



## 10 Types of Innovation



## EXAMPLE 1 : LOW-COST AIRLINES

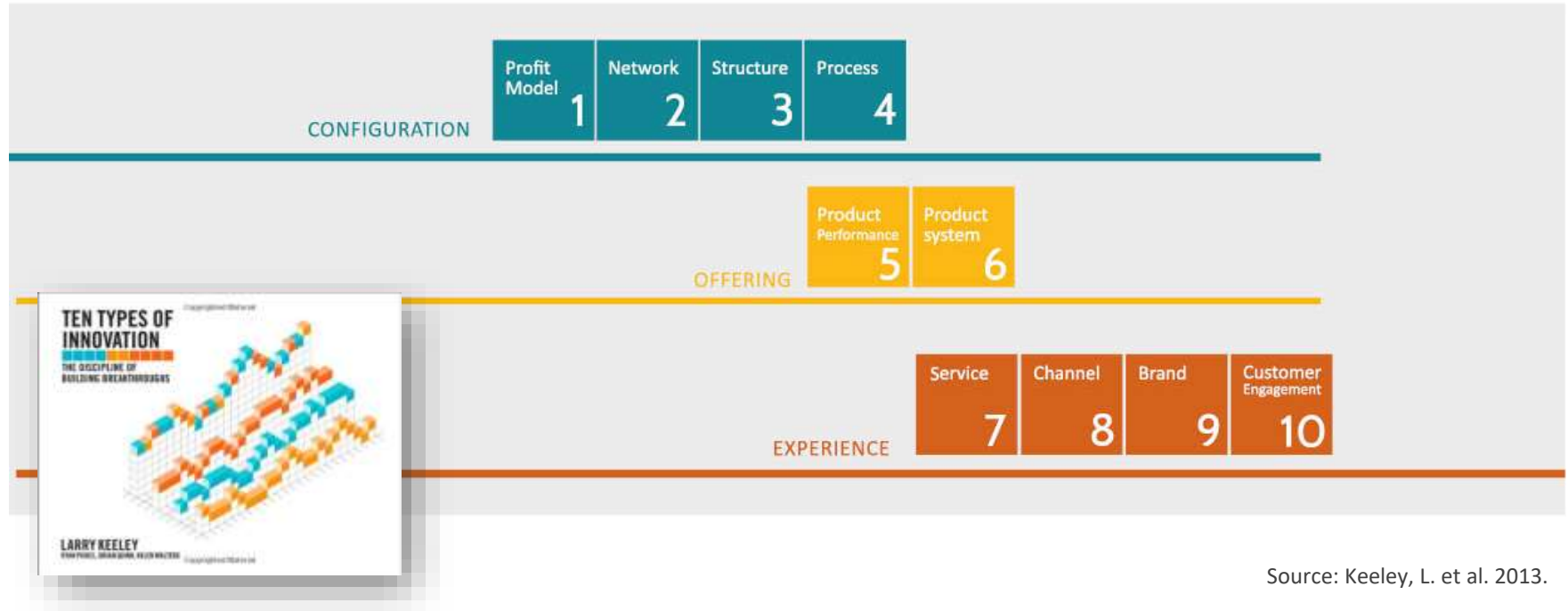


## EXAMPLE 2 : HENDYSETIONO.COM/BABA-RAFI-ENTERPRISE









Source: Keeley, L. et al. 2013.

**Product Performance:** The development of distinguishing features and functionality.

- Completely new products, or significantly improved or unique features and functionality, qualities to existing ones.
- It's the most visible and easiest form of innovation for competitors to copy, and so harder to derive longer-term compe

**Product System:** Creating of complementary products and services.

- Bundle separate products or services together to create more value.
- Could you or a partner create additional related products or services?

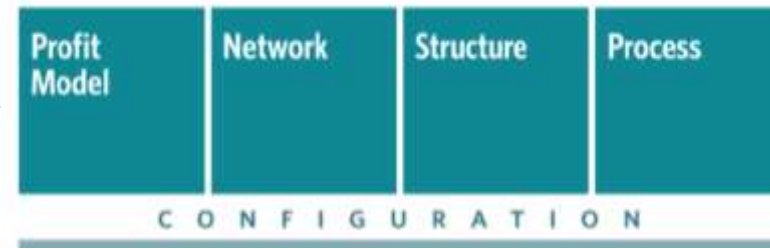
OSCAR MAYER:  
Modular lunch  
packs for kids at  
school.



PORSCHE:  
very tailormade



# BUSINESS CONFIGURATION



**Profit Model:** How you make money.

- Innovative profit models will often challenge an industry's conventions on offering, pricing or revenue generation
- And they have significant potential since in manufacturing industries the dominant profit model might go unquestioned for decades

**Network:** How you connect with others to create value.

- Network innovations enable companies to capitalise on their own strengths whilst harnessing the advantage that might be derived from the capabilities and assets of others.
- This might include sharing the risk associated with the development of new capability

GILLETTE:  
Sells premium razors  
with loss, makes  
money on repeated



TARGET: Collaboration with  
leading designers for lines of  
affordable designed goods and  
fashions



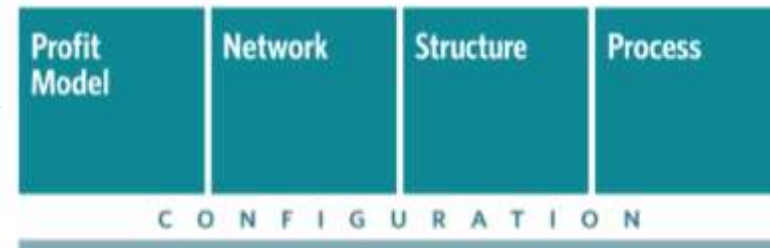
# BUSINESS CONFIGURATION

**Structure:** The organisation and alignment of talent, resource and assets.

- Structure innovations can create unique value or efficiencies.
- They can improve productivity and collaboration, help attract talent to the company, and drive performance
- E.g.: Whole Foods Market, SouthWest Airlines, FabIndia.

