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Types of Innovation: What Are They, And How Do You Apply Them In Your Business?

Learn the different types of innovation, the stages to follow, and examples. Learn how to put innovation into practice in your business!

SYDLE

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There are **many types of innovation** that can be applied in your day-to-day in order to optimize results, each with a different objective. Disruptive, incremental, and drastic innovation are among them.

Every company wants to innovate, stand out in the market, and offer the best to its customers, employees, and partners. But, aside from a brand's dreams and ambitions, like fostering the changes it desires: **what is innovation, really? What are the types of innovation? And how do you implement them in a business**

That's exactly what we're going to cover in this article. Read on to find out!

What's innovation?

Innovation is anything that proposes an alternative to something that is done in a certain way, brings economic and behavioral benefits, solves problems, or makes people's daily lives more practical.

It can be related to a product, service, process, market, means of production, technology, or anything else that brings about a change that becomes sustained and indispensable.

enables all types of innovation, since without good tools innovation can come at the wrong time and lose the potential to scale your business.

Remember that **to innovate is to go beyond and exceed the expectations** of stakeholders and the market. For this to happen, you need speed, quality, and precision.

What are the advantages of innovation?

When a sector, segment, or brand decides to innovate, it contributes to the development of society as a whole.

But, in practical terms of a commercial organization, a company that innovates, mainly in its processes, gains many advantages, such as:

- **Keeping processes organized:** By being innovative in how you perform processes, especially if you use technology, you create standards and systematize the best work method for your brand. And this is crucial for strategies to be successful, results to be achieved, and goals to be reached.
- **Developing creativity:** With innovation, a company shows that it's open to changes and that employees can contribute with new ideas

- **Increasing the business's competitiveness:** By adopting strategic resources, a company becomes more attractive to customers, partners, and talents and gains a competitive advantage in the market.
- **Increasing productivity:** Innovation proposes more effective processes, more production control, effective strategy, and more engaged employees.
- **Adding value to a product or service:** When you innovate, you boost the marketing of products and services, because you bring something different and unique for your target audience.
- **Increasing profits:** With more productivity, a more attractive business, and more effective management, your business will consequently see greater profits.

What are the major types of innovation?

Essentially, there are three types of innovation: **radical, incremental, and disruptive**. They may vary depending on the niche, market, brand essence, services, and products offered.

Types of Innovation



Radical innovation

As the name suggests, **a radical innovation really changes the circumstances** of a brand, whether in terms of market or of business dynamics.

It can occur due to a complete change in a company's positioning, work method, processes, services, and products offered, or how it relates to customers.

changed the market and made it more popular.

Incremental innovation

Another type of innovation is incremental innovation. It adds new features to a product, brand, or production methods without promoting a very drastic change.

It's usually an **evolution of an innovation already implemented by the brand** that complements and offers improvements, be it to employees, customers, or features of a business.

An example of incremental innovation is Gmail, which was created with the purpose of sending emails quickly – but over time, different features were added to improve the customer experience and make it more useful and competitive.

Disruptive innovation

Technological and behavioral changes have favored the emergence of disruptive innovation in recent decades.

This type of innovation follows the market more than a specific brand, product, or service. It can be leveraged by something a company has

Examples of disruptive innovation include Netflix, as the market used to rely on companies like Blockbuster for movies and TV series. Netflix started offering DVD-by-mail rental services but decided to innovate. It started offering video streaming services through a monthly subscription and, in doing so, drove Blockbuster out of the market. In addition to being innovative, this also gave Netflix a predictable monthly revenue.

Examples of innovation

Now that you know the types of innovation, we will show some examples so that you understand the topic in practice. Let's begin!

Product innovation

Easily noticed, product innovation actually brings something new to the market. Television, for example, was something innovative when it was invented, bringing image, sound, and entertainment into people's houses.

It was a radical innovation that, **with acceptance of the public, became disruptive** and over time began to rely on incremental innovation. The whole world followed the release of different kinds of TV: color, cable, flat-screen, and, today, smart TV.

