

A background image showing a business meeting. In the foreground, a person's hands are pointing at a tablet displaying a bar chart and a pie chart. Another person's hands are visible in the background, one resting on a keyboard. A white coffee cup and a glass of water are on a desk to the right. A clipboard with a pen is in the bottom foreground.

Monetising innovation

Achieving profitable growth

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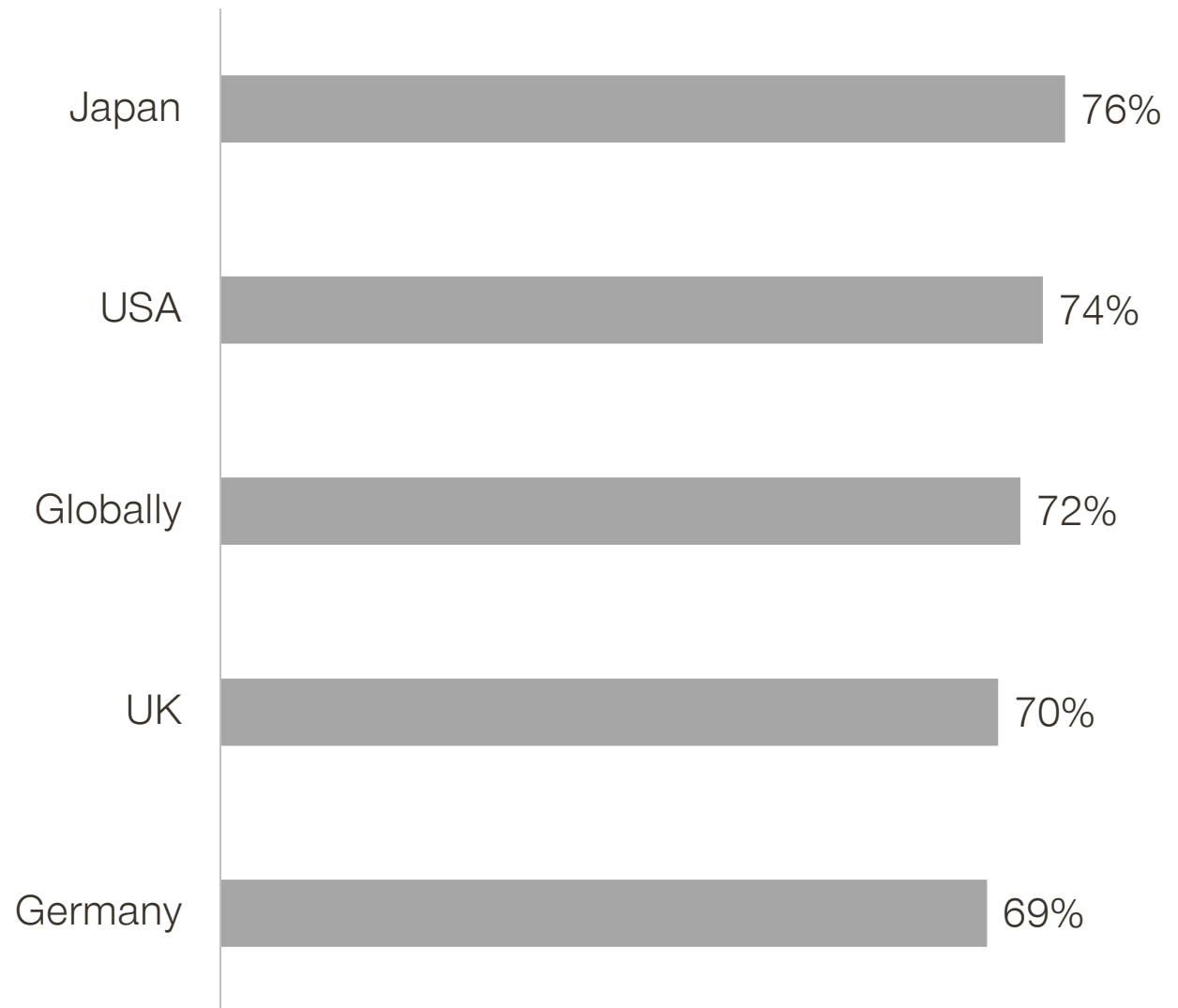
The reality is that many innovations fail to deliver results

72% of all new products and services do not achieve profit target

In 25% of companies all innovations fail to meet profit target



New products and services: "flop rate"



An example of failed innovation: Telecom

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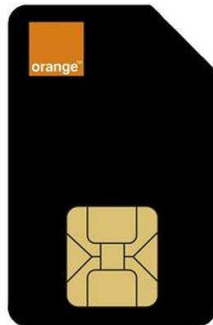
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“

