4 reasons why innovations fail

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Studies show that around 60 to 80% of new products fail. It is difficult to determine the exact number of unreported cases, because who would like to talk about his innovation flops?

But why do so many innovations fail? Yeah, that's not exactly true. Because an innovation is a successful innovation. So it's about getting there. Why do so many ideas, innovation projects and new products fail?

Knowing the reasons for this is valuable knowledge, especially if you know your company's own success killers. After all, anyone who knows the causes of the failure of innovations can set the right measures and accents in innovation management in order to considerably increase the chances of success of innovations.

Success decides in the company

A new product can fail on the market because it does not create real value and therefore cannot find customers. Or a new product can fail internally because development, implementation and marketing do not function perfectly. The idea can be good and perfect, but if the innovation process doesn't work, it will die. On the other hand, an idea can only be mediocre, but if it is implemented and marketed with the utmost commitment and passion, it can become a great innovation.

The conclusion: Whether an idea succeeds or fails depends largely on the company.

Here is a compilation of four main reasons why new ideas and new products fail based on the Inknowaktion mini study:

Reason 1: Wrong decisions

Management often sets the wrong course in innovation projects or when selecting ideas. Wrong decisions can affect the prioritization of ideas, product strategies for new products, selection of variants in development, etc.

The reasons behind this are:

- Lack of corporate and **innovation strategy** as a basis for decision-making.
- Insufficient or insufficient information as a basis for the decision.

But it also happens that management's own beliefs dominate instead of facts, and decisions are made from the gut, which later prove to be false.

Reason 2: Low priority for innovation

Despite a strong anchoring of innovation in the strategy papers and the articulated importance of innovation by corporate management, things can look quite different in everyday life: The day-to-day business takes priority. And innovation remains a lip service.

If day-to-day business topics appear on the management's agenda, they have priority. These are the ones you earn the money with today and they have to be solved as quickly as possible. But how do you earn the money tomorrow? Urgency is unfortunately more important than urgency.

If the management's commitment is lacking, it runs through all levels of the organization. Innovation has a low priority because everyone cares about the day-to-day business first.

In addition, innovation is something "new" and brings with it changes that many people cannot identify with or that cause insecurity and resistance.

In addition, employees are awarded prizes according to annual and sales targets, which means that innovation does not have much room for innovation. Another problem is that innovation tasks do not always appear in job descriptions and are therefore perceived as additional work for some employees.

The unrealised commitment and the lack of support for innovation are certainly one of the main reasons why innovations fail. As a result, many resources are lost through friction losses and innovation tasks are not worked out in the required quality. The main cause is from above and it is also reflected in the **culture of innovation**.

Reason 3: Lack of market orientation

The lack of market orientation and customer needs is another main reason why new products fail on the market. The product does not offer a true and convincing customer value or differentiate itself from existing products.

Only those who really know their customers and users, their processes and wishes, can develop products that inspire enthusiasm and set themselves apart from the competition. Since the run around design thinking, this has become ever more conscious and clearer that **innovative products** can only be created with an extensive understanding of the customer.

The lack of market and customer orientation has multiple causes:

- Too much focus on technology.
- Too little time for customer analysis and the development of specifications. On the one hand, you don't want to take control of the costs (e. g. for travel expenses to the customer) and on the other hand, you don't want to waste any time and start developing.
- No access to customers and customer information because, for example, the sales department does not want its customers to be "harassed" or because of the tension between technology and sales.
- You think you know your customers. You rely on your own assumptions and the information you have. Unfortunately, however, we do not know the latent and often actual needs. You only have the information you hear from the customer in the sales pitch. These are the same as the competition gets. This is not the way to develop unique products. You need a deep understanding of the needs and tasks of users and customers.

Investing in extensive customer and needs research is a key success factor for innovations. The more you know about your target groups, the better products you can develop and don't have to rely on half-true assumptions.

Reason 4: Slow structures

The larger an organization is, the slower the processes often become. Sluggish processes with long decision-making cycles can be a death sentence for innovations. In addition, there are often interface and communication problems. All this has a negative effect on the quality and efficiency of **innovation** projects. This becomes more and more aware when you see how quickly start-ups can innovate.

A closer look at start-ups reveals how the organisation itself influences success.

- Due to their size, they are less complex and therefore more agile. They have no lethargic hierarchies and bureaucracies and can therefore act more quickly.

- They are internally well interlocked and networked, everybody knows everyone. This improves collaboration and accelerates processes.

- There are also cultural factors such as greater openness, risk appetite and willingness to change.

Conclusion: 4 reasons why innovations fail

There are many reasons why innovation projects or new products fail on the market. Usually, a failure is not related to the quality of an idea itself, but to its implementation, which means that it has internal organisational causes.
This is where business management and innovation management must start. You have to be aware of your own weaknesses and take appropriate measures. Because if an innovation is constantly confronted with hurdles, every innovation euro invested is a waste.

If, on the other hand, management creates a framework that encourages and strengthens innovation, companies with the same resources can achieve significantly higher innovation successes and thus generate additional earnings