

# Essay on a identify and discuss three generic basic types of innovation strategy ...

[Business](#), [Company](#)



It depends on what the business is trying to accomplish that decides which strategy to use. The businesses have to think about what their customer wants or needs and how their competitors are reacting to the situation.

Timing is another important factor. Whatever strategy – all need creativity.

(a) Product-market-focused strategies use actions that focus on the product and the market. So cost reduction might be the best marketing strategy for selling a larger number of the products. Niching requires finding a special target audience with a special need that only this product can fill. Or a product can have mostly the same advantages of competitor products except for something unique like style, colour or an extra useful application. This is called differentiation.

(b) Opportunity-risk focuses strategies are strategies that balance the chance of opportunities against taking a risk. These can be very tricky and sensitive.

(c) Time-based (industry-and-competitor-focused) strategies require keeping in touch with the schedules of your competitors. A company must plan a strategy depending on when they put the product on the market. The time-based refers to whether a company offers the product before anyone else does, or just a little bit before another country or if there is a need pay very close attention how to innovate a product because is entering a market that has other versions of that product.

## **B. Using examples, discuss in which ways they differ from one another.**

A product-market orientation for distinguishes a product from all the others that offer some of the same characteristics. So it is determined by how the product is unique from any other product in the market. This happens a lot with mobile phones. They all have the basic use for communicating but sometimes the creative colours and styles offered are enough to give a certain product the edge over others. The opportunity-risk strategy weighs the risk against the chance for a money making opportunity. So the computer market and software applications are a good examples because the bugs may not all be worked out but the need to get the product on the market quickly may be greater than the need to make everything absolutely perfect. The time strategy figures out how to proceed based on the timing a new product will enter the market compared to other similar products. There are many examples in the food industry of this when a basic food product already has been on the market but a company wants to enter the market by creating a new innovation. When Campbell's Soups entered the UK market the consumers were not impressed because they expected more soup. In the US the soups were sold concentrated so the consumer could add water at home before they warmed up the soup. So water was added to the cans of Campbell's soups. When the cans bought at the market had the extra water the soups were accepted by the UK consumer.

## **A. Identify and explain the process of technology strategy formulation.**

It is based on the foundation of the research and development department and the capability to develop technology bundles that can offer a diverse range of products. So the first important step in the strategy is to decide the goal and then carefully plan how you are going to reach the goal. The whole company needs to be part of reaching the same goal or goals. The three main factors to keep in mind are (a) acquisition, (b) management, and (c) exploitation. So the amount of the research and development budget is very important. In order to decide in the amount for a particular product or area of development the budget will have to be divided between the short-term and the long-term product development projects. Another decision will need to be made on how much different areas of business-related R&D will receive and then the amount that needs to be divided up to meet performance goals. These decisions can be made by developing a time line for the next year to the next twenty years (or more) in order to fit the goals of the company with realistic product innovation goals.

B. What are the differences between specific technology, a generic technology and a technology bundle? Provide examples for each. Generic refers to a generally broad range of products being offered by a company. For example Canon not only sells many types and styles of digital cameras but it also sells copy machines and laser printers. Pharmaceutical companies especially use specific technology because they offer drugs specifically to help with a health problem such as an HIV drug or a drug to relieve stomach cramps; it is unusual to find one type of drug that will relieve a large range of

illnesses. The bundle technology is a lot more complex than the other two because it combines the two and then expands on the strategy by using their research and development to give them many, many products. For example Honda sells automobiles, sports equipment like mountain bikes, solar cells, jet engines and jets, and equipment for lawns and gardens plus many more types of products.

### **A. State the characteristics of a performance measurement system.**

A good performance measurement system has to offer a strategy to judge whether or not the company is reaching its performance goals. It keeps in mind both the mission statement of a company and the goals of the company as a solid basis throughout the process. That is the way that the purpose remains clear. The measurement needs to be accurate, precise, and timely. There are two types of visibility that need to be reflected: process and progress. It has to stay focussed on “ core value-adding activities” because those are the activities that can most benefit the company. Hand in hand with that focus goes keep an eye the need for improvements.