4G is "the communications equivalent of the change the jet engine made over steam"

Olaf Swantee, EE

”

**3G**

1gb

£31

**4G**

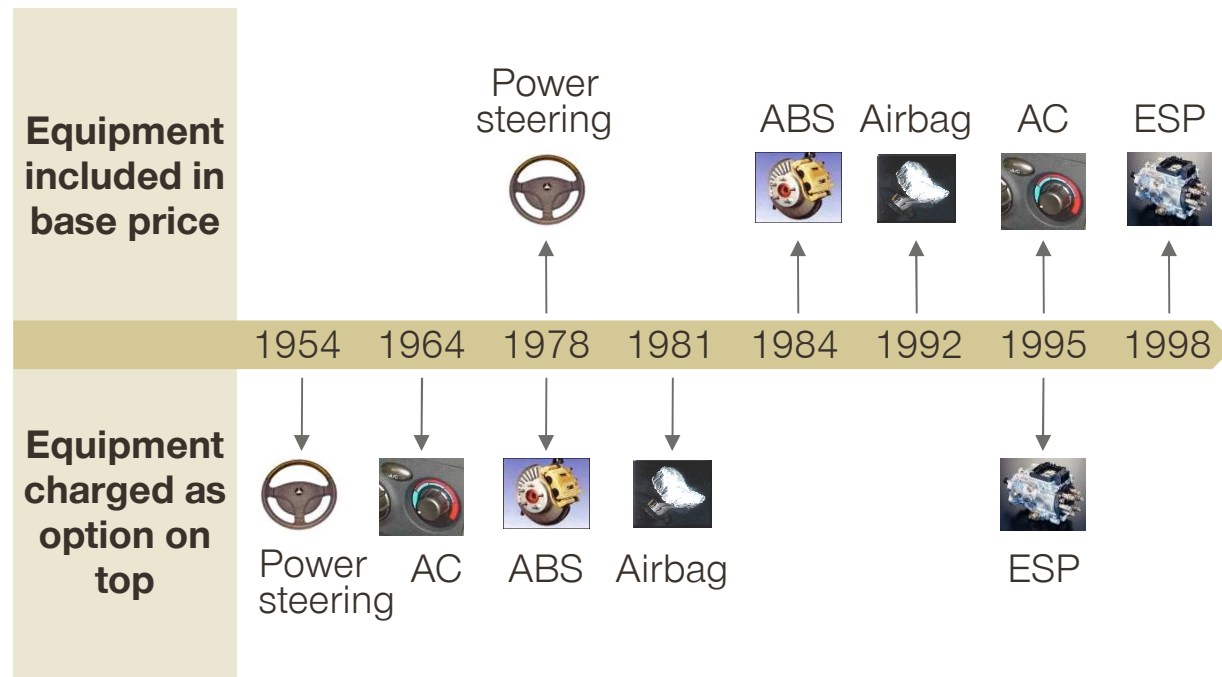
1gb

£26

Inability to monetise value creation

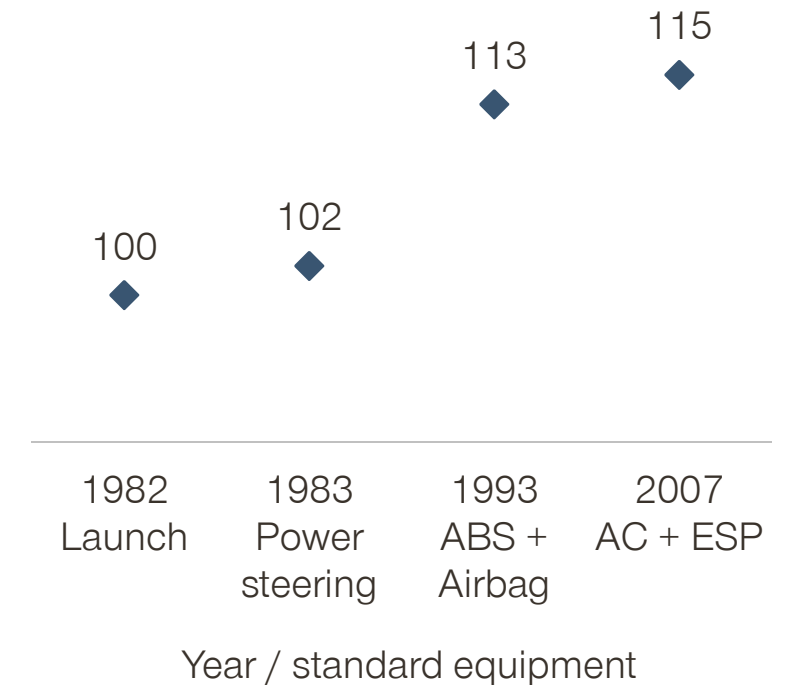
An example of continual monetisation: Automotive