A visible example of service innovation is food delivery. For a long time, in order to eat something from a restaurant, customers needed to walk into the place or order takeout.

That's when the market innovated and offered delivery service so that customers could order whatever they wanted with just a phone call. Over time, it became possible to order food on websites, and now we can order food on mobile apps at our fingertips.

Innovation in production processes

Here it is interesting to highlight **environmental awareness**. Many cosmetic brands, for example, innovate by implementing cruelty-free processes that don't involve animals.

Innovation in business model

Innovation in the business model is **very common in startups**. A simple example would be marketplaces. Virtual stores like Amazon mediate between buyers and sellers.

Another example would be virtual banks. Today, there are many financial institutions with no physical facilities for customer service and whose transactions are all performed online.

Technological innovation is the most evident kind of innovation. The advance of technology brings about many opportunities. Thinking back a few centuries, the Industrial Revolution springs to mind as a good example, since it changed production methods in companies, work methods, and even workers' lives.

In a modern context, though, the primary examples are the internet and smartphones, which revolutionized not only products and services, but also society's behavior.

Technological innovation, as we see in the case of **Industry 4.0 technologies**, enables us to take steps that would otherwise be unachievable with human power alone.

Logistical innovation

For a long time, it would take up to a month to receive a letter by mail. For international products, it would take an average of three months. To change this, **companies and distributors innovated in logistics**, creating storage points and strategic distribution centers. Today, there are apps to hire delivery services and even delivery drones!

Marketing innovation

advertise can be innovative. With the creation of social media, for example, lots of brands innovated by advertising on those platforms instead of newspapers and television.

Organizational innovation

Organizational innovation brings several other kinds of innovation. They concern structural changes and **practices that improve productivity**, services, products, and processes.

Home offices are an example of organizational innovation, as are management software, customer service chatbots, and trainee programs in which employees get to know all departments of a company before actually working in one of them.

What are the stages of the innovation process?

Being innovative may seem like something unusual that requires you to be extremely lucky or a genius. But it can actually occur in any company, big or small, and in any sector.

- **Generation of new ideas:** What are the opportunities in the field? What hasn't been done yet and would actually change a product, service, or company?
- **Evaluation:** What's necessary to put this into practice, is it possible, and how do you make it viable?
- **Experimentation:** It's vital to test your ideas and identify what really works and what needs to be improved.
- **Marketing:** Has it reached the sweet spot? It's time to offer to customers what before was just an internal project.
- **Follow-up:** Keeping track of what has been implemented is important to understand public acceptance, audience, and strategy. To do that, feedback is essential.

All stages need to be based on technology. This makes it possible to speed up processes and document versions prior to the innovation, monitor results, compare versions, test, and assess overall performance.

How do you implement innovation in a company?

It's about showing employees, customers, and partners the reasoning behind the innovation, how it works, and why it's the best path to follow.

From there, you need to identify what works best for the company, be open to any necessary adaptations, and promote acceptance of what is new.

Here are some tips on **how to effectively bring innovation to your business.**

- Involve the whole team
- Treat innovation as a strategic element
- Invest in internal entrepreneurship development
- Empower your employees
- Create an environment that favors innovation
- Develop an innovation process
- Start a high-impact transformation
- Follow the example of large companies

Use technology to support innovation

implementation.

With digital transformation, companies can **automate all processes** and, as a result, have more control over their current situation and how they perform after innovation. Management software allows you to collect and analyze data so that innovations are based on consistent information.

To put this into practice, one option is to follow the logic of **Business Process Management (BPM)**, which changes a company's culture to think about processes in an integrated and cyclical manner, focusing on continuous improvement.

For this to happen, you can use tools like a **BPMS (Business Process Management Suite)** to automate and execute processes in a digital environment.

Want to learn more about the importance of BPM in digital transformation and how technology supports innovation in companies? Click here!

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