., 2016).

This forms a solid foundation for our research question**.**

RQ: How can the principles, processes, and mechanisms of Design Thinking be systematically organized to clarify its innovation logic, and what implications does this have for innovation theory and marketing practices?

This question regards Design Thinking as more than just a toolkit; it is a cohesive innovation framework that connects theory and practice, emphasizing its importance for both management

and customers.

Literature Review

Origin of Design Thinking

Design Thinking (DT) represents a novel innovation method, which has advanced the conventional methods of linear and technology-driven innovations (Brown, 2009; Dorst, 2011). The history of Design Thinking dates back to design science, cognitive theories, and management. It represents a human-centric method for solving problems using inferential thinking (Simon, 1969/1996; Schön, 1983; Buchanan, 1992). According to Simon (1969, 1996), design is defined as the creation of actions intended to transform existing circumstances into desirable ones; therefore, design involves both scientific and creative elements. The idea of reflective practice came up in Schön's work in 1983 and referred to how the designers handle "problem situations" by reflection on action. "Wicked problems," which include complexities and unforeseen situations, were added to this debate by Buchanan in 1992.

DT was incorporated in management theory through the writings of IDEO and various scholars like Brown (2009) and Martin (2009). According to these authors, DT is a type of innovation based on the idea of iteration and inferential reasoning process. Unlike other innovation paradigms that depend on technology or markets, DT places emphasis on experimentation, empathy, and collective creation of new products (Liedtka, 2015; Kolko, 2015; Carlgren et al., 2016). From the viewpoint of marketing management, DT resonates with the concepts of service-dominant logic and co-creation, with the consumer becoming an active participant in the innovation process (Vargo & Lusch, 2004; Prahalad & Ramaswamy, 2004).

Most scholars agree that DT originates from human-centred problem-solving and iterative learning, but their interpretations vary. Early design scholars viewed it as a reflection-based process for complex challenges (Simon, 1969/1996; Schön, 1983; Buchanan, 1992). Later management and marketing scholars see it as an innovative, customer-focused, value-driven strategy (Brown, 2009; Martin, 2009; Liedtka, 2015).

Elements of Design Thinking

The elements of DT innovation approach serve as the basis of the methodology, assisting organizations in creating innovations of value (Brown & Katz, 2011; Dorst, 2011). The primary principles of DT comprise the following aspects:

Empathy:

DT starts with the empathic perception of users' experiences, needs, and challenges. Such an understanding will help the organization identify untapped opportunities for innovation (Brown, 2009; Liedtka, 2015; Kolko, 2015). Empathy is not only about observing but also engaging with people, thus influencing both problem formulation and ideation.

Iteration:

Idea generation, prototyping, testing, and refining create the essence of DT (Martin, 2009; Dorst, 2015). In contrast to other sequential approaches, such an iterative process provides the ability to respond to emerging circumstances.

Abductive Reasoning:

Uncertainty and exploration characterize DT (Dorst, 2011; Verganti, 2009). Thus, it allows exploring the uncharted territory, identifying

opportunities that go beyond the current state of knowledge and the existing customer needs.

Prototyping and Experimentation:

Prototyping stimulates experimentation and fast learning from experience (Brown, 2009; Liedtka & Ogilvie, 2011). These principles are enacted through organised processes such as redefining problems, rapid prototyping, iterative testing, and stakeholder collaboration (Patrício et al., 2020). Collectively, they create a distinctive approach to innovation that highlights flexibility, human-centered value, and the generation of new knowledge.

Design Thinking as a Unique Innovation Logic

DT is considered not only a tool, but also a set of tools and, in addition, the unique innovation logic (Dorst, 2011; Micheli et al., 2019). Unlike linear, stage gate and other innovation approaches including open innovation (Chesbrough, 2003; Tidd & Bessant, 2014), DT incorporates human-centric perspective, trial and error practice, as well as abduction into the unique innovation logic.

With this reasoning, organizations can:

- Explore ambiguously defined problem domains and find hidden opportunities on the market (Verganti, 2009).
- Create both revolutionary and evolutionary innovations, achieving a balance between imagination and pragmatism (Micheli et al., 2019).
- Connect product and service innovation with customer experience and, thus, generate value jointly (Patrício et al., 2020; Lemon & Verhoef, 2016).

