



Contents lists available at ScienceDirect

International Journal of Innovation Studies

journal homepage: <http://www.keaipublishing.com/en/journals/international-journal-of-innovation-studies>

Creativity and innovation: A contribution of behavioral economics

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ARTICLE INFO

Article history:

Received 25 June 2018

Accepted 22 November 2018

Available online 17 July 2019

Keywords:

Behavioral economics

Neuroeconomics

Innovation

Creativity

ABSTRACT

Innovation in products and services is seen by scholars, by specialized media in management, and by some managers as the main currency in modern economies. This is because it allows high average market profits, fame for innovators, or brand growth, for example. However, in practice, most managers still treat innovation as a secondary issue on their agendas. This problem results from the inability of market professionals to analyze people inside and outside their companies. It is not possible to develop innovative products in a systematic way without treating this point effectively. Moreover, in this process, creativity is a necessary, but not necessarily sufficient, condition to be fulfilled and requires behavioral transformation. In this context, it is believed that behavioral economics can make a sufficient contribution in the form of an analytical marketing tool by offering an analysis closer to human beings' reality, and, thus, allow a better understanding of people's behavior in the process of innovation in the market.

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1. Introduction

The economic world about which managers - including marketers - were educated no longer exists. This means that the main traditional existing tools for dealing with markets have become outdated. Despite this, managers still insist on using them. Perhaps the best explanation may be that, so far, no better solution than the hypothesis of full rationality seems to exist - but it may also be for pure convenience. In addition, those solutions that are considered *avant-garde* - which are more concerned with results than with physiological and behavioral models and theories - are generally perceived as a threat to the *status quo*. This naturally raises the level of skepticism regarding effectiveness in dealing with economic problems.

Everything in economic life has become faster, inconsistent, and particularly dynamic, resulting in a diminished sense of control over economic variables. Consumers now shop while watching their team in a football match; while talking with their relatives, who may live on the other side of their country; they have easy access to prices, delivery terms, and product characteristics on specialized sites; and other consumers' comments on forums, to mention but a few current real world topics about this issue. Furthermore, all this is only a click away; the consumer is always watching the world from a fashion

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<https://doi.org/10.1016/j.ijis.2019.06.003>

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