**Process:** Developing and implementing unique or superior methods.

- Process innovations involve a significant level of change from 'business as usual' that can drive greater capability, adaptability or efficiency.
- The development of unique processes can prove difficult for competitors to access and can yield advantage for extended periods of time



FABINDIA:  
Links over 55,000 craft  
based rural producers to

*fabindia*  
CELEBRATE INDIA

VW:  
Perfect in production of different  
brands based on one standardized  
production platform



More Entrepreneurial Life  
at Bangladesh University of Business

Co-funded by the  
Erasmus+ Programme  
of the European Union





# EXPERIENCE

**Service:** supporting and amplifying the value of your offerings.

- Enhancing performance, utility and loyalty through improved design or service provision, fixing customer pain points and helping to ensure seamless customer journeys.
- This can elevate the average into the exceptional, and create a compelling experience



7-ELEVEN in Japan offers an wide range of complementary services

**Channel:** The way in which your offerings is brought to customers.

- Channel innovations are focused on finding new or multiple ways to bring products and services to users, creating an extraordinary experience with minimal friction



ADDIDAS: Pop-up presence

NESPRESSO: Various channels, but NO supermarkets.



NESPRESSO

**Brand:** The representation of your offerings and business.

- Innovations in the way that consumers might recognise, recall or associate your brand, the distinct identity and ‘promise’ of your offering.
- Often incorporating multiple customer touchpoints, these can confer value, meaning and intent to the offering.

VIRGIN:  
Brands products and services with a dose of fun.



More Entrepreneurial Life at Bangladesh University of Business

Co-funded by the Erasmus+ Programme of the European Union



14]; Keeley, L. et al. 2013.