B. Identify and discuss the difference between process based measures and outcome (results) based measures. Why it is important for an organization to address both.

The process being measured has many different activities from the start of the process and then throughout the process. The outcomes (the results) are the products at the end of the process. So they require different types of measurements. The Process-based measures are used to understand how

well the process is working. The process must be effective, efficient, it must be reliable (so consistency and variability are measured) and it must demonstrate a high quality in both the process and the result of the process (output). On the other hand the results are measured by other factors, most of them much easier to measure. The outcomes-based measures include measuring whether or not the customer and the employee feel satisfaction, if the performance of the product and the financial outcomes are satisfactory and then the company can decide the other business targets such as market share that it wants to measure. Measurement must be devised and used in order to understand if goals are being reached effectively. If goals are not being met then changes need to be made in the management capabilities.

4. Identify the key drivers of globalisation. Discuss the implications of these for innovation.

In the global marketplace there are four main drivers: market drivers, cost drivers, government and economic drivers, and competitive drivers. The global market place is huge. A company is competing with local, national and international companies.

Market drivers include 'homogeneous customer needs' which means the target group of customers have the same needs and similar expectations of product quality. "Global customers" and "global channels" refer to product buyers that are all over the world so they are reached through global means of communicating about the products. This includes sending employees to the targeted market location in order to set up collaborations. "Transferable

marketing” is marketing that cannot be one dimensional it has to be able to speak all the potential interested customers and can be done through print ads or on the Internet.

Cost drivers are important because the cost directly impacts the profit. “Economies of scale” means that the expansion of the production scale can give cost advantages to both the company and the customers. Companies who produce on a large scale can buy parts more cheaply and therefore sell the product more cheaply. The amount of useful “learning and experience” of a company’s team adds value. A company can use reliable vendors and maintain shorter distances from the manufacturers of parts resulting in “sourcing efficiency.” Which overlaps into “favourable logistics” so that the cost is not too high to make the product and the costs to get the product to the customers is not too high. If the research and development costs are too high it may not be reasonable for a company to pursue a certain project; that is an example of how “technology development” can drive the costs.

Economic drivers include the trade practices at the location of the customers which could be local or international (or intra national). The government is part of the economic drivers because it sets laws on trade, tariff and cross border selling. So it is important to have “integration of world markets” and “globally binding rules of law” for clear understanding of what is legal and what is illegal. Also as important are whether or not the technical standards are compatible, for example, the electrical tea pot connection for the UK is different in the US due to the way that electricity reaches the houses in certain voltages.

Competitive drivers include “ globalised competitors” which are those competitors also involved in global marketing. The “ interdependence of countries” is a competitive driver which could cause different types of obstacles when trying to enter a new market. Essentially because changes are happening all the time and happening very speedily the competitive drivers need to be regarded and observed very seriously.

5. A. Discuss the process a domestic organisation can be developed into a transnational organisation.

A business can evolve and develop successfully into a transnational organisation by tracking the globalisation forces and considering them with the local responsiveness forces. There are two routes. One is to go to the global model and then increase the capability of cross boundary learning in order to become transnational. The second route is to build to a multinational status and then take advantage of increased economies of scale and increased learning in order to evolve the company into a transnational organisation.

### **B. What are the four different types of subsidiaries based on their local strategic importance and local competences?**

The strategic leaders-type of subsidiary is almost on an even par with the centre in terms of planning and development of strategy. It has the most independence from the centre for decision-making. It is expected to be very sensitive to the environment, take the lead in designing and implementing strategies that others can follow.



The contributor-type subsidiary is in a supportive role rather than a leadership role. It may be located in the local environment for a centre that is located in another country. In that case it is expected to help the centre understand the local environment and its company benefits.

An implementer-type subsidiary is common. They are found in smaller countries or developing markets. They must use as essential tools economies of scale to build or manufacture a product.

Black hole-type subsidiary is the type that seems to 'suck up money like a black hole' because it requires a big budget in order to keep abreast of the new trends and new innovations that can benefit a company quickly.

