

# TEN TYPES OF INNOVATION

## TACTICS OVERVIEW



a Deloitte business

Profit Model	Network	Structure	Process	Product Performance	Product System	Service	Channel	Brand	Customer Engagement	
<p><b>Premium</b> Price at a higher margin than competitors, usually for a superior product, offering, experience, service or brand.</p> <p><b>Cost Leadership</b> Keep variable costs low and sell high volumes at low prices.</p> <p><b>Scaled Transactions</b> Maximize margins by pursuing high volume, large scale transactions when unit costs are relatively fixed.</p> <p><b>Microtransactions</b> Sell many items for as little as a dollar—or even only one cent—to drive impulse purchases at volume.</p> <p><b>Forced Scarcity</b> Limit the supply of offerings available, by quantity, time frame or access, to drive demand and/or prices.</p> <p><b>Subscription</b> Create predictable cash flows by charging customers up front (a one time or recurring fee) to have access to the product/service over time.</p> <p><b>Membership</b> Charge a time-based payment to permit access to locations, offerings, or services that non-members don't have.</p> <p><b>Installed Base</b> Offer a "core" product for slim margins (or even a loss) to drive demand and loyalty; then realize profit on additional products and services.</p> <p><b>Switchboard</b> Connect multiple sellers with multiple buyers; the more buyers and sellers who join, the more valuable the switchboard.</p> <p><b>Auction</b> Allow a market—and its users—to set the price for goods and services.</p>	<p><b>User-Defined</b> Invite customers to set a price they wish to pay.</p> <p><b>Freemium</b> Offer basic services for free, while charging a premium for advanced or special features.</p> <p><b>Flexible Pricing</b> Vary prices for an offering based on demand.</p> <p><b>Float</b> Receive payment prior to building the offering—and use the cash to earn interest prior to making margins.</p> <p><b>Financing</b> Capture revenue not directly from the sale of a product, but from structured payment plans and after-sale interest.</p> <p><b>Ad-Supported</b> Provide content/services for free to one party while selling listeners, viewers or "eyeballs" to another party.</p> <p><b>Licensing</b> Grant permission to some other group or individual to use your offering in a defined way for a specified payment.</p> <p><b>Metered Use</b> Allow customers to pay for only what they use.</p> <p><b>Bundled Pricing</b> Sell in a single transaction two or more items that could be sold as standalone offerings.</p> <p><b>Disaggregate Pricing</b> Allow customers to buy exactly—and only—what they want.</p> <p><b>Risk Sharing</b> Waive standard fees/costs if certain metrics aren't achieved, but receive outside gains when they are.</p>	<p><b>Merger/Acquisition</b> Combine two or more entities to gain access to capabilities and assets.</p> <p><b>Consolidation</b> Acquire multiple companies in the same market or complementary markets.</p> <p><b>Open Innovation</b> Obtain access to processes or patents from other companies to leverage, extend, and build on expertise and/or do the same with internal IP and processes.</p> <p><b>Secondary Markets</b> Connect waste streams, by-products, or other alternative offerings to those who want them.</p> <p><b>Supply Chain Integration</b> Coordinate and integrate information and/or processes across a company or functions of the supply chain.</p> <p><b>Complementary Partnering</b> Leverage assets by sharing them with companies that serve similar markets but offer different products and services.</p> <p><b>Alliances</b> Share risks and revenues to jointly improve individual competitive advantage.</p> <p><b>Franchising</b> License business principles, processes, and brand to paying partners.</p> <p><b>Coopetition</b> Join forces with someone who would normally be your competitor to achieve a common goal.</p> <p><b>Collaboration</b> Partner with others for mutual benefit.</p>	<p><b>Organizational Design</b> Make form follow function and align infrastructure with core qualities and business processes.</p> <p><b>Incentive Systems</b> Offer rewards (financial or non-financial) to provide motivation for a particular course of action.</p> <p><b>IT Integration</b> Integrate technology resources and applications.</p> <p><b>Competency Center</b> Cluster resources, practices and expertise into support centers that increase efficiency and effectiveness across the broader organization.