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# Good CX alone won't save you from disruption

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It's hard to find a CEO today who isn't convinced of the importance of having a good customer experience. It saves money, improves customer loyalty, and increases sales.

But despite investment in CX, many businesses are still struggling to keep up with disruptors in their industry. That's because CX investment largely only helps you defend market share. Launching new products and services, however, creates new revenue and makes your business more resilient to disruption.

## Market disruption is not just hype, it's accelerating.

Of the number of unicorn businesses we have today, 72% joined since 2018<sup>1</sup>. And 186 unicorns joined in just the first half of 2021, 37% more than in the entire year of 2020<sup>2</sup>!

Industry disruptors are moving faster, solving user problems better, and unlocking new types of value in the form of blended offerings and new types of rewards for user investment.

Staying competitive in this environment isn't a one-trick effort. Investment in good CX, digital transformation and R&D on your offerings is imperative, but not enough. Businesses need to be launching new value propositions — products, services, and business models — to remain resilient. These add new sources of revenue, draw in new markets, and balance your portfolio so you're less vulnerable to a new upstart in your market.

There are lots of ways for businesses to innovate. In a recent dive into the world's most innovative businesses, BCG found that investing in new customer value propositions — along with the right technology innovations — is the most effective innovation investment for a growing number of industries<sup>3</sup>.

It's paying off. Nearly 60% of committed innovators report generating a rising proportion of sales from new products and services launched in the last three years. BCG found that the top innovators are investing an average of 1.4 times more into business-model innovation than the laggards, and they're seeing 4 times as many returns<sup>4</sup>.

**60% of committed innovators report generating a rising proportion of sales from new products and services.**

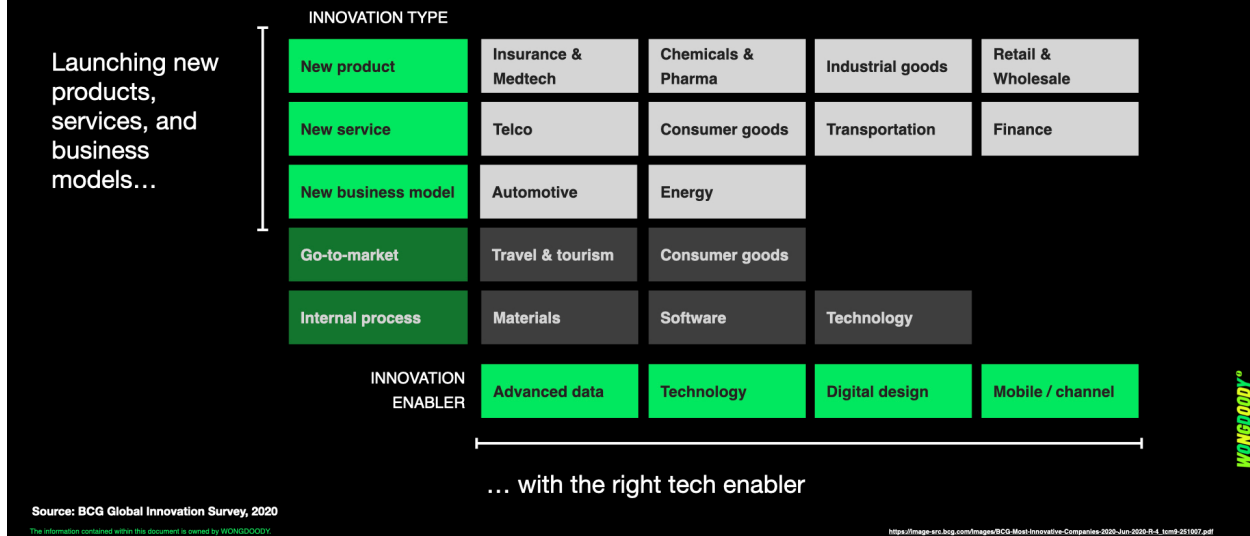
<sup>1</sup><https://www.cbinsights.com/research/unicorn-startup-market-map/>

<sup>2</sup><https://www.businessleader.co.uk/168-businesses-joined-the-unicorn-club-in-the-five-months-of-2021-40-more-than-in-the-entire-2020/120874/>

<sup>3</sup>[https://image-src.bcg.com/Images/BCG-Most-Innovative-Businesses-2020-Jun-2020-R-4\\_tcm9-251007.pdf](https://image-src.bcg.com/Images/BCG-Most-Innovative-Businesses-2020-Jun-2020-R-4_tcm9-251007.pdf)

<sup>4</sup>[https://image-src.bcg.com/Images/BCG-Most-Innovative-Businesses-2020-Jun-2020-R-4\\_tcm9-251007.pdf](https://image-src.bcg.com/Images/BCG-Most-Innovative-Businesses-2020-Jun-2020-R-4_tcm9-251007.pdf)

# Top innovators are prioritising CVP innovation



Even though young start-ups get a lot of attention, it doesn't have to be a youth game. Overall, there's no difference in the success rate of innovation in small and large businesses<sup>5</sup> — it just comes down to commitment. Given the ability of large businesses to fund investments from their own cash flows, corporates may even have an innovation edge.

