INNOVATION BLOWBACK

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Reference this article

Abstract / Definition
Innovation blowback refers to the unforeseen outcomes of investments that corporations make in emerging markets. The setting up of business in new territories often encourages local companies to improve their processes, products and performance and to create competition for the original investors, both in the local and the home markets. Companies in emerging markets have proven to be more aggressive with innovation practices than the foreign investors. Their ability to engage in frugal, creative innovation, provide them with the competitive capability to produce efficient low cost products. The low price of the products creates a high demand for them from the mass market at the base of the economic pyramid. The scale of the demand for mass market products provides the companies in the emerging markets with new economic power. The innovative products and services that they develop quickly evolve into a major source of supply both in the emerging and the developed markets.

Keywords
Innovation blowback, frugal innovation, emerging markets, disruptive innovation

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