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Assignment 1:Information
Pack

Pearson BTEC Level 4 Higher Nationals in Business (RQF)

Unit 8: A1
Innovation & Commercialisation
Information Pack

in a series of 2 for this unit

Learning Outcome 1&2

Information Pack

LO1 Explain the context for innovation and determine the difference between invention and innovation

Innovation vs invention:

Definition of innovation and commercialisation, taking into consideration the challenges this creates for small businesses

What is Innovation?

Innovation is the process of making a product new or better. It can also be the process of doing some service or action in a new way. In business, innovation also must include the concept of improvement. To innovate in business is not just to do something differently, but to do or make something better.

A good business innovation definition, then, would be: business innovation involves developing new products or improving existing technologies, processes, designs and marketing to solve problems, increase efficiency, reach new customers, and ultimately increase profits.

In the business world, innovation often becomes little more than a synonym for research and development (R&D) - a limited and limiting definition. Innovation, as the OECD puts it, "goes far beyond the confines of research labs to users, suppliers, and consumers everywhere – in government, business and non-profit organizations, across borders, across sectors, and across institutions".

R&D is only one contributor to innovation. In fact, in the Global Innovation Index (GII), R&D is only one factor in a list of over 50 others that contribute to a country's innovation score. (Calculated as the average of two sub-indices, the GII assesses innovation as the average of a country's innovation input and innovation output. The Innovation Input Sub-Index gauges elements of the national economy which embody innovative activities grouped in five pillars:

1. Institutions
2. Human capital and research
3. Infrastructure
4. Market sophistication
5. Business sophistication. The Innovation Output Sub-Index captures actual evidence of innovation results, divided into two pillars: (1) Knowledge and technology outputs and (2) Creative outputs.

helped put Adidas back on top. As Adidas says, “Americans like winners. We needed to not just have athletes but the best athletes.”



Figure 1 Introduction to Innovation and Commercialisation

[What is Commercialisation?](#)

Commercialization is the process of bringing new products or services to market. The broader act of commercialization entails production, distribution, marketing, sales, customer support, and other key functions critical to achieving the commercial success of the new product or service.

[The Process of Commercialisation](#)

Commercialization requires a carefully developed three-tiered product roll-out and marketing strategy, that encompasses the following major components:

- The ideation phases
- The business process stage
- The stakeholder stage

The Commercialization Process

Many people view the ideation stage as the mouth of a funnel. Although many ideas enter the funnel top, only a fraction ultimately make their way downward towards implementation. Ideation attempts to generate new products and services that meet unanswered consumer demands, and the most functional designs align with the company's business model, by offering high benefits at low cost.

The ideation stage strives to incorporate a marketing philosophy known as "The Four Ps," which stand for product, price, place, and promotion. Often referred to as the marketing mix, companies use this concept to

determine the products to create, the price points at which to sell them, the customer base it wishes to target, and the marketing campaigns it will roll out in an effort to move merchandise off shelves.

For a potential product to be eligible for commercialization, research and development (R&D) efforts must telegraph a degree of public value that could potentially result in increased profitability for the company. And for commercialization to truly succeed, a company must satisfy both its customer and stakeholder needs.

Selling New Products in the Marketplace

Patents, trademark registrations, and other legal measures must be undertaken to protect a product's intellectual rights before the product may be brought to market. Manufacturing may occur in-house, or it may be subcontracted to third parties factories. Once a product line is complete, promotional efforts then bring awareness to the target market, which is accessed through distribution channels as well as partnerships with retailers.

Although businesses that produce, market, and distribute products in-house tends to reap higher profits because they do not have to share proceeds with intermediaries, they also assume greater liability with respect to production cost overages.