Mercedes C-Class product innovation history



Mercedes C-Class* price index

Price index (adjusted by inflation)



* 190E and C200 Kompressor

Source: Simon-Kucher, Mercedes Benz price lists 1982-2007

From optional to standard feature, and the price increases

Typical comment: 'we are in a commoditised industry, there is no premium product'

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Own Brand
8p



Staedtler
£1.14



Faber Castell
£2.00



"Perfect Pencil"
£38.00

There is always room for value monetisation

Conclusion

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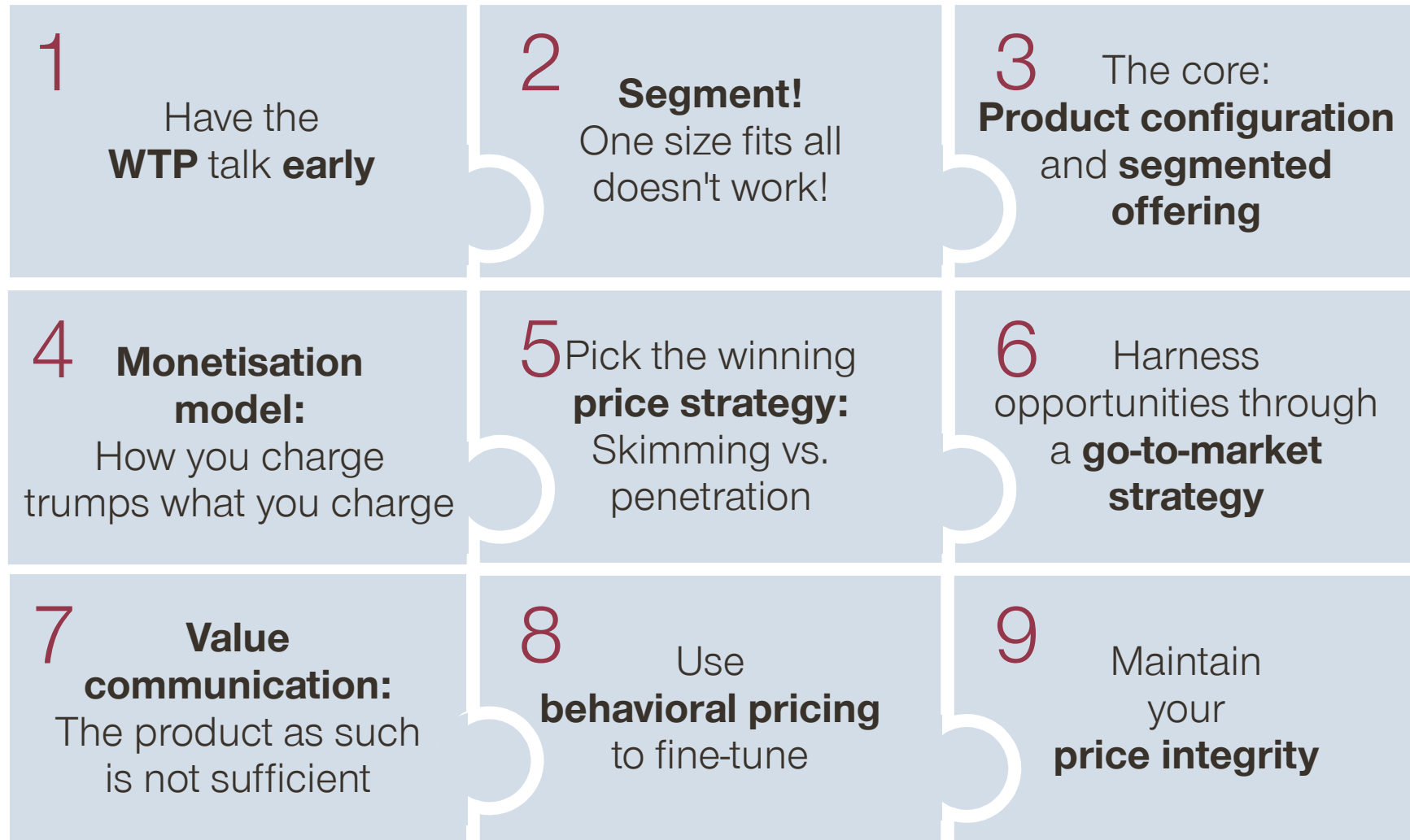
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"Customers don't buy products, they buy the benefits that these products and their suppliers offer to them."

Peter F. Drucker

**We need to identify, value and charge for those benefits;
considering that benefits are different for each customer segment**

The nine steps towards monetising innovations





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