

## INNOVATION

I have recently read two new-ish books on the subject of innovation: “Simply Better” and “Blue Ocean Strategy.”

Actually, that is not true; I have only read the first two chapters of each.

This is because, of all the business books purchased, apparently only 20% ever get opened at all, and of those, only 20% of readers get past the first two chapters. Why is this? Because writers of business books know this fact and consequently cram all you need to know into the first two chapters, terrified that if they expound their insights at a more leisurely pace, no readers at all will get far enough into the plot to grasp what they are on about.

These two books stick religiously to the format, and each reveals to us, by around page 40, what they clearly believe to be the one and only secret of good innovation. And unsurprisingly, they completely contradict each other.

The gist of “Simply Better” is that segmentation is complete hokum and that people mostly want better/cheaper/more convenient forms of what they buy already. You just need to understand the key benefits of the category in which you compete, and then deliver them better. That way you have a good shot at all buyers of the category rather than segmenting yourself into a gap in the market, when there is hardly any market in the gap.

Au contraire, say the authors of “Blue Ocean Strategy” in their siren-like subtitle: “How to create uncontested market space and make the competition irrelevant.”

Blue ocean being a shorthand for clear, blue ocean as opposed to an ocean red with the blood of feuding competitors. They commence with our very own Cirque Du Soleil to demonstrate their hypothesis. Is it a circus or is it theatre? The answer of course is that it is both and neither; they have no direct competition, and consequently are able to charge us all Princess of Wales theatre prices to sit in a circus tent. And the number one weapon in the armory to do this kind of thing is segmentation, but not along the traditional and increasingly useless demographics and psychographics.

But reading these two books did raise some issues and questions in my mind:

- i) Are they indeed incompatible points of view? I eventually decided not, as I think they are both connected. Better is by and large a judgmental term. My definition of a better experience in a supermarket or at a bank counter is probably slightly different to yours. No doubt we will agree on some macro issues, such as price/value maybe, but when these are largely similar, it'll be the more emotional factors which will appeal to each of us slightly differently. A company which recognizes this, segments their offer on those emotional dimensions and is able to deliver a customized product or service, should be able to have the kind of success that owning your own nice big blue ocean gives you.
- ii) Just how many more Blue Oceans are left to find? Great if you can be first into a completely new field, but Marketing has been around for quite a while now, so I'm not sure that many people will bet big on the prospecting required when resources are scarce.

- iii) When you do find some blue water, I'm not sure how obvious it will be that it is indeed a blue ocean as opposed to a blue Lake Louise or maybe even one of those mirages you see on the road ahead of you. Was it obvious from the start that Cirque Du Soleil would take more money at the gate in their 20 year existence than Barnum and Bailey and Ringling Bros. took in their first 100? Do businesses today have the perseverance to paddle around long enough to ascertain that it is indeed an ocean? If today's companies had employed John Cabot, he would never have got past Newfoundland as his budget would have been cut to fund a new ship's ledger.
- iv) My biggest insight: you can prove anything using examples.