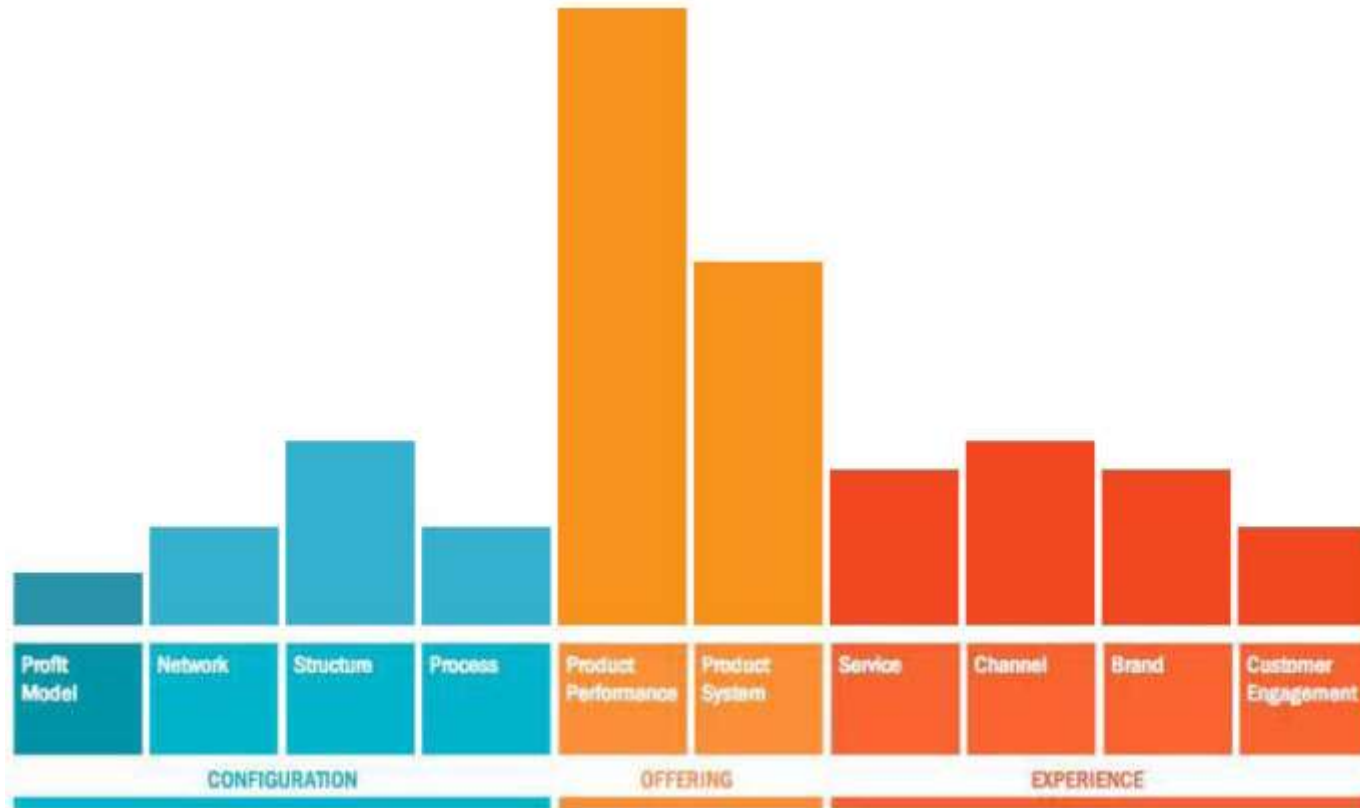


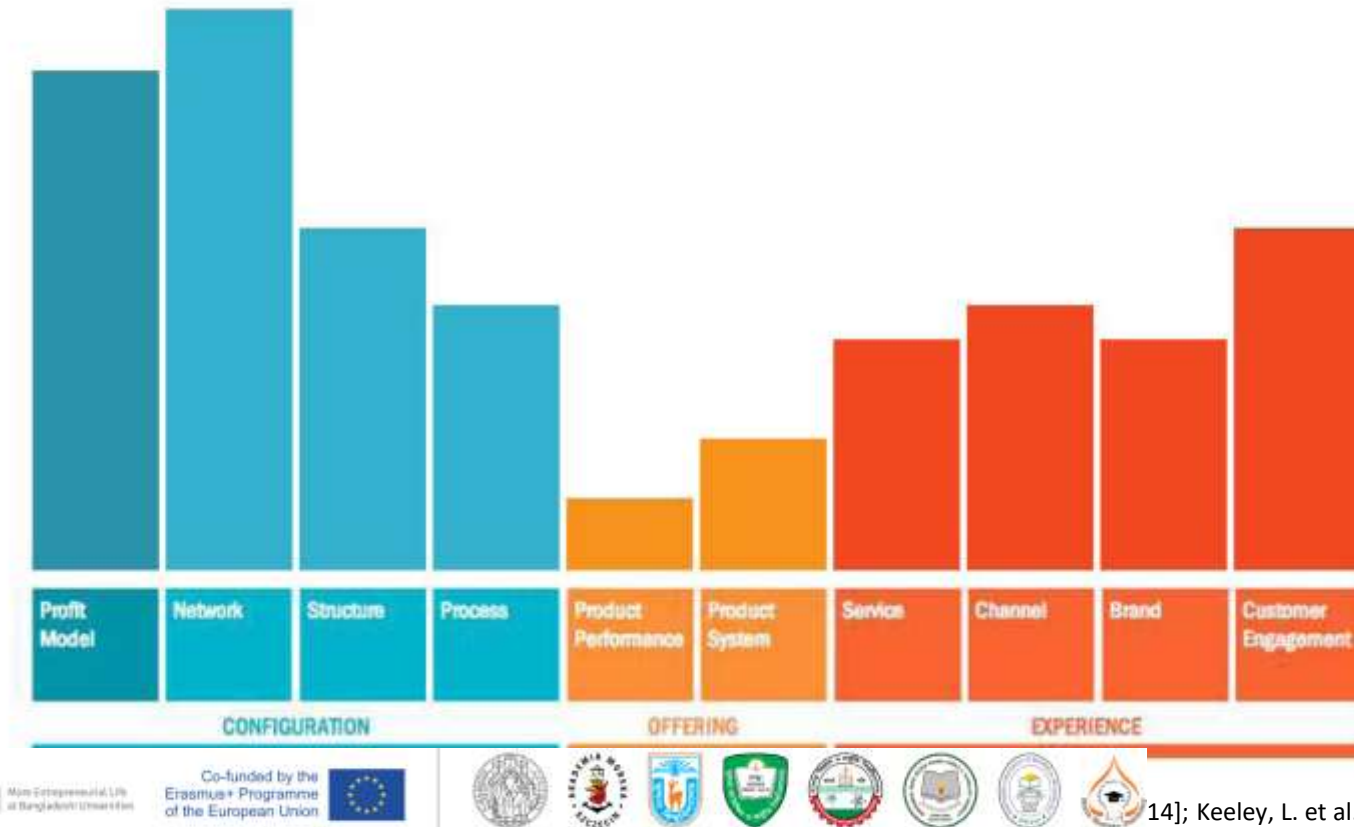
**Customer Engagement:** Fostering compelling interactions.

- The development of more meaningful customer connections derived from deep understanding of customer aspirations, needs and desires.
- Helping people to “find ways to make parts of their lives more memorable, fulfilling, delightful - even magical”

SpreadShirt:  
Clients of SpreadShirt develop designs.









## TACTICS OVERVIEW

### Profit Model

**Premium**  
Price at a higher margin than competitors, usually for a superior product, offering, experience, service or brand.

**Cost Leadership**  
Keep variable costs low and sell high volumes at low prices.

**Scaled Transactions**  
Maximize margins by pursuing high volume, large scale transactions when unit costs are relatively fixed.

**Microtransactions**  
Sell many items for as little as a dollar—or even only one cent—to drive repeat purchases of services.

**Forced Scarcity**  
Limit the supply of offerings available, by limiting time frames or access, to drive up demand and/or prices.

**Subscription**  
Create predictable cash flows by changing customers up front to one time or recurring fees to have access to the product/service over time.

**Membership**  
Charge a time-based payment to permit access to locations, offerings, or services that non-members don't have.

**Installed Base**  
Offer a "core" product for first margins, for ease of use to drive demand and loyalty. Then realize profit on additional products and services.

**Switchboard**  
Connect multiple sellers with multiple buyers, the more buyers and sellers aren't aware, and the more valuable the switchboard.

**Action**  
Allow a market—and its users—to set the price for goods and services.

### Network

**User-Defined**  
Invite customers to set a price they wish to pay.

**Freemium**  
Offer basic services for free, while charging a premium for additional or special features.

**Flexible Pricing**  
Very prices for an offering based on demand.

**Float**  
Receive payment prior to adding the offering—and use the cash to earn interest prior to making margins.

**Financing**  
Capture revenues not directly from the sale of a product, but from structured payment plans and other sale interest.

**Ad-Supported**  
Provide content/services for free to one party while selling banners, videos or "adspace" to another party.

