

Innovation Strategies

Introduction

INNOVATION IS A NEW PRODUCT OR SERVICE
THAT COMES FROM A CREATIVE IDEA

INNOVATION:
A) NOVEL
B) USEFUL
C) SUCCESSFULLY
IMPLEMENTED

Example

NETFLIX



PLAN AHEAD + ACCESS 90,000 MOVIES

“Instead of building stores, Netflix shipped DVDs directly to customers’ homes. The downside of renting movies online was that you had to plan ahead – no impulse movie watching. But the upside was the ability to access over 90,000 movies in the Netflix library.”

“Netflix didn’t have to build stores, hire sales clerks, or buy inventories for every store, it had more than a 30 percent cost advantage over Blockbuster.”

NETFLIX



“Netflix defeated Blockbuster by deploying an innovative strategy that used a fundamentally different business model.”

Innovative Strategies

INNOVATIVE STRATEGIES

MUST BE DYNAMIC DUE TO CHANGES
IN COMPETITIVE OFFERINGS AND IN
CUSTOMER NEEDS



“It’s difficult to provide a full list of different kinds of strategies based on radical innovation because new innovative strategies are constantly emerging – change is a natural part of innovation.”

1-Eliminate Activities in the Value Chain



“The most typical pattern is to eliminate a step in the channel to the customer, such as a store, which also eliminates the need for salespeople and inventory.”

NETFLIX

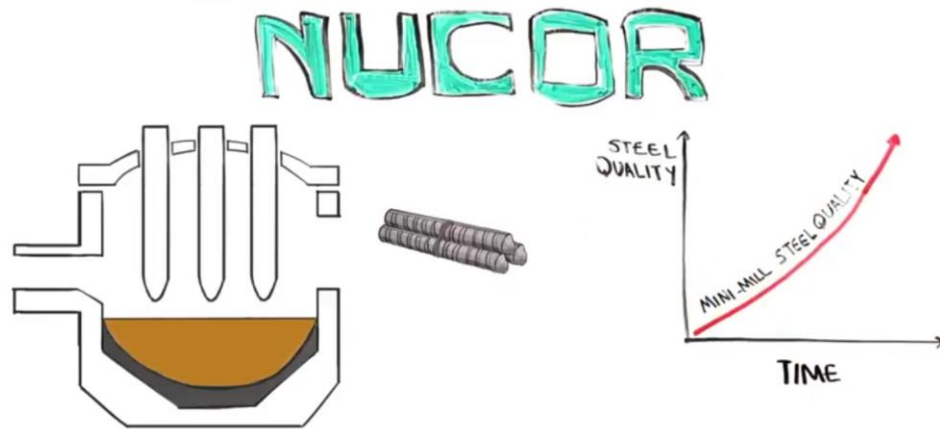
amazon.com



SOUTHWEST

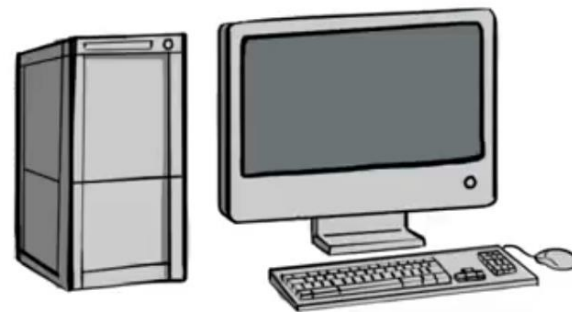
Netflix eliminated stores. Amazon eliminated the brick and mortar stores. Southwest airlines eliminated meals, seat reservations, and luggage transfers.

2-Low End Disruptive Innovations



“Use different technologies than rivals to produce low cost products or services.”

Apple and IBM's first micro-computers along with Skype have utilized this innovation strategy



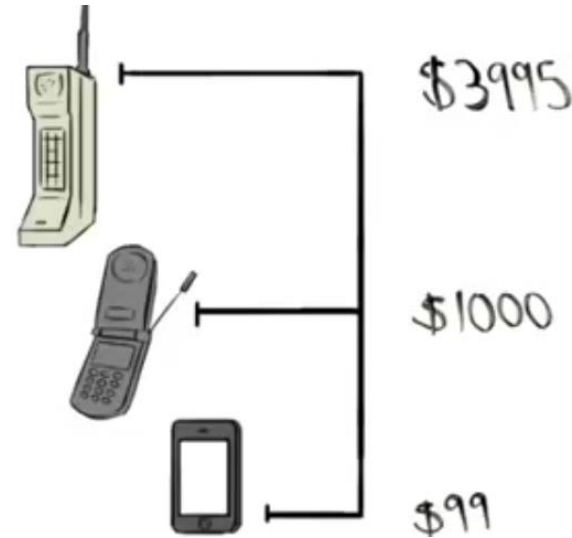
3-High End Disruptive Innovations



“High end disruptive innovations actually outperform existing products when they’re introduced.”

