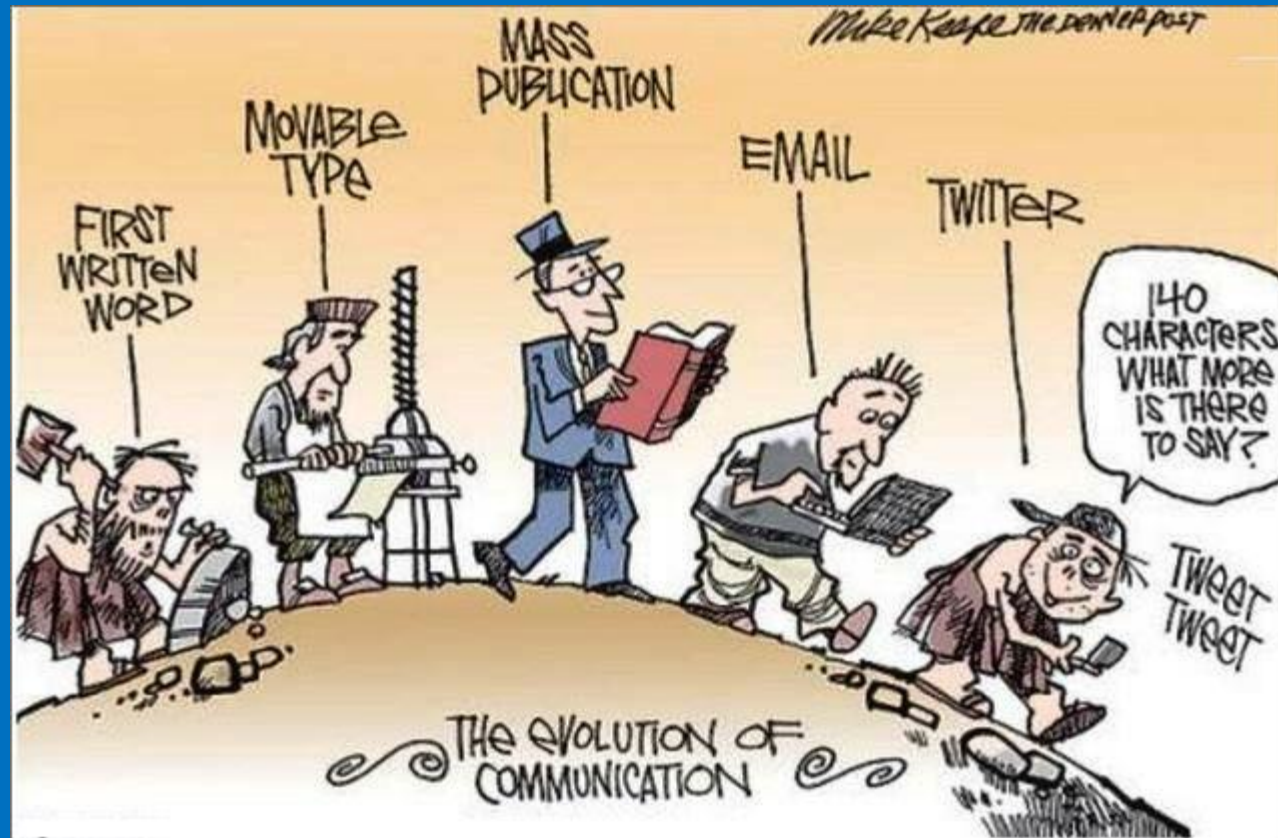


Eleonora Escalante, MBA-MEng

Strategic Corporate Advisory Services

Creating Corporate Integral Value (CIV)

How Industries Evolve?



→ Leg 5. From Hong Kong to Guangzhou

OUTLINE Leg 5. The Industry Evolution - Life Cycle Model

01
The Life Cycle Model Introduction



02
Drivers of Industry Evolution



03
How Industries evolve?



04
Life Cycle varies according to the type of Industry



05
Structure, Competition and Success Factors over the Life Cycle



06
Summary and Conclusions



→ Leg 5. From Hong Kong to Guangzhou

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We are here!

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How Industries evolve?

In introduction stage, product technology advances rapidly. Several firms in the same industry (rival competitors in between) start competing for attention from the public.