**Licensing**  
Grant permission to some other group or individual to use your offering in a defined way for a specified payment.

**Mutual Use**  
Allow customers to pay for only what they use.

**Bundled Pricing**  
Sell a single transaction fee or membership fee that could be sold in alternative offerings.

**Disaggregated Pricing**  
Allow customers to pay for only what they use, but only for one or more offerings.

**Risk Sharing**  
Share standard forecasts of future sales aren't achieved, but receive outcomes when they are.

### Structure

**Organizational Design**  
Make more formal functions and structures align with core qualities and business processes.

**Incentive Systems**  
Offer rewards financial or non-financial to provide motivation for a particular course of action.

**IT Integration**  
Integrate technology resources and applications.

**Competency Center**  
Create a center of expertise in a specific domain that increase efficiency and effectiveness across the broader organization.

**Outsourcing**  
Assign responsibility for developing or maintaining a system to a vendor.

**Corporate University**  
Provide job-specific or company-specific training for managers.

**Decentralized Management**  
Distribute decision-making governance closer to the customer or other key business decisions.

**Knowledge Management**  
Share relevant information internally to reduce redundancy and improve job performance.

**Asset Standardization**  
Reduce operating costs and increase consistency and modularity by standardizing your assets.

**Collaboration**  
Partner with others for mutual benefit.

### Process

**Process Standardization**  
Use common practices, processes, procedures, and policies to reduce complexity, costs, and errors.

**Localization**  
Adapt an offering, process, or experience to target a culture or region.

**Process Efficiency**  
Create or produce more while using fewer resources—measured in materials, energy consumption or time.

**Flexible Manufacturing**  
Use a production system that can rapidly react to changes and still operate efficiently.

**Process Automation**  
Apply tools and infrastructure to manage routine activities in order to free up employees.

**Crowdsourcing**  
Outsource a repetitive or challenging task to a large group of non-organized individuals.

**On-Demand Production**  
Produce items after an order has been received to avoid carrying costs of inventory.

**Lean Production**  
Reduce waste and increase productivity in your manufacturing process and other operations.

**Logistics Systems**  
Manage the flow of goods, information and related resources between the point of origin and the point of use.

**Strategic Design**  
Empire a purposeful approach that translates business strategy into customer experience, brands, and experiences.

**Intellectual Property**  
Put your ideas that are commercial value—such as a recipe or industrial process—with legal tools like patents.

**User Generated**  
Put your users to work in creating and curating content that powers your offerings.

**Predictive Analytics**  
Model past performance data and predict future outcomes to design and price offerings accordingly.

### Product Performance

**Superior Product**  
Develop an offering of exceptional design, quality, and/or experience.

**Ease of Use**  
Make your product simple, intuitive and comfortable to use.

**Engaging Feasibility**  
Provide an unexpected or non-obvious experiential component that elevates the customer experience.

**Safety**  
Increase the customer's level of confidence and security.

**Feature Aggregation**  
Combine existing features found across offerings into a single offering.

**Added Functionality**  
Add new functionality to an existing offering.

**Performance Simplification**  
Cut superfluous details, features, and interactions to reduce complexity.

**Environmental Sensitivity**  
Provide offerings that do no harm—or actively help—to the environment.

**Customization**  
Design your product so that customers can reduce their use of energy or materials.

**Customization**  
Provide offerings that do no harm—or actively help—to the environment.

**Focus**  
Design an offering specifically for a particular audience or the experience of others.

**Styling**  
Improve a style, fashion or image.

### Product System

**Complements**  
Set additional related or accessory products or services for a customer.

**Extensions/Plug-Ins**  
Allow first- or third-party add-ons that add functionality.

**Product Bundling**  
Offer several products for sale as one combined product.

**Modular Systems**  
Provide a set of individual components that can be used independently, but gain utility when combined.

**Product/Service Platforms**  
Develop systems that connect with other, partner products and services to create a holistic offering.

**Integrated Offering**  
Combine offerings and/or services into a complete experience.

**Supplementary Service**  
Offer ancillary services that fit with your offering.

**Superior Service**  
Provide services of higher quality, efficiency, or with a better experience than any competitor.

**Personalized Service**  
Use the customer's new information to provide perfectly tailored service.

**User Communities/Support Systems**  
Provide the platform for performance support, use and education.

**Leave or Loan**  
Let customers pay over time to use your product.

**Self-Service**  
Provide users with control over activities that would otherwise require an intermediary to complete.

### Service

**Try Before You Buy**  
Let customers test and experience an offering, before investing in it.

**Guarantee**  
Remove customer risk of dissatisfaction and product obsolescence.

**Loyalty Programs**  
Provide benefits and/or discounts to frequent and high-value customers.

**Added Value**  
Include an additional service/function as part of the base price.

**Concierge**  
Provide premium service by taking on tasks for which customers don't have time.

**Total Experience Management**  
Provide thoughtful, holistic management of the customer experience across an offerings lifecycle.

**Multi-Level Marketing**  
Sell back or packaged goods to an affiliate that independently takes force that turns around and sells it for you.

**Cross-selling**  
Promote products, services, or information that will enhance an experience in situations where customers are likely to want to access them.

**On-Demand**  
Deliver goods or real-time information or services when and where they are needed.

**Context Specific**  
Offer timely access to goods that are appropriate for a specific location, occasion, or situation.

**Experience Center**  
Provide a space that encourages your customers to interact with your offerings—but purchases them through a different (and often lower-cost) channel.

