



## Classification and Procedure of Business Product Innovation

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### ABSTRACT

Product innovation encompasses the generation of novel concepts, modifications, and enhancements to current offerings with the aim of more effectively satisfying client demands and potentially forging new market opportunities. The range of product innovation in a business environment is highly varied and can serve as the primary catalyst for enhancing a company's competitiveness in this dynamic period. Every category of innovation plays a distinct role and has a specific impact on addressing company challenges and possibilities. Companies that integrate many forms of innovation in alignment with their strategy and business objectives will enhance their ability to sustain competitiveness and effectively navigate market fluctuations. Through the implementation of appropriate product innovations, organizations can enhance their market presence, augment client contentment, and attain sustainable expansion.

## 1. Introduction

Product innovation in the business world is one of the keys to company success and growth. Product innovation includes the development of new ideas, changes, and improvements to existing products so that they can better meet customer needs or even create new markets. The types of product innovation in a business context are very diverse and can be the main driver in increasing a company's competitiveness in this ever-changing era. In a business view, product innovation does not only include the development of physical goods but can also involve services, business models, or operational processes. This product innovation has become the center of attention for companies that want to remain relevant and competitive in an increasingly competitive and dynamic business environment.<sup>1-3</sup>

### Incremental innovation

Incremental innovation is a type of innovation that involves small changes or improvements to existing products. The main goal is to improve the performance, efficiency, or usability of an existing product without introducing drastic or revolutionary changes. Improving the quality of materials and production processes to produce products that are more durable and reliable. Adding new features or improving existing features to meet customer needs or desires. Reduce production or distribution costs to increase profitability. Improve the efficiency of production processes or service provision to save time and resources. Increase product security levels to protect users from potential risks or dangers. Improve the product user experience to make it easier to use and effective. Incremental innovation often occurs on an ongoing basis and is an important part of a

company's long-term strategy. It helps companies stay competitive in an ever-changing market in a more measured and controlled manner than more revolutionary innovations. Additionally, incremental innovation can help companies maintain and strengthen relationships with existing customers because continuous improvements in products can increase customer satisfaction.<sup>4-7</sup>

### **Disruptive innovation**

Disruptive innovation is a type of innovation that changes the market landscape significantly and often in a way that disrupts existing business models. These innovations can create new opportunities and replace established products or services. Disruptive innovation represents a fundamental change in the way markets operate. This could involve new technology, a new business model, or a different approach to meeting customer needs. Disruptive innovation often replaces an existing product or service with a more efficient, affordable, or effective solution. Old products may become irrelevant or obsolete. These innovations often disrupt existing business models, changing the way companies generate revenue or interact with customers. For example, subscription business models replace one-time sales. Disruptive innovation can target market segments that were previously ignored by major players in the industry. This can open up new opportunities and create new demand. These innovations often emerge to meet customer needs that were previously unmet or forgotten. Disruptive innovation can change the way an entire industry operates. For example, the music industry is shifting from physical CDs to digital downloads. However, it is important to remember that disruptive innovation is not always successful. Some may fail, while others could be a monumental change in the industry. This is a type of innovation that is often thrilling and risky but can also provide huge opportunities for companies that successfully pursue it.<sup>8-10</sup>

### **Radical innovation**

Radical innovation is a type of innovation in which a company develops a product that is completely new

and different from what has existed before. These innovations may involve entirely new technologies, concepts, or approaches and often fundamentally change the way markets operate. Radical innovation involves creating a product or service that did not previously exist on the market. This could be a completely new product or a type of product that has never been seen before. These innovations often rely on new technology or revolutionary approaches to create unique products. For example, the introduction of smartphones combines multiple technologies in one device. Radical innovations can disrupt existing business models or replace established products. This can create new opportunities and shake up major players in the industry. This innovation often creates new markets where previously existing products cannot compete. For example, the introduction of electric cars created new markets in the automotive industry. Radical innovation often changes the way people think or interact with the world around them. For example, the internet has changed the way we communicate, shop, and obtain information. Radical innovation often requires large investments in research and development to develop new technologies or products. While radical innovations have the potential to provide huge benefits and change the game in an industry, they can also carry significant risks and require significant resources. However, for successful companies, radical innovation can have a tremendous positive impact and enable long-term growth and sustainability.<sup>11-13</sup>

### **Process innovation**

Process innovation is a type of innovation related to the way products are produced, distributed, or delivered. The main focus of process innovation is to increase efficiency, reduce costs, or speed up production time. This can help companies become more competitive and produce better-quality products. Process innovation is often aimed at increasing efficiency in the production of goods or the provision of services. This includes equipment updates, automation, and improvements in workflow. Identify and eliminate unnecessary stages in the production or distribution process. This can reduce wasted time and

resources. Utilization of new or advanced technology to improve production or distribution processes. This may include the use of supply chain management software, IoT (Internet of Things), or robotics. Process innovations can also include better systems for controlling product quality during production. This can reduce waste and ensure consistent quality. By reducing waste, improving efficiency, and minimizing losses, process innovation can help companies reduce production costs. Process innovation can speed up the time needed to produce products so that they can meet rapid market demand. Some process innovations aim to reduce environmental impact by reducing waste, energy used, or emissions. Process innovation is an important aspect of operational management in business and can provide a significant competitive advantage. This helps companies to remain efficient, responsive to market changes, and sustainable in the long term.<sup>14,15</sup>