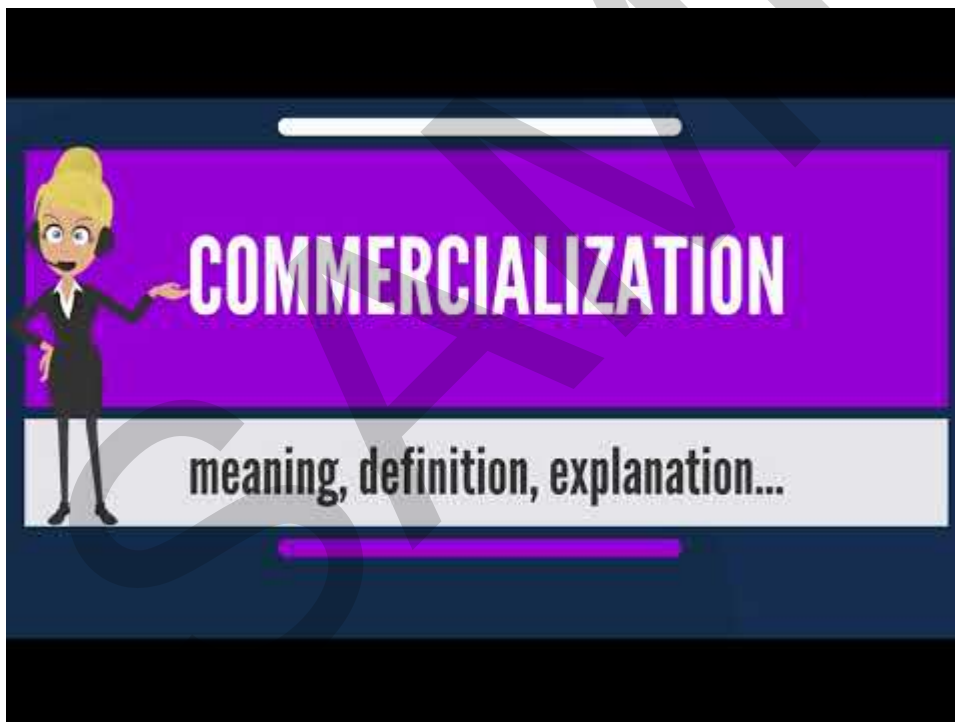
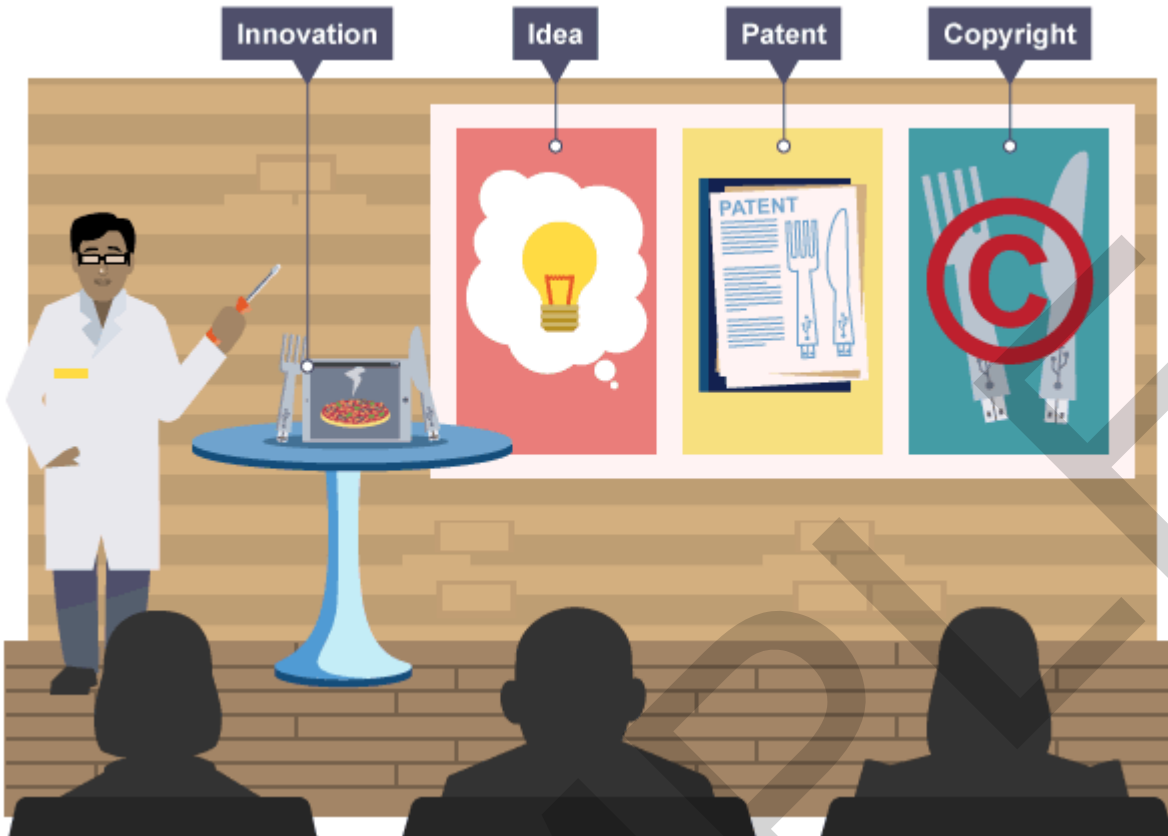


Figure 2 Commercialisation, Meaning, Definition and Explanation



Distinguishing Invention from Innovation

Invention creates something new; innovation creates something that sells

The Cambridge Dictionary defines an invention as “something that has never been made before, or the process of creating something that has never been made before”. It must be something entirely new, so an invention is something that has never been done before. To invent something is to discover a new thing.

Meanwhile, to innovate means “to use a new idea or method”. To innovate is to introduce something new to the market, to manipulate existing inventions and turn them into a product or process that is of use in the real world.

It is not difficult to see how tricky it can be to distinguish between these two concepts. After all, “new” is the keyword for both innovation and invention. But the essential difference is that inventors create something completely original. This could, for example, be a technical idea or a scientific process.

Of course, inventions also must be proven to work. You cannot simply come up with any new idea – you must be able to show that you can make it a success. That is where innovation comes in. Innovators might come up with something that is not new at all. Rather, they operate within the realm of what already exists and is readily available to work with. Innovators use processes or platforms that have already been invented to create a commercially successful product or process that will satisfy a market need and have customers ready to queue. A product or process is inventive if it has never been done before – whether it is innovative depends on whether users will get a real value out of it



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