### Channel

**Diversification**  
Add an offering into new or different channels.

**Flagship Store**  
Create a store to showcase a premium brand and product attributes.

**Go Direct**  
Sell traditional retail channels and connect directly with customers.

**Non-Traditional Channels**  
Embed novel and relevant avenues to reach customers.

**Pop-up Presence**  
Create a temporary but temporary environment to showcase and sell offerings.

**Indirect Distribution**  
Use others as middlemen who take ownership and deliver the offering to the final user.

**Multi-Level Marketing**  
Sell back or packaged goods to an affiliate that independently takes force that turns around and sells it for you.

**Cross-selling**  
Promote products, services, or information that will enhance an experience in situations where customers are likely to want to access them.

**On-Demand**  
Deliver goods or real-time information or services when and where they are needed.

**Context Specific**  
Offer timely access to goods that are appropriate for a specific location, occasion, or situation.

**Experience Center**  
Provide a space that encourages your customers to interact with your offerings—but purchases them through a different (and often lower-cost) channel.

### Brand

**Co-Branding**  
Combine brands to mutually reinforce key attributes or enhance the credibility of an offering.

**Brand Leverage**  
Leverage your brand equity and brand others to use your name—thus extending your brand's reach.

**Private Label**  
Provide goods made by others under your company's brand.

**Brand Extension**  
Offer a new product or service under the umbrella of an existing brand.

**Component Branding**  
Brand an integral component to make a final offering superior more valuable.

**Teenspacing**  
Let customers see into your operations and participate with your brand and offerings.

**Values Alignment**  
Make your brand stand for a big idea or a set of values and express these consistently in all aspects of your company.

**Certification**  
Develop a brand or mark that signifies and assures certain of specific risks in third-party offerings.

### Customer Engagement

**Process Automation**  
Remove the friction of repetitive tasks from the user to simplify life and make more experiences seem magical.

**Experience Simplification**  
Reduce complexity and focus on delivering specific experiences exceptionally well.

**Custom**  
Use a distinct point of view to separate the personal from the crowd—and in the process create a strong identity for yourself and your followers.

**Experience Enabling**  
Expand the realm of what's possible to offer a personally tailored experience.

**Mastery**  
Help customers to learn, grow, and achieve a high level of skill or expertise in some activity or subject.

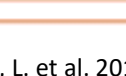
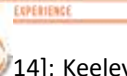
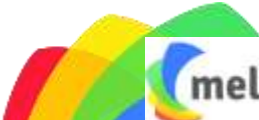
**Autonomy and Authority**  
Use your offering to shape their own experience.











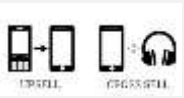







**Community and Belonging**  
Facilitate social connections to make people feel they are part of a group or movement.















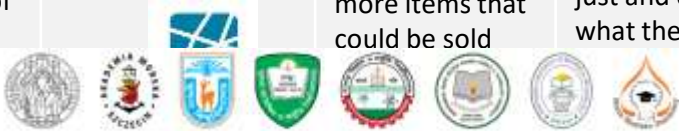

**Personalization**  
After a standard offering to allow the personalization of the customer's identity.

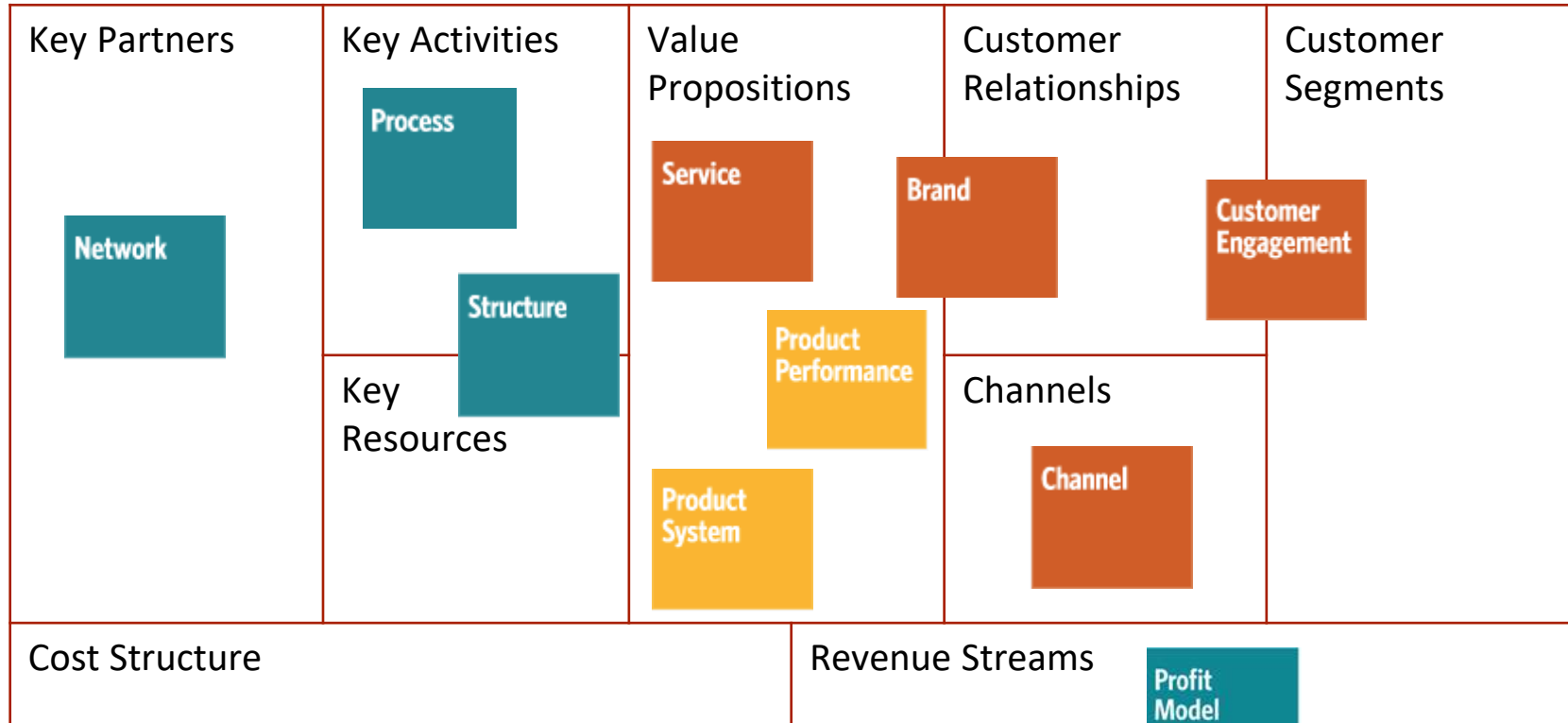
**Whimsy and Personality**  
Humanize your offering with small touches of on-brand, whimsical ways of seeming alive.