Thus, the logic of design thinking (DT) includes not only creative idea generation, but the entire process of problem definition, finding solutions, and value realization.

While traditional innovation models focus on technology, knowledge management, and innovation processes (Chesbrough, 2003; Grant, 1996; Teece, 2007), Design Thinking emphasises empathy, experimentation, and iterative learning. However, research has yet to fully explain how these elements drive innovation.

Debates and Criticisms

Despite its broad acceptability, there have been several criticisms about DT. Not all scholars think DT fits into the category of innovation strategy and think that it is only another transient trend (Johansson-Sköldberg et al., 2013; Carlgren et al., 2016). The criticisms include:

Superficial Implementation:

There are some organizations that have adopted the methods of DT without comprehending the concepts of empathy, iteration, and abduction behind DT, thus making the concept inefficient (Liedtka, 2018).

Misinterpretation of Concepts:

There are discrepancies in the definition of concepts associated with the process of DT, causing inconsistency in the theory (Micheli et al., 2019; Dorst, 2011).

Lack of Relation to Innovation Theory:

DT lacks relationship with other important innovation theories like open innovation, dynamic capability, and knowledge-based perspectives (Chesbrough, 2003; Teece, 2007; Grant, 1996).

According to these perspectives, the primary issue with current Design Thinking literature does not lie in the area of practical relevance; rather, it is in the absence of a unified theoretical framework to link the principles, processes, and mechanisms underlying Design Thinking into innovation logic.

Research Gaps

Despite increasing interest in studying Design Thinking, the existing literature is largely focused on DT either as a methodology, a set of tools, or a way of designing rather than as an innovation logic. The latter aspect has not received sufficient coverage in the literature. While Design Thinking is well known for fostering creativity, a user-oriented approach, and innovations, there is a lack of holistic understanding of the innovation logic behind DT (Dorst, 2011; Micheli et al., 2019). Important gaps in research are as follows:

- Knowledge regarding the role of DT principles (empathy, iteration, and abduction) on the creation of value.
- Relationship between the innovation logic in DT and marketing results (customer experience and value co-creation).
- Lack of malleable models that explain the DT process logic.

Filling these gaps is essential for understanding the rationale behind this conceptual paper that aims to position DT as a unique way of innovation through explaining its principles, process, and results in a systematic manner.

Research Objectives

This research aims to clarify the innovation principles behind Design Thinking and explore its implications for innovation theory and marketing practices.

The research objectives are:

RO1: To identify and conceptually integrate the key principles, processes, and mechanisms of Design Thinking that collectively constitute its unique innovation logic.

RO2: To establish a conceptual framework that positions Design Thinking as a coherent innovation approach, demonstrating its link to innovation results and customer-focused value creation.

Research Methodology

In recent years, there has been growing recognition of conceptual research as a valid research technique within academic circles, especially in the areas of management, innovation, and design (Jaccard & Jacoby, 2010; Okoli, 2015). Unlike empirical research which focuses on gathering data and performing statistics, conceptual research entails the synthesis of information and generating new theories through the integration of different perspectives (Corley & Gioia, 2011; Jaakkola, 2020).

- Conceptual methodology is more suited to the area of study due to the following factors:
- The basic rationale behind DT is yet to be well developed despite its increasing use in practice (Johansson-Sköldberg et al., 2013; Liedtka, 2018).
- Literature in the field mainly stresses the techniques, methods, and case analyses of DT without a proper theoretical explanation of the principles of DT and innovation (Carlgren et al., 2016; Dorst, 2011).
- Conceptual research can assist in the construction of the logic of innovation based on DT principles and processes (Micheli et al., 2019; Jaakkola, 2020).

The research uses an integrative literature synthesis with conceptual integration, adhering to methodologies advocated by Jaakkola (2020), Micheli et al. (2019), and Corley & Gioia (2011).

The key processes include:

- Detailed literature review: The sources are academic journals, basic books, and essential conference papers related to design thinking, innovation management, and marketing (Brown, 2009; Dorst, 2015; Patrício et al., 2020). The focus is on discovering DT principles, processes, mechanisms, and outcomes.
- Theory Mapping and Synthesis: Derived concepts are classified according to principles (such as empathy and iteration), processes (divergent/convergent loops), and mechanisms (abduction and prototyping) (Dorst, 2011; Liedtka, 2015).
- Framework Building and Configuration: In this investigation, a conceptual organization methodology is applied, whereby related principles and processes are organized into innovation logic (Jaakkola, 2020).