</p> <p><b>Outsourcing</b> Assign responsibility for developing or maintaining a system to a vendor.</p> <p><b>Corporate University</b> Provide job-specific or company-specific training for managers.</p> <p><b>Decentralized Management</b> Distribute decision-making governance closer to the customer or other key business interfaces.</p> <p><b>Knowledge Management</b> Share relevant information internally to reduce redundancy and improve job performance.</p> <p><b>Asset Standardization</b> Reduce operating costs and increase connectivity and modularity by standardizing your assets.</p>	<p><b>Process Standardization</b> Use common products, processes, procedures, and policies to reduce complexity, costs, and errors.</p> <p><b>Localization</b> Adapt an offering, process, or experience to target a culture or region.</p> <p><b>Process Efficiency</b> Create or produce more while using fewer resources—measured in materials, energy consumption or time.</p> <p><b>Flexible Manufacturing</b> Use a production system that can rapidly react to changes and still operate efficiently.</p> <p><b>Process Automation</b> Apply tools and infrastructure to manage routine activities in order to free up employees.</p> <p><b>Crowdsourcing</b> Outsource repetitive or challenging work to a large group of semi-organized individuals.</p> <p><b>On-Demand Production</b> Produce items after an order has been received to avoid carrying costs of inventory.</p> <p><b>Lean Production</b> Reduce waste and cost in your manufacturing process and other operations.</p> <p><b>Logistics Systems</b> Manage the flow of goods, information and other resources between the point of origin and the point of use.</p> <p><b>Strategic Design</b> Employ a purposeful approach that manifests itself consistently across offerings, brands, and experiences.</p> <p><b>Intellectual Property</b> Protect an idea that has commercial value—such as a recipe or industrial process—with legal tools like patents.</p> <p><b>User Generated</b> Put your users to work in creating and curating content that powers your offerings.</p> <p><b>Predictive Analytics</b> Model past performance data and predict future outcomes to design and price offerings accordingly.</p>	<p><b>Superior Product</b> Develop an offering of exceptional design, quality, and/or experience.</p> <p><b>Ease of Use</b> Make your product simple, intuitive and comfortable to use.</p> <p><b>Engaging Functionality</b> Provide an unexpected or newsworthy experiential component that elevates the customer interaction.</p> <p><b>Safety</b> Increase the customer's level of confidence and security.</p> <p><b>Feature Aggregation</b> Combine existing features found across offerings into a single offering.</p> <p><b>Added Functionality</b> Add new functionality to an existing offering.</p> <p><b>Performance Simplification</b> Omit superfluous details, features, and interactions to reduce complexity.</p> <p><b>Environmental Sensitivity</b> Provide offerings that do no harm—or relatively less harm—to the environment.</p> <p><b>Conservation</b> Design your product so that customers can reduce their use of energy or materials.</p> <p><b>Customization</b> Enable altering of the product or service to suit individual requirements or specifications.</p> <p><b>Focus</b> Design an offering specifically for a particular audience at the expense of others.</p> <p><b>Styling</b> Impart a style, fashion or image.</p>	<p><b>Complements</b> Sell additional related or ancillary products or services to a customer.</p> <p><b>Extensions/Plug-ins</b> Allow first- or third-party additions that add functionality.</p> <p><b>Product Bundling</b> Offer several products for sale as one combined product.</p> <p><b>Modular Systems</b> Provide a set of individual components that can be used independently, but gain utility when combined.</p> <p><b>Product/Service Platforms</b> Develop systems that connect with other, partner products and services to create a holistic offering.</p> <p><b>Integrated Offering</b> Combine otherwise discrete components into a complete experience.</p>	<p><b>Try Before You Buy</b> Let customers test and experience an offering before investing in it.</p> <p><b>Guarantee</b> Remove customer risk of lost money or time stemming from product failure or purchase error.</p> <p><b>Loyalty Programs</b> Provide benefits and/or discounts to frequent and high-value customers.</p> <p><b>Added Value</b> Include an additional service/function as part of the base price.