### **Business model innovation**

Business model innovation is a type of innovation that changes the way a company monetizes its products or services. This involves changes in the way a company generates revenue or interacts with customers. Business model innovation can bring significant changes in a company's business strategy. Business model innovation can include changes in the way a company charges customers. For example, moving from a one-time sales model to a subscription model or using a premium model where some services are free while others are paid. These innovations can help companies to better meet customer needs in more flexible or affordable ways. Business model innovations can be designed to increase company revenues, for example, by introducing new sources of income such as advertising or additional services. Many business model innovations relate to digital technologies, such as e-commerce, streaming services, or sharing economy platforms. These innovations often incorporate customer data for personalization and optimization. This allows companies to provide added value to customers. Business model innovation can also include more sustainable approaches, such as sharing or recycling-based business models. This

innovation can simplify the purchasing process or interaction with customers, which can increase customer retention and loyalty. Successful companies are often open to business model innovation because this allows them to better adapt to market changes and face intense competition. Business model innovation can also create new opportunities in the form of collaboration and different business partners.<sup>16,17</sup>

### **Design innovation**

Design innovation is a type of innovation that focuses on aspects of aesthetics, ergonomics, and user experience (user experience or UX). These innovations include changes in the product's appearance, interactions, or user interface. Design innovation can add significant value to a product and influence how customers interact and experience the product. Design innovation can change the physical appearance of a product, including color, shape, texture, and other visual design elements. The goal is to create a more visually appealing product. This innovation can also pay attention to product comfort and ergonomics. These include physical designs that are more comfortable to use, reduce fatigue, or increase efficiency of use. Design innovation is often related to changes in the way users interact with products through the user interface. This includes website design, mobile apps, buttons, menus, and other elements that influence how users communicate with the product. This innovation also improves the overall user experience. This involves simplifying processes, improving navigation, and ensuring that users are satisfied and effective in using the product. Design innovations can include personalization elements that allow users to customize products according to their preferences. Successful design innovation can increase customer satisfaction, increase retention, and promote customer loyalty. Design innovation is especially important in consumer products, such as smartphones, software, home appliances, and other consumer products. The quality of product design can be a major factor influencing customer purchasing decisions and a company's brand image. Products with attractive and functional

designs often have a significant competitive advantage in the market.<sup>18</sup>

### **Sustainable innovation**

Sustainable innovation is a type of innovation that focuses on aspects of sustainability, including efforts to reduce environmental impacts, use environmentally friendly materials, and utilize renewable energy resources. This innovation aims to maintain a balance between economic growth, environmental protection, and long-term sustainability. Sustainable innovation includes the use of more environmentally friendly materials in the production process. This includes recycled materials, organic materials, and materials with a lower environmental impact. The use of renewable energy resources, such as solar, wind, or hydro energy, is an important part of sustainable innovation. This helps reduce dependence on fossil energy resources and reduces carbon emissions. This innovation aims to reduce the environmental impact of products throughout their life cycle, including production, use, and re-selection. This includes reducing waste, emissions, and water use. Sustainable innovation also involves recycling and exchange practices, where used products are returned to manufacturers for reuse or recycling. Sustainable innovation often includes product design that takes sustainability principles into account. This involves thinking about how to design products to make them more recyclable, durable, or easy to repair. This innovation includes efforts to increase the efficient use of energy and other resources during the production or use of products.

Sustainable innovation is critical in facing today's environmental challenges, including climate change, environmental degradation, and natural resource depletion. Companies that adopt sustainable innovation can create competitive advantages, meet the demands of increasingly environmentally conscious customers, and contribute to global environmental protection.<sup>19</sup>

### **Service innovation**

Service innovation is a type of innovation in which a company develops additional services or updates

that increase the value of the product or meet customer needs in a different way. This innovation aims to improve customer experience and provide more added value. Service innovation can include increasing the value of a product by adding additional services. For example, offering better after-sales service or technical support. These innovations include efforts to offer services that better suit customers' individual needs. This could involve a better understanding of customer preferences. Service innovation can include changes in the way customers access products or services. For example, introducing an online platform or mobile app to make purchasing or interaction easier. Subscription business models are an example of service innovation, where customers pay regularly to access a particular product or service. These innovations include diversifying the company's service portfolio, allowing them to deliver more added value to customers. After-sales service innovations, such as better customer support, training, or product maintenance, can improve customer satisfaction. Companies that are innovative in service are often responsive to customer feedback and make improvements based on customer input. Service innovation can help companies win customer loyalty, increase retention, and create stronger relationships between companies and customers. It can also be a strong differentiation factor in a competitive market. With increasingly advanced digital technology, service innovation can include leveraging customer data and communications technology to provide better experiences and meet customer needs more efficiently.<sup>20</sup>

## **2. Conclusion**

Each type of innovation has its own role and impact in facing business challenges and opportunities. Companies that combine various types of innovation according to their strategy and business goals will be able to maintain competitiveness and face market changes better. By adopting the right product innovations, companies can expand market share, increase customer satisfaction, and achieve long-term growth.

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