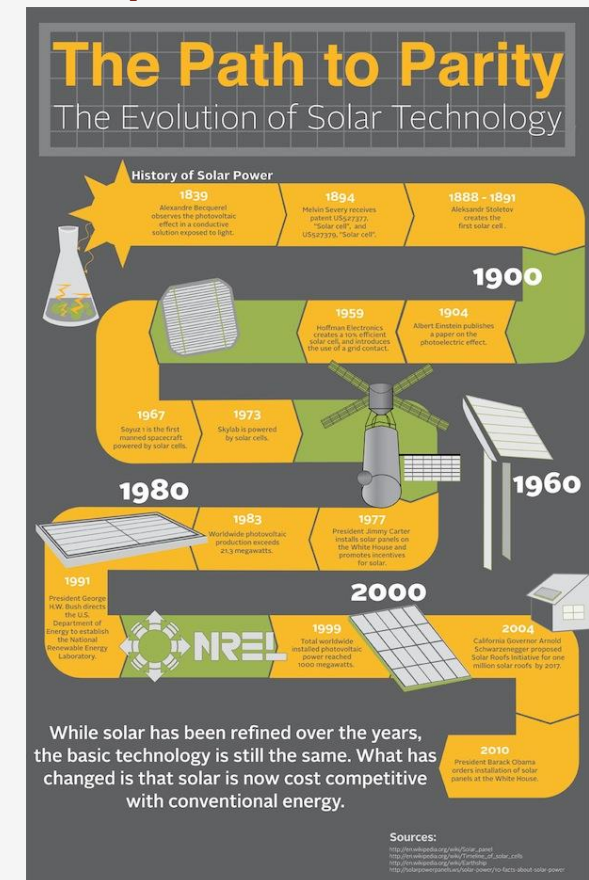
03

How Industries evolve?



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- In the introduction stage, competition is primarily between alternative technologies and design configurations of the same product.
- People start to filter which of the alternative technologies of the same product is more successful, and typically a dominant technology and design configuration emerges.
- This filtering process of elimination involves standardization.
- Standardization is the transition from technological heterogeneity to one of increased homogeneity. When this happens we have started with the growth phase.
- Example: The evolution of the Solar Panels has taken more than 200 years since the French scientist Edmond Becquerel first discovered the photovoltaic effect in 1839



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How Industries evolve?

03

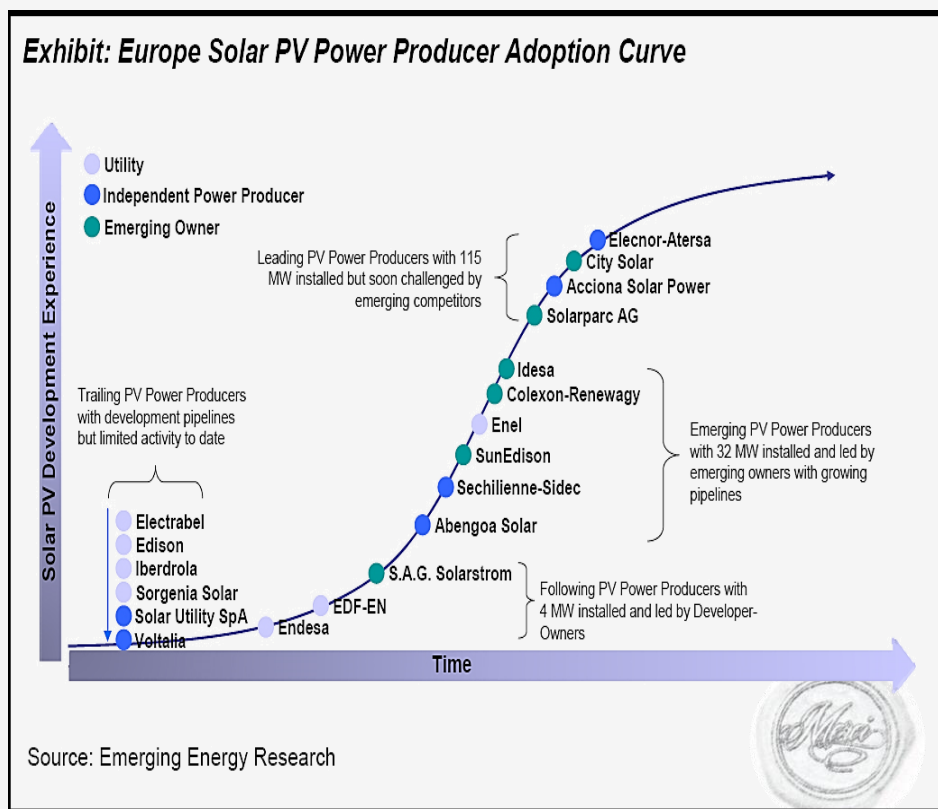
How Industries evolve?



We are here!

In Growth Stage, increased standardization is associated with lower risk for customers and the ability to adopt large-scale manufacturing methods which causes cost reductions and increase in quality.

- Over the growth phase, the focus of technological development shifts from product innovation to process innovation.
- The prototype has been tested and accepted. Product innovation will continue of course, but has shifted from being radical to incremental.
- The innovations are of the refinement of existing technologies and the application of technologies developed in other sectors.
- Other innovations are most notably by searching new materials which can reduce the cost of the product.
- In addition the incremental innovation purpose is to increase quality.
- Process innovation occurs in improving manufacturing processes, innovation in organization and management.
- Example: Europe Solar PV Power Producer S-Curve.



