

# Cannon

Technology, Innovation



Select a company you believe to be innovative (this should be an internationally known company). Explain what makes this company innovative? In your answer, use relevant theory and examples to illustrate why you believe the company is innovative. Canon – an innovative company Founded in 1937 with the specific goal of making the best quality camera available to customers, Canon's passion for the power of image has since extended its technology into many other markets and has established it as a world leader in both consumer and business imaging solutions.

Its solutions comprise products, ranging from digital compact and SLR cameras, through broadcast lenses and portable X-ray machines, to multi-function and production printers, all supported by a range of value added services. Canon invests heavily in R&D to deliver the richest and most innovative products and services to satisfy customers' creative needs. In my essay I will show that through disruptive, strategic and product innovation Canon remains the leader in the market of all its products. Canon has proved that disruptive innovation brings many benefits to businesses.

Christensen and Raynor (Christensen and Raynor, 2003) justify that new entrant firms will win with leading firms of an industry through disruptive innovation, by commercializing a simpler, more convenient product that sells for less money and appeals to new or unattractive customer set. Canon has proved that the best way for an upstart company to attack established competitors is to disrupt them. Disruptive innovations do not attempt to bring better products to established customers in existing markets. Rather, they disrupt and redefine that trajectory by introducing products and services that are not as good as currently available products.

Still, disruptive technologies offer other benefits – typically, they are simpler, more convenient, and less expensive products that appeal to new or less-demanding customers (Todd and Bessant, 2009). Once the disruptive product gains a share in the new or low-end markets, the improvement cycle begins. In addition, the pace of technological process exceeds customers' ability to use it; the previously not good enough technology eventually improves to intersect with the needs of the more demanding customers. When that happens, the disruptors are on the path that will ultimately beat the incumbents.

Throughout Canon's history, the company has used disruptive innovation in order to gain market share. In 1982 Canon developed the first personal copier. It gained its name because the reproduction elements were all contained in a cartridge that users could just replace themselves when they ran out. Canon's desktop photocopiers were a new-market disruption; in that they enabled people to begin conveniently making their own photocopies, rather than taking their originals to the corporate high-speed photocopy center where a technician had to run the job for them.

The high-speed Xerox machine was very complicated, needed servicing frequently and only a technician could operate it. When Canon made photocopying so convenient, people ended up making a lot more copies, therefore through disruption innovation Canon has created new value network. Additionally, Canon's innovation sources come from monitoring the market and following and adjusting to its competitors. In 1987 Ricoh revolutionized the photocopier industry with the release of the first digital

photocopier. Thus, Canon followed releasing their digital photocopier products, which effectively consisted of an integrated scanner and laser printer.

In 2001 Canon released its first two digital personal copiers, the PC1080F and the PC1060. Furthermore, with the disruptive innovation of touch screen technology, the company has decided to launch its own touch screen display in order to compete in the market. The new Digital IXUS 200 IS features Canon's first ever touch screen display that delivers intuitive control to the customer and greater ease of use. Canon's success is also based on the company's commitment to strategic innovation. Strategic innovation means experimenting with new strategies, with new combinations of the 'What, Who and How' of a business.

If a company identifies a new customer base, it will start behaving in a way that best satisfies the specific needs of those customers. This behavior will most likely be different from that of established competitors who are serving different customers (Markides, 1997). In the case of Cannon, Xerox leased big photocopiers to corporations through a direct sales force. Canon sold its personal photocopiers to end users through a dealer network. Thus Canon has adopted a different product, along with different selling and distribution strategies.

They identified a customer segment that was not currently served by existing competitors. Then they designed their products and delivery systems to fit the requirements of this customer niche. New product innovations from Canon strengthen its leadership in imaging technology. In

2009, Canon has reaffirmed its commitment to innovation in product development with the launch of 38 consumer products ranging from an innovative new Digital SLR camera in its flagship EOS range to a germ resistant calculator, and a first voice guided printer.

The new SELPHY ES40 is the first printer, which talks to its user. It provides spoken instructions on how to operate the printer in seven different languages; the guidance also gives advice to assist users of all ages to simplify the printing process. Successful product innovation requires more than the management of technology; it also must address users' problems and needs, how the product will be used, and for what purpose.

Conducting marketing research to obtain customers requirements and needs is a fundamental feature of Canon's strategic innovation process, which the company adds onto its product innovation cycle. The new EOS 7D digital SLR camera is a completely new design created to meet the specific demands of photographers. During extensive development Canon went back to the drawing board, listening to photographers worldwide, in order to design the new digital camera to meet their specific needs. Commenting on the creation of the EOS 7D, Mr. Uchidoi, Group Executive of PhotoProducts Group, said, "We consulted over 5, 000 photographers worldwide and asked them what they most wanted to see from a camera. Matching this insight with cutting-edge technology, we were able to develop a camera that truly gives photographers the versatile tool they require to experiment with their images. " Markides (Markides, 1990) argues that successful innovative companies need to adopt a new thinking process. New ideas emerge more

easily if managers can escape their mechanistic way of thinking and look at an issue from different perspectives or angles.

Thinking ‘out side of the box’ enables Canon to create new ideas and pioneer new trends. One area, which Canon has foreseen, was the growing importance of reducing global warming and becoming more ‘green’. Long before it was in fashion, Canon introduced a collection and recycling program for used toner cartridges. The company adopted a corporate-wide lifecycle assessment to understand and reduce its carbon footprint, and it has already achieved zero waste output at its worldwide plants.

Canon has jointly developed a new bio-based plastic that incorporates plant-based and organic components to use in its products (Silverstein, 2010).

Therefore, innovative thinking helps the company stay ahead of the competition. Another source of innovation is building on the organizations existing core competencies to create a new product or a new way of doing business that is totally different from the way competitors currently do business. Leveraging existing core competencies is therefore one way to create new products or new ways to compete.

Canon’s core competencies lay in the combination of the precision mechanics, fine optics and microelectronics technologies that underline all their products (Prahalad and Hamel, 1990). However, most major breakthroughs occur not so much from amortizing existing competencies but from exploiting them to create and accumulate new strategic assets more quickly and cheaply than competitors. A company can use a core

competence of a strategic asset in one small business unit (SBU) to help improve the quality of a strategic asset in another SBU (Markides, 1990).

Because Canon is in two businesses, cameras and photocopiers, in which the processes of improving dealer effectiveness, speeding up product development or improving assembly-line productivity are similar, it can improve the quality of the strategic assets in its photocopier business by transferring competencies learned in its camera business and vice versa. Leveraging core competencies among Canon's different business units therefore reduces the costs and saves valuable time. Through the years, Canon has continually provided a lot of innovative and revolutionary products.

From the company's very first product launched, a 35 mm focal plane-shutter camera called the Kwanon, to now a days most recent products, the company has integrated innovation to all of its business units. Canon is committed to developing innovative solutions to enhance business productivity that it invests 8% of annual turnover in R&D. This devotion to innovation translates to fact that the company is consistently rated in the top five most innovative companies in the world in terms of new patent registrations. Thus concluding, throughout disruptive, strategic and product innovation Canon stays one of the leaders in its markets.