

In innovation.  
amongst the two  
opposing types of

Business, Industries



In this highly competitive and fast paced economy, businesses fight to be dominating world markets. The business environment in today's world is experiencing significant changes such as increase in competition, advancement of technology and increasing globalization. This in turn reflects market opportunities for development to business firms. Market development refers to a type of business strategy by which a business tries to expand to new groups of buyers for its existing products, meaning to expand to untapped markets. Moreover, what can be seen from this is that in order to survive in this ever-changing economy, and essentially a key factor, is the concept of innovation. The notion of innovation can be interpreted and executed in many different ways.

With the main four types of innovation being incremental, disruptive, architectural and radical, firms can implement one of these types as a business strategy in order to enhance their competitiveness in the market. Taking Japan as a compatible example shows how innovation can develop an economy into one that is now highly developed and market orientated, accommodating some of the world's leading industries such as motor vehicles and electronic equipment to just name two. Japan's economic outlook has been very interesting and has experienced spectacular growth in three different periods, in particular post the defeat of World War 2 in 1945 when the island nation rose to become one of the world's largest economies. Currently Japan is amongst the leading innovation countries, as well as being the world's third largest economies.

Innovation is a key term, which is the basis of the point to be expanded in this essay, being that of the use of innovation within Japanese firms. A

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plethora of definitions for innovation types has resulted in an ambiguity in the way the terms 'innovation' and 'innovativeness' are operationalized and utilized in the new product development literature. The terms radical, really new, incremental and discontinuous are used ubiquitously to identify innovations (Garcia, R, Calantone, R, 2002: 110). With the concept of innovation already highlighted the main type of innovation that will be focused is radical innovation. Amongst the two opposing types of innovation namely radical and incremental innovation, there is a crucial factor distinguishing them.

To start with, innovation involves introducing a new concept towards existing products or services to make them better. Innovation is "the process of translating an idea or invention into a good or service that creates value or for which customers will pay" (www.businessdictionary.com, 2014).

Creativity can overlap with innovation where creativity is the idea, innovation is the process to implement the idea into real product or service, both of which are important to businesses. The two main types of innovation that businesses adopt is radical and incremental innovation. Despite the fact that companies may choose to adopt both types of innovation, incremental innovation is the more popular style chosen, given the low risk compared to radical innovation. Incremental innovation is a less extreme measure because it implicates the method of progressive developments of innovation that happen gradually over time.

Incremental innovation can be thought of as cost cutting or feature improvements in existing products or services (Leifer, 2000). Businesses tend

to utilize incremental innovation methods to stay ahead of their competitors and so they do this by enhancing and improving their range of established products and services. From the point of view of a business, it is necessary in the efforts to secure their success. Implementing an innovative culture is a rewarding strategy a manager can apply.

Nonetheless, by itself incremental innovation is never enough to assure the long-term success of an organization (Morris, 2006). The reason for this is due to the fact that incremental innovation only advances existing products and does not create a new product or effect a drastic change. Some companies don't just innovate their products and services, they take it a step farther and fully innovate business models within an industry.