The analysis approach focuses on turning qualitative understanding into an analytically sound concept by employing the following procedure:

Step 1: Principle Selection: The fundamental design thinking principles of empathy, iteration, abduction, and prototyping are derived from the literature (Brown, 2009; Dorst, 2011; Liedtka, 2015).

Step 2: Process Mapping: This is the process that investigates the application of principles within practice via problem re-framing, iterations, and prototyping (Martin, 2009; Kolko, 2015).

Step 3: Framework Configuring: Principles and processes are interlinked, illustrating causations and feedback loops that form the innovation logic of DT. The framework correlates design thinking with other innovations frameworks (Chesbrough, 2003; Teece, 2007; Grant, 1996), pointing out distinctiveness and complementarities.

Step 4: Concept Validation: Cross-referencing the literature ensures that the framework is consistent with previous empirical results and theories (Micheli et al., 2019; Patrício et al., 2020).

While statistical validation is not involved in conceptual research, it can be assured by:

- The Inclusion of Extensive Literature: This includes an exhaustive list of essential and recent literature on DT, innovation, and marketing (Brown, 2009; Dorst, 2011; Carlgren et al., 2016).
- Transparent Analyses: This will ensure transparency regarding the identification of principles, mapping of processes and their configuration (Jaakkola, 2020).
- Theoretical Backing: The proposed framework will be based on proven innovation theories like open innovation, dynamic capabilities, and knowledge-based perspective (Chesbrough, 2003; Teece, 2007; Grant, 1996).
- Managerial and Marketing Relevance: Since the discussion incorporates principles of customer-driven innovation and value creation through co-creation, the conceptual structure will have validity both in academics and practice (Prahalad & Ramaswamy, 2004; Lemon & Verhoef, 2016).

Analysis & Discussion

Conceptual Framework

Design Thinking (DT) can be considered a distant paradigm of innovation development. (Dorst, 2011; Brown, 2009; Liedtka, 2015). The literature suggests three fundamental principles underlying DT-based innovation processes, which are empathy, iteration, and abduction (Dorst, 2011; Brown, 2009; Liedtka, 2015).

Empathy - Innovation Focused on Users

Innovation based on DT is founded upon the principle of empathy as the understanding of customers' needs and wishes is essential within this approach (Brown, 2009; Kolko, 2015). Importantly, empathy allows identifying certain opportunities not accessible through regular market research methodologies (Patrício et al., 2020; Prahalad & Ramaswamy, 2004). Empathy helps formulate a problem so that appropriate innovative solutions could be found (Lemon & Verhoef, 2016).

Iteration: An Innovative Approach That Is Both Adaptable and Experiential

Iteration refers to how DT facilitates translation of learning into actions through divergent and convergent thinking, rapid prototyping, and testing processes (Martin, 2009; Dorst, 2015). Iterative approaches allow firms to cope with uncertainties, gather feedback, improve their solutions, and facilitate the development of adaptable innovation (Liedtka, 2018; Micheli et al., 2019).

Abductive Reasoning: Delivering Value Through Inventiveness

Abductive reasoning allows organizations to develop innovative and original solutions under conditions of uncertainty (Dorst, 2011; Verganti, 2009). The latter type of reasoning is different from both deductive and inductive reasoning, as abduction requires innovation and inventiveness, regardless of the size of innovations made (Micheli et al., 2019). Abduction is implemented in DT through idea synthesis, scenario development, and facilitation of brainstorming sessions (Brown & Katz, 2011).

Processes involved in DT translate its principles into innovative results, comprising the core of its logic:

- Problem Framing: Using empathy as a means to reframe problems and create opportunities oriented around the needs of the users, which are strategic for success (Dorst, 2015; Kolko, 2015).
- Prototyping and Experimenting: Practical experimenting contribute to faster learning, lower levels of uncertainty, integration of user feedback, and creation of cycles of improvement (Brown, 2009; Liedtka, 2018).
- Collaboration of Many Parties: Insights from consumers, diverse groups, and even outside actors are combined through collaboration to enhance value creation and market orientation (Prahalad & Ramaswamy, 2004; Patrício et al., 2020).

