

Why is product
innovation considered
by many
organisations to be
important essay ...



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In this essay I will be looking at why many organisations regard product innovation an important factor when releasing their product into the market.

Product Innovation can either be an organisation developing or upgrading an existing product. For product innovations to be successful, they need to spend time and money on high impact research as well as carry out good designs. The organisations then need to turn these designs into engineered products or services, therefore capital plays an important part for organisations when innovating new products.

Myers and Marquis (1969) have offered a broad definition of innovation: Innovation is not a single action but a total process of interrelated sub processes. It is not just the conception of a new idea, not the invention of a new device, not the development of a new market. The process is all of these things acting in an interrogated fashion. 1

The way I will address this question is by giving its advantages and disadvantages of Product Innovation.

When one innovates, generally they would be taking a competitive advantage. Trying to overcome this is tough especially in an industry where products or services are used by such a high number of the population. This had been seen recently in the mobile phone market whereby for years Nokia has been the market leader, but have recently seen Samsung and Sony leapfrog them. The reason for this leapfrog was due to newer technologies arising in video calling and 3G technology.

Innovated products are an advantage on the market also whereby they can extend the products lifecycle. This is when a product is disintegrating and is being revived. Many companies do this i. e. as a last minute survival tool or just as a boost to sales. An example of this is where Nestle innovated Kit Kat from being a four fingered chocolate biscuit bar to a chunky version of one bar with different flavours. Along with good promotion, the extension strategy worked, and is still going strong today.

Many organisations want to maintain leadership as business generally adopt the approach as being better to lead than follow. For organisations to lead, they need to find any such competition and judge its fierceness and avoid getting left behind. It has been said that innovating is in fact easier than inventing. The difference between innovation and inventions is where inventions are a new creation of a product or process. Inventions come first and are followed up by innovations which to summarise, bring new ideas to the market place. Inventions may not even launch on the Product Life Cycle by failing to educate the market; telling the people about the product and where the product can be obtained. Innovations are the follow up to inventions and its main sole use is to find the competitive significance from consumer behaviour which changes over time, which is essential. It has been quoted by Christopher Freeman (1982) "...not to innovate is to die for" 2

There are also many disadvantages, whereby innovation can be seen by organisations as expensive, to keep up with changes for example Sony released its PSP in United States of America, while Nintendo released its DS in both United States of America and United Kingdom. This competitive entry had Nintendo as having the majority share and placed as the market leaders <https://assignbuster.com/why-is-product-innovation-considered-by-many-organisations-to-be-important-essay-sample/>

until recently when Sony introduced the PSP in the UK. As it is a recent example we are yet to see what if any competitive extension strategy Nintendo uses.

A major problem that people experience is where product platforms evolve. These dynamically continuous innovations can be highly costly for the consumer and therefore keeping up with changes can be a problem. If seen from an innovators view, they wish to seek and gain the greater market share by making small changes which some consumers may not notice. An example of this is where computer software changes. Microsoft for example generally makes changes for example from 95 to 98 to 2000 to NT to ME to XP, but they are keeping up with technology by introducing a newer platform called Microsoft Windows Media Centre edition. Microsoft has done this as the globalisation of technology is evolving. The software would cost the end user money, whereby as a point of interest software platforms also need updating, however can be done for free and at ones leisure by through the internet.

An abstract from the journal Innovation Implementation: Overcoming the challenge by Katherine Klien and Andrew Knight has stated that " In changing work environments, innovation is imperative. Yet, many teams and organizations fail to realise the expected benefits of innovations that they adopt. A key reason is not innovation failure but implementation failure-the failure to gain targeted employees' skilled, consistent, and committed use of the innovation in question" 3

Leading on from this adaptation from the journal, it has been argued that some organisations, who innovate, stretch a brand or product range too far and in the long run could fall short. This is known as discontinuous innovation which is very disruptive. These sorts of innovations have been seen by companies such as Cadburys, Nestle, Nokia, Sony, and Apple to name a few.

Organisations take product innovation as being an important factor and they aim to manage it successfully. Innovation is complex and organisations are helped to make it easier to understand by breaking it down into segments on a model. The Interactive model of innovation (shown below) designed to illustrate the connections of the market and science base. If an organisation can manage this process efficiently, they will encounter none or very little problems with innovation.

There is still a high risk with new products as to predict consumer reaction to the market and the product is not easy to do so. Market Research can be unpredictable as the product isn't on the shelves just yet and customers don't get to experience the product not only this, but it can take time for the product to become known and accepted. An example is WIFI technology; at one point while the internet was being acquainted to many with cables, the WIFI cards were introduced where by access to the internet was able without a cable. Today WIFI is a well known tool as it is provided in many public places like airports and trains.