## The uncomfortable truth: 95% of new products fail.<sup>6</sup>

Life is too short to build products nobody wants, or to run endless pilots without a clear jumping-off point. It's important to embrace some failure, but there are clear levers that will help you succeed.

At WONGDOODY, we've long recognised the benefit of working with start-ups and corporates at the same time. We've successfully launched several new start-ups and corporate ventures into the market.

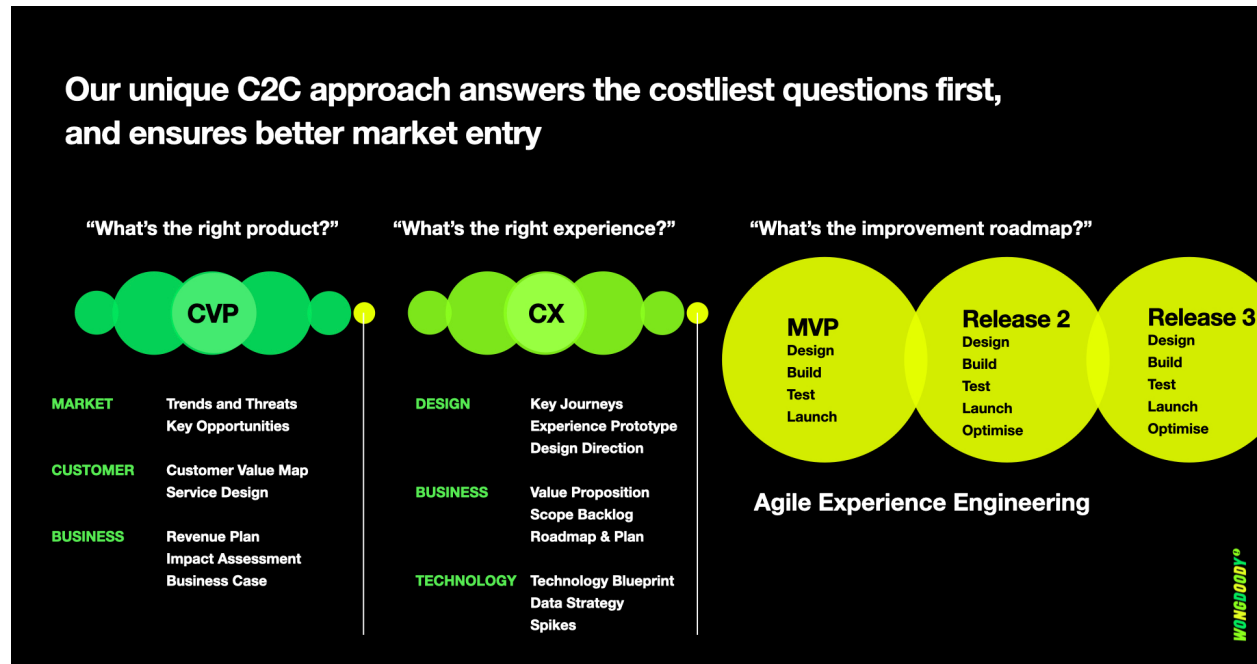
For Adecco, we launched a mobile end-to-end digital staffing platform under a different brand to test markets before a full rollout. For Sainsbury's, we created a new business model to monetise data assets they already had and launched it as an insights tool for their suppliers. For BP, XPO and Vanguard, we've stood up entire teams to supercharge internal transformation programs.

Here's a few things we've learned:

- Find your right balance of investment in CX, new markets, and new value propositions with an outside innovation assessment.
- Decide on a limited number of new domains where your strengths can help you win, and be clear about the extent of your ambition in each.
- Set the right performance metrics and innovation accounting system to track your ROI, and adjust spending in the right areas.

<sup>5</sup>[https://image-src.bcg.com/Images/BCG-Most-Innovative-Businesses-2020-Jun-2020-R-4\\_tcm9-251007.pdf](https://image-src.bcg.com/Images/BCG-Most-Innovative-Businesses-2020-Jun-2020-R-4_tcm9-251007.pdf)  
<sup>6</sup><https://hbswk.hbs.edu/item/clay-christensens-milkshake-marketing> Clay Christensen, Harvard Business School

- Assemble and empower a multidisciplinary team to accelerate innovation that understands company strategy but also brings in an outside view.
- Make space for experimentation with employees, clients, and partners within and even outside of your industry.



Once that foundation is in place, we’ve developed a proven toolset for designing new products, services and business models. We focus on getting the solution-market fit right early in the process, then leverage our capabilities in human experience design and agile engineering to get to market in one end-to-end funnel. We call it Conversation 2 Conversion®, and we have 500+ designers trained globally to deliver.

## Let’s get started!

WONGDOODY is a global team of experts in product and service design, digital strategy, communications and designing for the human experience. Get in touch to learn more about how we can shape your innovation funnel, and new product and service design initiatives for success.

For more information about how WONGDOODY’s human-centered approach can help jump-start product and service innovation, contact:

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