Based on the principles mapped against the processes, this paper proposes a Conceptual Framework of the Innovation Logic of Design Thinking that comprises the following elements:

- Principles: Empathy, iteration, abduction.
- Processes: Problem re-framing, prototyping, co-creation, testing.
- Mechanisms: Divergent-convergent thinking

cycles, feedback loops, scenarios.

- Outcomes: Value creation, customer-oriented innovation, experience differentiation.

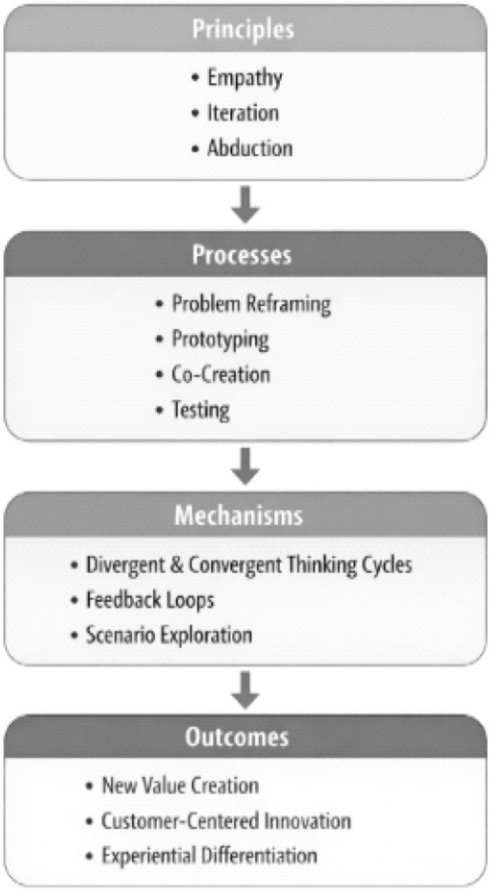

Figure 1: Configured Innovation Logic of Design Thinking

Despite being covered in the domains of design and management, the principles of DT contribute to achieving goals in marketing and customer experience (Lemon & Verhoef, 2016; Patrício et al., 2020).

Application of Design Thinking in Innovation Theory Context

Although existing innovation theories, including linear, interactive and open innovation approaches, can provide helpful insights, they frequently neglect the important human-centeredness, abductiveness, and iterativeness of the innovative processes today (Chesbrough, 2003; Tidd & Bessant, 2014). In turn, Design Thinking (DT) suggests a different approach which involves such components as empathy, iterations, and abductive thinking to create solutions matching customers' demands (Brown, 2009; Dorst, 2011). Digital innovation has now become a capability through which organizations can innovate in their business models and gain a competitive advantage (Chaurasia et al., 2025).

Open innovation approach: According to

Chesbrough (2003), knowledge sharing in innovation is of paramount importance. DT goes further as it concentrates on user experience, making the open innovations grounded in customer experiences and hidden needs (Patrício et al., 2020).

Capabilities concept: According to Teece (2007), dynamic capabilities are necessary for companies in recognizing, capturing, and reconfiguring their resources. DT operationalizes these capabilities through the prototyping component and reframing of the challenge (Pruett et al., 2018).

Knowledge-based theory: As defined by Grant (1996), knowledge is one of the important organisational assets. DT uses users' and cross-functional team members' tacit knowledge to deliver tangible innovation outcomes (Micheli et al., 2019).

Theoretical Mechanisms Underlying Design Thinking

In extending the conceptual configuration approach outlined in Section 5, DT mechanisms for innovation creation could also be grounded in theories:

Empathy: Knowledge Intake via Customer Insights

Empathy can be viewed as a mechanism for acquiring knowledge, connecting customer insights to organizational problem-solving (Kolko, 2015; Prahalad & Ramaswamy, 2004).

Iteration: Adaptive Learning and Dynamic Capabilities

The iterations involved in creating prototypes and getting feedback help develop dynamic capabilities, whereby organizations can identify and respond to changes by experimenting and adjusting products/services (Teece, 2007; Dorst, 2015).

Abduction: Novelty Creation and Strategic Distinction

Abductive reasoning enables organizations to develop novel approaches in the face of uncertainty, creating unique value propositions (Dorst, 2011; Verganti, 2009).