6. A. Define and examine in detail the organisational process for market learning.

Market learning is essential because it is the technique of observing the market as a whole not only the niche of a certain product or one type of product. Different components of a market work together in a larger marketing structure in the real world which is why it is necessary to understand the whole picture and the changes that are taking place.

Technology is changing so quickly this is necessary in order to understand when a change in strategy is required as soon as possible.

## **B. Give three examples of research methods that assist in understanding the market?**

The cognitive method is very interesting because the researchers learn details of preferences by giving mainly visual surveys to people. They can

ask questions that will encourage story telling or elaborating on metaphors. Or the survey may ask about how a person feels about a visual stimulation compared to a digital image. The cognitive method, a psychologically based method, has eight steps including storytelling, missed images, sorting; construct elicitation, metaphor elaboration, sensory images, the vignette and the digital image.

“ Technology-led interactive research is faster and becoming popular because of the Internet and computer dynamic web pages. For example a virtual brainstorming happens “ virtually” (on the web) and takes advantage of computer technology in order to come up with ideas across the globe at the same time. It is like sitting in a room face-to-face to brain storm but because it is on the web there are certain logistics that need to be planned in order to have all the participants on line at the same time. Skype and other communication with camera techniques are good to use so people can see each other and encourage each other to share ideas. Fast-polyhedral-adaptive conjoint estimation is used in “ FastPace” software. The idea behind it is to use multi-media web techniques to survey customers on line. The respondents to the survey are responding to a virtual product and can manipulate the quickly adaptive web pages to give their opinions on design changes visually.

Ethnographic is a type of market learning that is used for detailed understanding of customer behaviour. Surveys are taken verbally and observations are made of the participants. This can be done in a controlled environment where both the interviewee and interviewer are seated and

specific questions are asked while the interview is recorded. On the other hand the interviews may be spontaneously carried out in a supermarket, for example, to get feedback from customers in the shopping environment. There are many other strategies but all of them need to be used carefully to make sure the results are correctly assessed,

7. A. Explain why there has been a shift towards network models of innovation over time.

Customers began to expect speed and they expected special details in products to demonstrate the customers' individuality. Marketing became more complex so information technology operations managers were hired to help maintain flow of information over the web and the internal network. The needs became bigger - more resources, more capabilities, more linkage with other outside companies. In the 1950s innovation process became the first generation of the technological push (pushing for better, higher quality, faster, more efficient technology) that has grown over the decades. The 1960s, the Second General, experienced a market pull (customers), the 1980, Third generation was a combination of the technology push reacting to the market pull and vice versa. Then the 1990s saw big changes. The fourth generation was characterized by parallel processing; the fifth generation by E-integration (e-mail, networking, etc.) and the Sixth generation is where we are now in an evolving network innovation period of time. With the network innovations all the complexities, the tech push, the market pull, the parallel processing and e-integration, can be designed into an efficient way to do business as network innovations become more sophisticated.

## **B. What are the merits of the solutions based approach to innovation?**

The benefits to a company to use solutions-based innovation include giving the customer a product that will help them solve a problem or carry out a task. That way the product is useful to a customer, if a customer likes the product the company may have that customer for life. For example software applications are solution based and can develop customer loyalty so with every up-date the customer buys the product with the up-date because they know the product and trust it. Since problems are more complex the solutions which are built out of integrated components will be more help - so that together the hardware, the software plus customer service can be integrated to meet all the customers' needs. Depending on which component is selling best or more popular depends on how the business designs the marketing strategy and how components are leveraged (to make the most profit).

8. A. Outline an example of a supply chain model.

I. Supplier of Raw Material

II. At a subcontractor to make component partially or making parts

III. Manufacturer finishes building the product (end product)

IV. Distributor (the best way for product to reach the consumer)

### **A. Shipper**

B. Merchant

i. negotiates price

ii. Consumers can purchase

## **B. How do the supply chain and innovation work together to bring a new product to market?**

A supply chain needs to be able to respond quickly to change and it needs flexibility. The best supply chains work the most efficiently and the fastest. Innovation is necessary to continually refine the components of the supply chain to make the process efficient and fast.