“A high end disruptive innovation may serve a specialized, high-end niche of a market for years before it finally trickles down to mainstream markets”

EFI



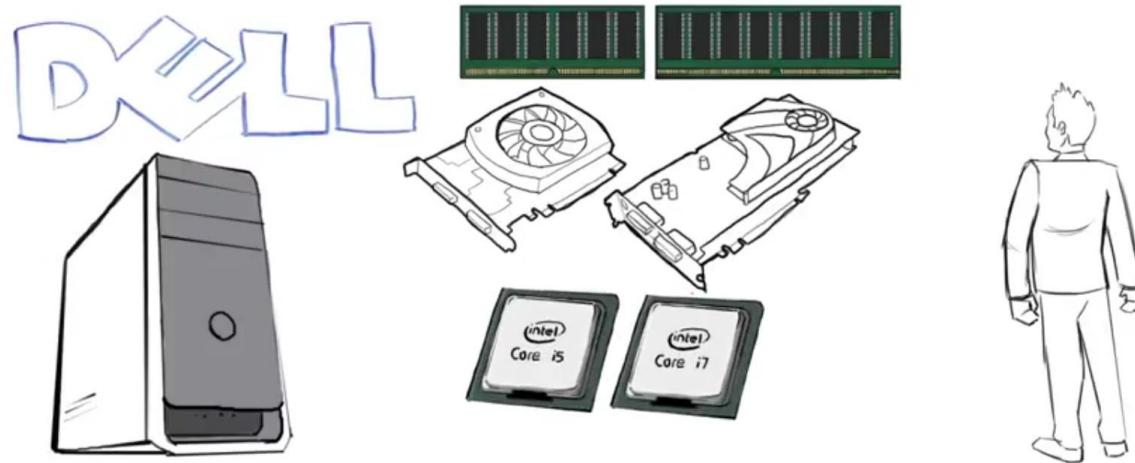
4-Design the Value Chain for Mass Customization

MASS CUSTOMIZATION = OXYMORON



“New technologies and processes have allowed for the mass production of individually customized goods or services.”

“Dell sold directly to customers and allowed them to choose the components that mattered most to them; they then custom built and shipped the PC “



5-Create New Markets by Targeting Non-Consumption

BLUE OCEAN

“A company can best succeed by creating new demand in an uncontested market space. Offering value that is *very* different from anything on the market.”

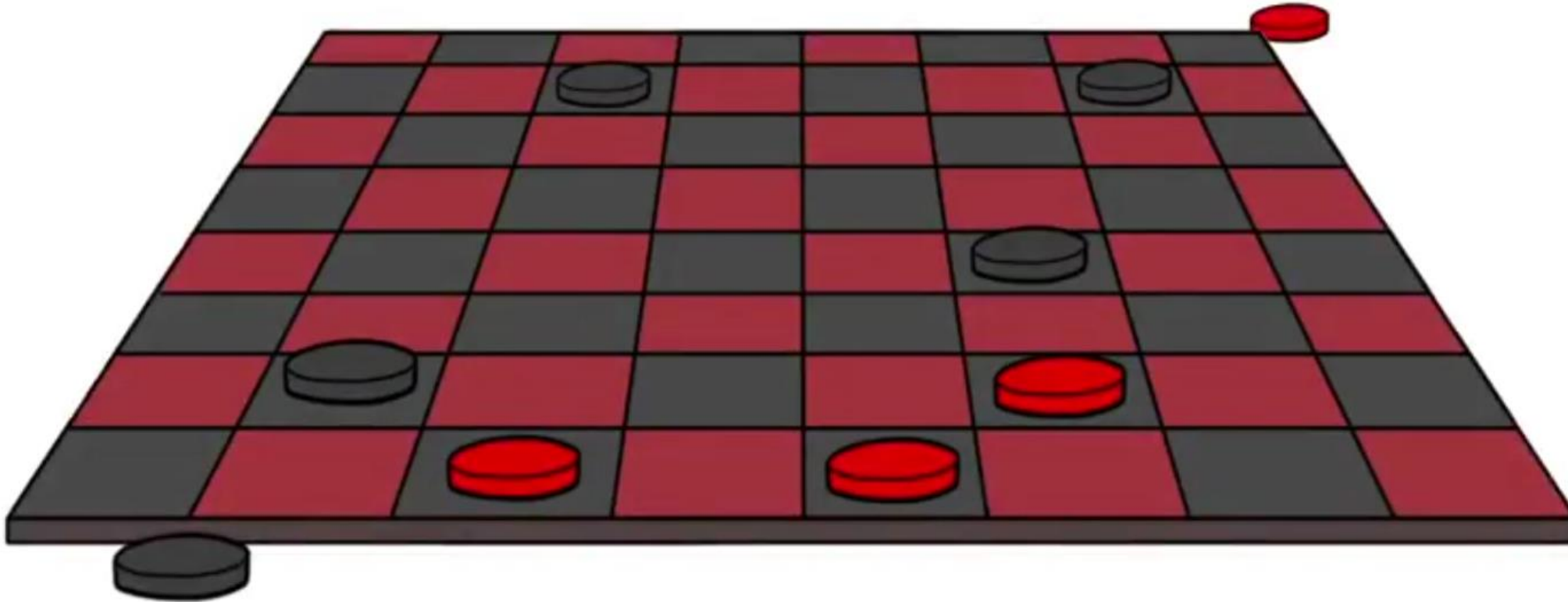


“Cirque created an offering that was so unique that there was no direct competition.”

CIRQUE DU SOLEIL



Conclusion



“A company’s ability to deliver value in innovative ways is limited only by the creativity of its people. But success requires radical, rule-breaking ideas that are effectively implemented as part of an innovative strategy.”