</p> <p><b>Concierge</b> Provide premium service by taking on tasks for which customers don't have time.</p> <p><b>Total Experience Management</b> Provide thoughtful, holistic management of the consumer experience across an offering's lifecycle.</p> <p><b>Supplementary Service</b> Offer ancillary services that fit with your offering.</p> <p><b>Superior Service</b> Provide service(s) of higher quality, efficacy, or with a better experience than any competitor.</p> <p><b>Personalized Service</b> Use the customer's own information to provide perfectly calibrated service.</p> <p><b>User Communities/Support Systems</b> Provide a communal resource for product/service support, use and extension.</p> <p><b>Lease or Loan</b> Let customers pay over time to lower upfront costs.</p> <p><b>Self-Service</b> Provide users with control over activities that would otherwise require an intermediary to complete.</p>	<p><b>Diversification</b> Add and expand into new or different channels.</p> <p><b>Flagship Store</b> Create a store to showcase quintessential brand and product attributes.</p> <p><b>Go Direct</b> Skip traditional retail channels and connect directly with customers.</p> <p><b>Non-Traditional Channels</b> Employ novel and relevant avenues to reach customers.</p> <p><b>Pop-up Presence</b> Create a noteworthy but temporary environment to showcase and/or sell offerings.</p> <p><b>Indirect Distribution</b> Use others as resellers who take ownership over delivering the offering to the final user.</p> <p><b>Multi-Level Marketing</b> Sell bulk or packaged goods to an affiliated but independent sales force that turns around and sells it for you.</p> <p><b>Cross-selling</b> Place products, services, or information that will enhance an experience in situations where customers are likely to want to access them.</p> <p><b>On-Demand</b> Deliver goods in real-time whenever or wherever they are desired.</p> <p><b>Context Specific</b> Offer timely access to goods that are appropriate for a specific location, occasion, or situation.</p> <p><b>Experience Center</b> Create a space that encourages your customers to interact with your offerings—but purchase them through a different (and often lower-cost) channel.</p>	<p><b>Co-Branding</b> Combine brands to mutually reinforce key attributes or enhance the credibility of an offering.</p> <p><b>Brand Leverage</b> "Lend" your credibility and allow others to use your name—thus extending your brand's reach.</p> <p><b>Private Label</b> Provide goods made by others under your company's brand.</p> <p><b>Brand Extension</b> Offer a new product or service under the umbrella of an existing brand.</p> <p><b>Component Branding</b> Brand an integral component to make a final offering appear more valuable.</p> <p><b>Transparency</b> Let customers see into your operations and participate with your brand and offerings.</p> <p><b>Values Alignment</b> Make your brand stand for a big idea or a set of values and express them consistently in all aspects of your company.</p> <p><b>Certification</b> Develop a brand or mark that signifies and ensures certain characteristics in third-party offerings.</p>	<p><b>Process Automation</b> Remove the burden of repetitive tasks from the user to simplify life and make new experiences seem magical.</p> <p><b>Experience Simplification</b> Reduce complexity and focus on delivering specific experiences exceptionally well.</p> <p><b>Curation</b> Use a distinct point of view to separate the proverbial wheat from the chaff—and in the process create a strong identity for yourself and your followers.</p> <p><b>Experience Enabling</b> Extend the realm of what's possible to offer a previously improbable experience.</p> <p><b>Mastery</b> Help customers to obtain great skill or deep knowledge of some activity or subject.</p> <p><b>Autonomy and Authority</b> Grant users the power to use your offerings to shape their own experience.</p> <p><b>Community and Belonging</b> Facilitate visceral connections to make people feel they are part of a group or movement.</p> <p><b>Personalization</b> Alter a standard offering to allow the projection of the customer's identity.</p> <p><b>Whimsy and Personality</b> Humanize your offering with small flourishes of on-brand, on-message ways of seeming alive.</p> <p><b>Status and Recognition</b> Offer cues that infer meaning, allowing users—and those who interact with them—to develop and nurture aspects of their identity.</p>

CONFIGURATION

OFFERING

EXPERIENCE