



DEMOCRATIZING  
IN THE  
AMERICAS

# Introduction to Innovation

Introduction to Innovation

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# Module 2: Types of Innovation

## Module 2 – Types Innovations (25 minutes)

- Types of innovation
  - -Incremental & Disruptive
  - -Definition and characteristics
- Innovation Case Studies - Incremental
  - Coca Cola (International Example)
  - Grace (Local Example)
  - Activity #2: Identifying Incremental Innovations
- Innovation Case Studies -Disruptive
  - Netflix vs Blockbuster
  - Encyclopedia vs Wikipedia
  - Activity #3: Identifying Disruptive Innovations



# Module 2 Description

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In module 2 of the Introduction to Innovation Course, students will explore the 2 main types of innovation currently shaping the world, that is Incremental and Disruptive innovations. Students will also be taken through a series of Jamaican and international examples of these main types of innovations.

This module will end with brief case studies of both Incremental and Disruptive innovations.

IMPACT ON THE MARKET

## Sustaining

A significant improvement on a product that aims to sustain the position in an existing market.

## Disruptive

Technology or new business model that disrupts the existing market



## Incremental

Gradual, continuous improvements on existing products and services.

## Radical

Technological breakthrough that transforms industries, often creates a new market.



LOW

HIGH

TECHNOLOGY NEWNESS

# Incremental Innovation is.....

A series of small improvements to an existing product or product line that usually helps maintain or improve its competitive position over time. Incremental innovation is regularly used within the high technology business by companies that need to continue to improve their products to include new features increasingly desired by consumers.

-The Business Directory



## Characteristics of incremental innovation (Product or service)

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- ✓ This type of innovation is about improving on the existing
- ✓ It concentrates on solving or responding to the needs of the customer
- ✓ Modest technological changes from existing platforms, products, or services
- ✓ Prolonging the market life of a product or service while sustaining the competitiveness of existing products in the market

# Example



# A Local Example



Even small updates to user experience can add value



The key is maintaining the longevity of the product



Think about the make and model of the car you drive, what are the incremental innovations have been added to that car over the past 15 years?

# *Disruptive Innovation is.....*

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A term coined by Clayton Christensen, describes a process by which a product or service takes root initially in simple applications at the bottom of a market and then relentlessly moves up market, eventually displacing established competitors.

<http://www.claytonchristensen.com/key-concepts/>



# Characteristics of Disruptive Innovation

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- ✓ Lower gross margins
- ✓ Smaller target markets
- ✓ Simpler products & services



# How does it work?

- ✓ The theory suggest that a smaller company with fewer resources can unseat or 'disrupt' a larger, established and successful company.
- ✓ They do this by targeting segments of the market that have been neglected by the incumbent, typically because it is focusing on more profitable areas.
- ✓ As the larger business concentrates on improving products and services for its most demanding customers, the small company is gaining a foothold at the bottom end of the market, or tapping a new market the incumbent had failed to notice.



**FOR  
EXAMPLE**

**FOR  
EXAMPLE**

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# Case Study: Netflix vs Blockbuster

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Netflix initially offered a DVD-by-mail rental service and later launched its online, subscription-based movie streaming service. Today, its on-demand all-you-can-watch movie platform is used by over 150 million people globally.



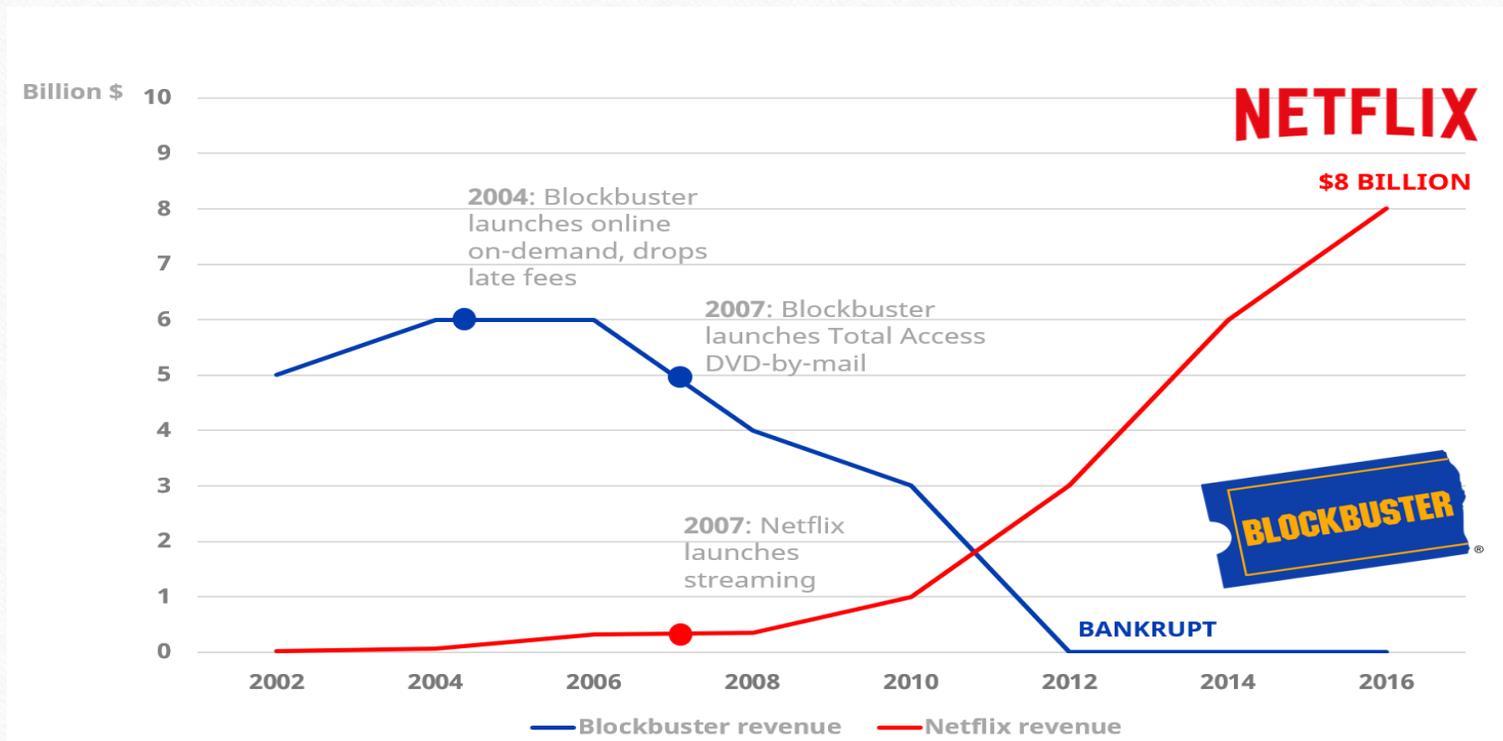
Blockbuster was American-based provider of home movie and video game rental services through a video rental shop, DVD by mail, streaming, video on demand and cinema theater/