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How Industries evolve?

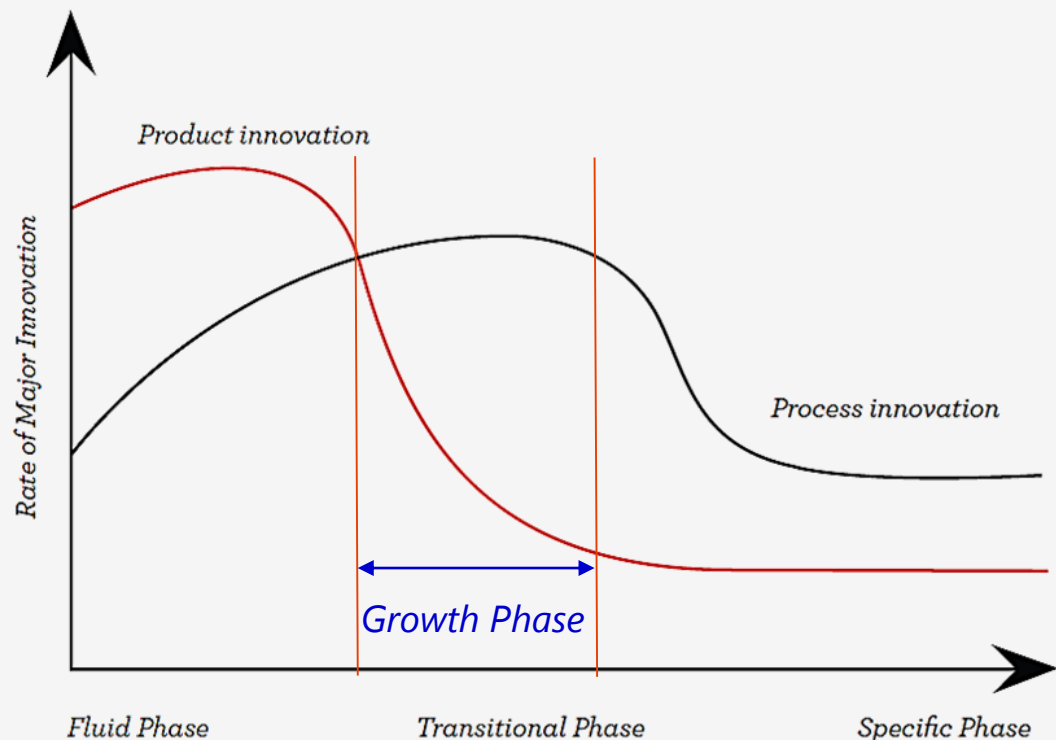
03

How Industries evolve?



We are here!

In Growth Stage, increased standardization is associated with lower risk for customers and the ability to adopt large-scale manufacturing methods which causes cost reductions and increase in quality.



Source: Innovation Management, Christian Sandstrom.

FIGURE 1 An industry evolves over time according to the pattern described in figure 1 (Utterback, 1994). It prospers around a product innovation and, in the first phase, extensive experimentation takes place. As the dominant design emerges, the focus shifts towards process innovation and incremental improvements. Over time, the overall rate of innovation decreases and the firm becomes vulnerable to technological change.



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How Industries evolve?