**Status and Recognition**  
Offer users that make receiving, offering, and those who interact with them—to develop and nurture aspects of their identity.



|  |  |   |  |
|--|--|---|--|
| <p><b>Diversification</b></p> <p>Add and expand into new or different channels.</p> <div>   </div>  | <p><b>Flagship Store</b></p> <p>Create a store to showcase exemplary brand and products.</p> <div>   </div>  | <p><b>Go Direct</b></p> <p>Connect directly to the customer skipping traditional retail channels.</p>    | <p><b>Non-Traditional Channels</b></p> <p>Use novel channels to reach your customers.</p> <div>   </div> |
| <p><b>Pop-up Presence</b></p> <p>Create a attractive, notable but temporary enviroment to demon-strate and sell your offerings ta-king advantage of a trend or seasonal product.</p>    | <p><b>Indirect Distribution</b></p> <p>Use partners as resellers that deliver the offering to the final client.</p> <div>   </div>   | <p><b>Cross-selling</b></p> <p>Suggest and sell additional / complementary product or service to an existing customer that enhance their experience.</p>   | <p><b>On-Demand</b></p> <p>React promptly and flexible, and deliver goods and services whenever or wherever they are demanded.</p>    |
| <p><b>Context Specific</b></p> <p>Offer timely access to goods and services that are appropriate for a specific location, occasion or situation.</p> <div>   </div> | <p><b>Experience Center</b></p> <p>Create a space that encourages your clients to experience and test your offerings – but purchase them through a different (and often lower-cost) channel.</p> <div>   </div> | <p><b>Multi-Level Marketing</b></p> <p>Sell bulk or packaged goods to an affiliated but independetn sales force that turns around and sells for you.</p> <div>   </div> |  |

|  |   |   |  |  |  |  |
|--|---|---|--|--|--|--|
| <b>Premium</b><br>Establish a higher price than competitors because of your superior offer (better features, experience, service, brand, design, etc.).<br>                               | <b>Cost Leadership</b><br>Keep variable costs low and compensate through high-volume sales.<br>                        | <b>Scaled Transactions</b><br>Achieve high volume and large scale sales to maximize margins, when unit costs are relatively fixed.<br> | <b>Micro-transactions</b><br>Sell items for one dollar or cents in order to provoke impulse purchases at high volume.<br> | <b>Forced Scarcity</b><br>Offer a limited quantity or establish a limited time to access an offer, in order to increase demand and/or prices.<br> | <b>Subscription</b><br>Predict cash flows by receiving customers' one-time or recurring fee in advance in order to have access to your offer during certain time.<br> | <b>Membership</b><br>Charge a payment to provide different benefits that non-members do not have.<br>   |
| <b>Installed Base</b><br>Develop a "core" offer for small margins, or even losing money, in order to create demand and loyalty; then make profit on additional products and services.<br> | <b>Switchboard</b><br>Connect buyers and sellers; the more actors on each side, the more valuable the switchboard.<br> | <b>Auction</b><br>Enable the potential buyers to set the price of a good or service.  | <b>User-defined</b><br>Ask customers to establish the price they want to pay.<br>  | <b>Freemium</b><br>Provide free basic services and at the same time offer premium services (advanced or special features) with a cost.<br>        | <b>Flexible Pricing</b><br>Vary the price for a good or service according to its demand.<br>  | <b>Float</b><br>Receive up-front payment for an offer that is not built yet; earn interest on that money before delivering the good/service.<br>          |
| <b>Financing</b><br>Collect revenue not directly from the sale of a good, but from structured payment plans and after-sale interest.<br>   | <b>Ad-Supported</b><br>Offer a service or information for free to a crowd and at the same time selling this crowd as  | <b>Licensing</b><br>Permit the use of your offering in a specific way for a certain amount of money.  | <b>Metered Use</b><br>Customers pay only for what they use.<br>   | <b>Bundled Pricing</b><br>Sell in one transaction two or more items that could be sold   | <b>Disaggregated Pricing</b><br>Give customers the opportunity to buy just and only what they  | <b>Risk Sharing</b><br>Do not claim standard fees/costs if certain measures/ goals are not reached; yet gain huge profit when they are accomplished.<br> |







