



## Innovation

**Innovation** means improving. The term is usually broken down into the following classifications:

- › Product or service Innovation
- › Process Innovation
- › Organizational Innovation
- › Marketing Innovation

Joseph Alois Schumpeter outlined the following types of innovations:

- › New product introduction
- › New method of production introduction
- › New market opening
- › Acquisition of a new source of supply (input)
- › New marketing structures creation

Peter F. Drucker considers innovation as one of two basic functions of the business: *“Because the purpose of the business is to create customers, this business has two – and only these two – basic functions: marketing and innovation.”*

Related terms and methods:

- › Four stages of change model
- › Disruptive technology, disruptive innovation
- › [Business purpose, functions and objectives by Drucker](#)

Related management field:

- › [Innovation management](#)