The relevance of this approach is even more apparent when considering marketing-based innovations, where novel understandings and experiences create a strategic edge (Lemon & Verhoef, 2016).

Convergence with Marketing and Customer-Centric Innovation

Design Thinking holds a special place within the space of convergence between innovation management and marketing, specifically with respect to customer experience, co-creation, and value creation:

Consumer Orientation: Consumer empathy and co-creation help innovations meet customer needs by increasing the value and emotional connection created (Prahalad & Ramaswamy, 2004; Lemon & Verhoef, 2016).

Unique Experience-Based Approach: Through iterative prototypes, organizations are able to examine the experiences they are creating, leading to innovations in customer journey and service experience (Patrício et al., 2020). Customer-focused service innovation enhances customer value and boosts organizational competitiveness (Mohanty, 2020).

Collaborative Value Creation: Abductive thinking

and idea generation lead to the development of new, distinctive products through organizational knowledge and customer insights (Verganti, 2009).

Table: 1

Existing Paradigm	DT Contribution	Complementarity
Open Innovation Chesbrough, H. (2003)	Introduces human-centred problem framing and customer insight integration	Enhances the relevance and applicability of external knowledge
Dynamic Capabilities David J. Teece (2007), Pisano, G., & Shuen, A. (1997)	Iteration and rapid prototyping operationalize sensing, seizing, and reconfiguring.	Strengthens adaptive innovation and strategic responsiveness
Knowledge-Based View Robert M. Grant (1996)	Leverages tacit user knowledge and cross-functional insight	Converts knowledge into actionable, novel solutions
Design-Driven Innovation Verganti, R. (2009)	Abductive reasoning generates meaning-driven novelty	Provides structured principles and processes for innovation

The presence of an innovative ecosystem and appropriate public policy is essential for innovation and entrepreneurship in an organization (Qureshi & Baijal, 2024). According to some scholars, DT can be a trend in management, often used in practice regardless of the lack of proper theoretical background and appropriate implementation within the organization (Johansson-Sköldberg et al., 2013; Carlgren et al., 2016).

In the proposed framework, this problem will be addressed by providing theoretical grounds for the link between DT and innovation concepts. Previous research suggests that organizations tend to use DT techniques regardless of following DT fundamentals, which limits innovation success (Liedtka, 2018). One of the key issues discussed by critics is the lack of clear theoretical grounds behind DT and difficulties with comparing different studies (Johansson-Sköldberg et al., 2013; Dorst, 2011). The present study addresses this issue by defining DT principles and integrating them into the general innovation theory.

Research Findings

From the above analysis, it is clear that Design Thinking is a holistic innovation process consisting of three key principles: empathy, iteration, and abductive reasoning. The above principles operate together using problem reframing, prototyping, and co-creation to deliver customer-centric innovations.

The key findings are:

- Empathy as Catalytic Principle: Empathy serves as a driver for identifying the problem from a user perspective and helps to discover hidden opportunities (Brown, 2009; Kolko, 2015; Prahalad & Ramaswamy, 2004).

- Iteration as an Adaptive Mechanism: Iterative prototyping and feedback loops facilitate adaptive learning and refinement that help to meet changing market needs (Martin, 2009; Liedtka, 2018).

- Abduction as Rationale for Novelty Creation: Abduction allows organizations to develop

novel solutions by using their insights in uncertain environments (Dorst, 2011; Verganti, 2009).

- Relationship with Customer Centric Outcome: DT fosters co-creation and value creation hence producing marketing outcomes (Lemon & Verhoef, 2016; Patrício et al., 2020).

Theoretical Contributions

The contributions to innovation and design theory made by this study include:

- Development of Framework: Unlike prior research which viewed DT as a methodology, practice, or toolbox approach to innovation (Jaakkola, 2020; Micheli et al., 2019), this study conceptualizes DT as innovation logic.

- Links to other innovation approaches: The DT is linked to open innovation, dynamic capabilities, and knowledge management approaches, thus highlighting its unique and complementary aspects (Chesbrough, 2003; Teece, 2007; Grant, 1996).