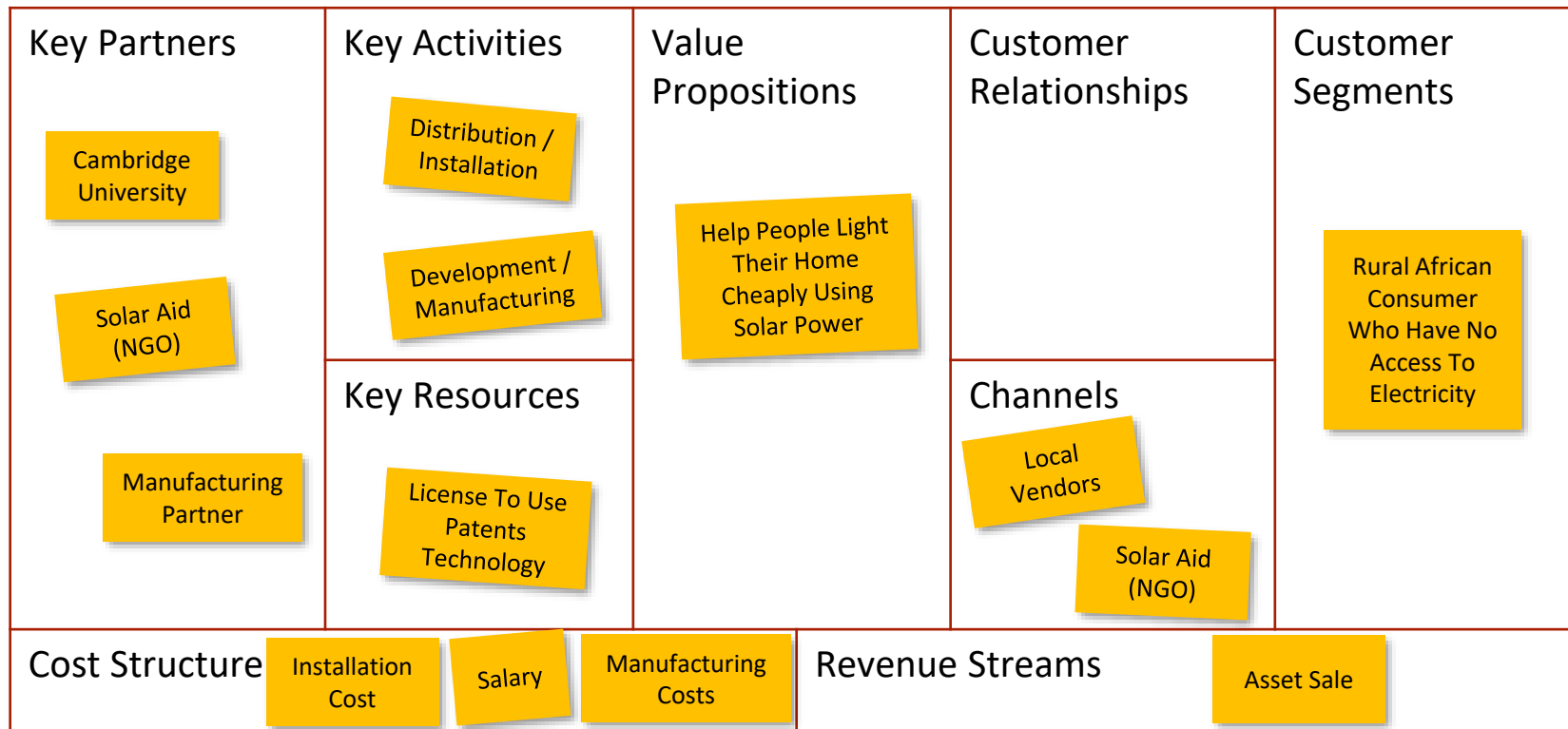
Need

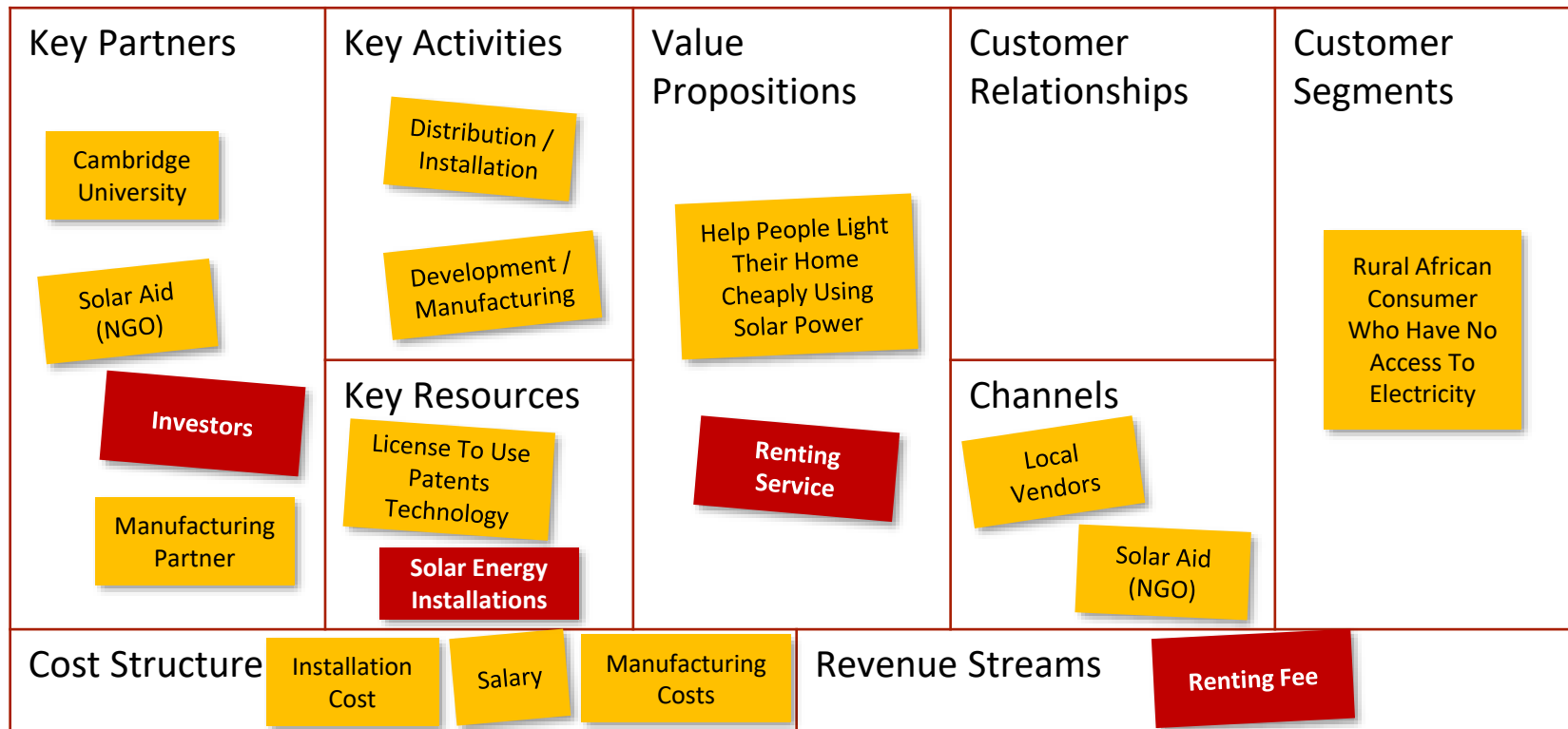


Technology



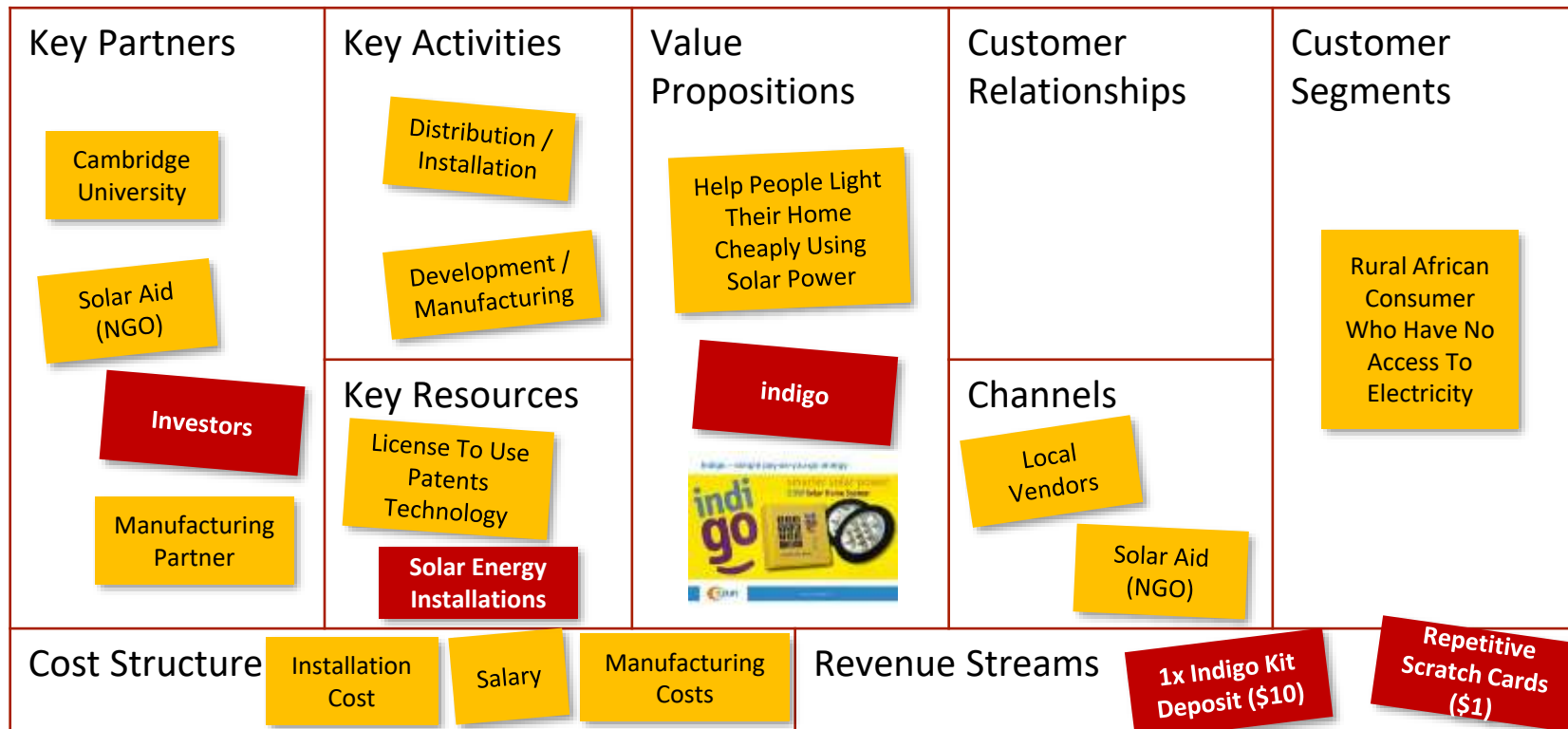
Business  
Model





Based on: [www.youtube.com/watch?v=Pw4fHdvmYvo](http://www.youtube.com/watch?v=Pw4fHdvmYvo)







## What could be the Innovation in your Business Model ?