- In the beginning, Netflix's mail-in movie subscription service wasn't attractive to Blockbuster's mainstream customers, but rather to those early adopters who were already used to online shopping.
- Throughout the 1990s, things looked different as Blockbuster was expanding rapidly and dominating the video rental industry. The multi-billion-dollar company had over 9 000 video rental stores globally and it employed nearly 85 000 people worldwide.

- In 2000s, however, Blockbuster started to lose significant revenue, as Netflix came and targeted segments that had been overlooked by Blockbuster.
- Netflix did not reach the mainstream until after disrupting itself from its DVD mail service to online streaming. When previously people had to go to the store to rent a movie as well as to return it, they could now access a variety of films and TV shows with fixed monthly subscription fee without having to leave their homes.

- When Netflix changed to its subscription-based business model, Blockbuster was still earning billions.
- When Netflix eventually started to turn non-customers into customers with its more flexible and accessible online service, Blockbuster responded to the competition by launching its corresponding services.

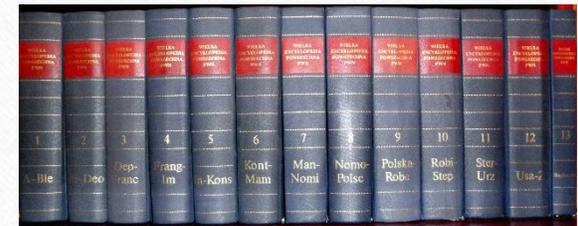
- At this point, however, Netflix was already on the exponential part of the curve and despite Blockbuster's brand and resources, Netflix had already established its position in the market



# Case Study: Encyclopedia vs Wikipedia

## *Encyclopedia*

The 2010 version of the 15th edition, which spans 32 volumes and 32,640 pages, was the last printed edition.



## *Wikipedia*

Launched on January 15, 2001.

You can find more cases and examples at <https://openviewpartners.com/blog/11-disruptive-innovation-examples-and-why-uber-and-tesla-dont-make-the-cut/#.YBDd--hKjIU>

# RECAP

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# Additional Reading and Viewing

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**Disruptive VS Incremental Innovation**

<https://www.youtube.com/watch?v=glmFA5H3ONk>

**Types of Innovation – The Ultimate Guide with Definitions and Examples**

<https://www.viima.com/blog/types-of-innovation>

**Netflix vs Blockbuster – 3 Key Takeaways**

<https://www.drift.com/blog/netflix-vs-blockbuster/>

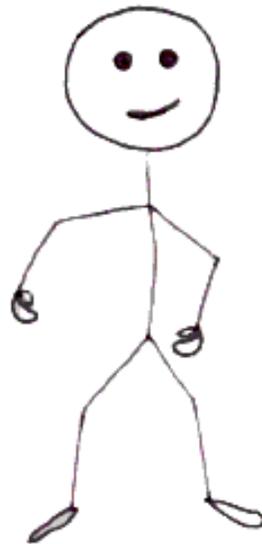
**11 Disruptive Innovation Examples (And Why Uber and Tesla Don't Make the Cut)**

<https://openviewpartners.com/blog/11-disruptive-innovation-examples-and-why-uber-and-tesla-dont-make-the-cut/#.YDUy--hKjIU>

# Thank you!

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This is  
my  
thank you  
dance!



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