- Links to marketing and customer-oriented theories: The utilization of DT in this research highlights DT as an innovative way that focuses on co-creation concepts. It is another reason for the significance of DT in marketing strategy and innovation service areas (Prahalad & Ramaswamy, 2004; Lemon & Verhoef, 2016).

Practical Implications

Building on the proposed conceptual framework, the following implications illustrate how organisations can operationalise Design Thinking within innovation and marketing practice.

Systematic Adoption of DT:

The adoption of empathy, iterations, and abductive reasoning in innovation activities will ensure that innovations are not only creative but also market-oriented and based on customer requirements.

Enhanced Customer-Oriented Innovation:

Iterations of collaborative creation and prototypes will offer an interesting process of innovation, which increases customer satisfaction and loyalty.

Minimized Risk:

Through iterations, organizations will be able to refine their concepts before adopting them, thereby reducing innovation risks.

Competitive Advantage:

DT helps companies create innovations that cannot easily be replicated by competitors through experience.

Societal and Sustainability Implications:

- Empathic and co-creative integration of stakeholders' viewpoints to ensure sustainable innovation.

- Facilitating the generation of value for the economy, the society, and the environment through problem framing.

- Increasing organizational innovation resilience as well as sustainable competitive advantage.

Conclusion

In this study, Design Thinking (DT) is reconceived as an internally consistent innovation logic that contrasts with fragmented tool sets associated with

the concept. The systematic configuration of DT's three main pillars, namely empathy, iteration, and abductive thinking, with other vital processes such as problem definition, prototyping, and cocreation is provided to create an adequate theoretical base for explaining the logic behind the functioning of DT in an innovation context. The results confirm the potential of DT for navigating uncertainty, revealing hidden customer needs, and creating novel experience-oriented innovations. As opposed to established innovation models, DT embraces human-centredness and adaptive learning within innovation processes, which makes DT highly aligned with the emerging marketing paradigms related to value cocreation and customer experience management.

Simultaneously, this study reveals significant conceptual connections between DT and the current mainstream innovation theories, including open innovation, dynamic capabilities, and the knowledge-based view, which confirms the complementary and integrative nature of DT within innovation contexts. Thus, this research both resolves the issue of conceptual fragmentation and promotes a unifying vocabulary for future research.

Recommendations

Based on the conceptual framework, as well as on the findings presented above, the following recommendations can be made for both practitioners and researchers:

Integrated Approach to DT:

Organizations need to go beyond considering DT only as a toolkit, and to embrace it fully by integrating DT as a philosophy of innovation into their decision-making and strategy development process.

Focus on Deep Customer Empathy:

Second, companies should pay special attention to developing practices that help to better understand their customers and establish deep emotional connections with them, through conducting more customer immersion experiments and employing other similar approaches.

Fostering Culture of Iterative Experimentation:

The process of iterative prototyping and testing ideas should be facilitated, as it helps reduce uncertainties involved in the innovation process, thus, decreasing its risks.

Encouragement of Abductive Reasoning:

Managers and innovation teams need to encourage the use of abductive reasoning to explore radical ideas that can contribute to the creation of unique value propositions.

Inter-Departmental and Co-Creation Activities:

Companies must encourage collaboration among various functional areas as well as with other parties such as customers to foster co-creation and market relevance of innovations.

Incorporation into Current Innovation Models:

DT must be systematically incorporated within innovation models like open innovation and dynamic capabilities for increased organizational flexibility, knowledge exploitation, and strategy responsiveness..

Scope for Future Research

Some potential areas for further research on this topic include:

Empirical Research:

Future research could examine the impact of the DT framework on innovation performance in different sectors and innovation environments.

Different Cultures:

Examining the use of the DT principles in different cultures and organizations and focusing on differences in problem framing, iterations, and collaboration techniques.

Relationship with Digital Technologies and Innovation:

Investigating the relationship between the DT paradigm and digital innovations, artificial intelligence innovations, and digital service innovations.

Longitudinal Analysis:

Assessing the effects of the DT-based interventions in the long run, particularly customer value creation and market differentiation.

Limitations

- No empirical validation of the proposed conceptual framework has been done in this study.
- The framework uses secondary sources which may lead to inconsistencies in definition and interpretations.
- It is generic in character and does not take into consideration any variations depending on the industry or context.
- The lack of an empirical measure makes it difficult to determine its influence on innovation and consumer related matters.

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