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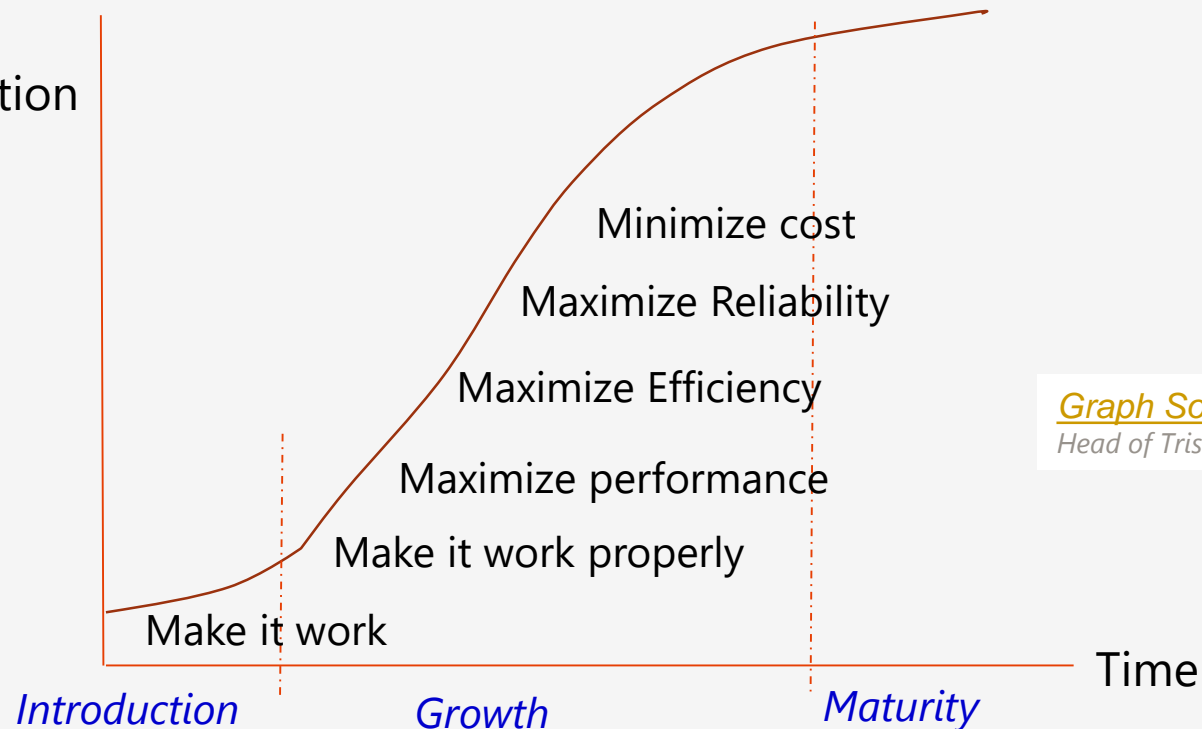
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How Industries evolve?



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Sales or
% Adoption



Graph Source: Prof. Wisnu Dewobroto
Head of Trisakti University Business Incubator



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How Industries evolve?

In Maturity Stage, replacement demand predominates. Most customers are experienced, they can draw upon the experiences of other customers, and they are influenced by manufacturers' reputations and independent sources of objective information. Choosing a new technology or a new product is the norm.

03

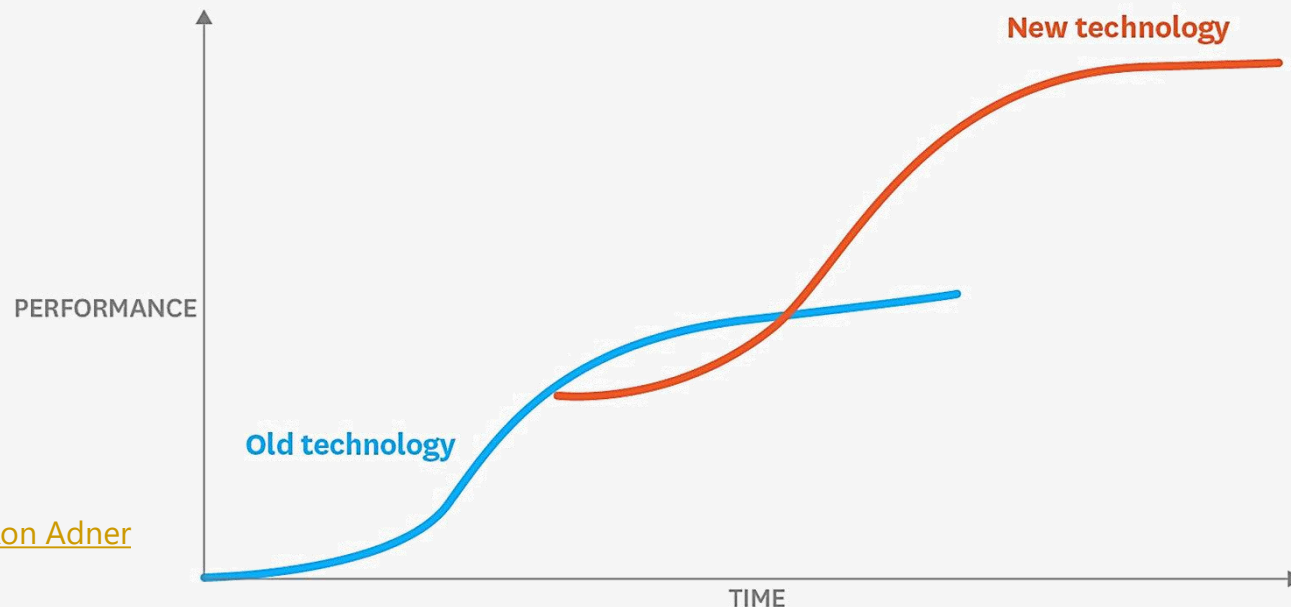
How Industries evolve?



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Source: Right Tech, Wrong Time. HBR, Ron Adner
Rahul Kapoor, NOVEMBER 2016 ISSUE

HOW FAST DOES NEW TECHNOLOGY REPLACE THE OLD?



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How Industries evolve?

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How Industries evolve?

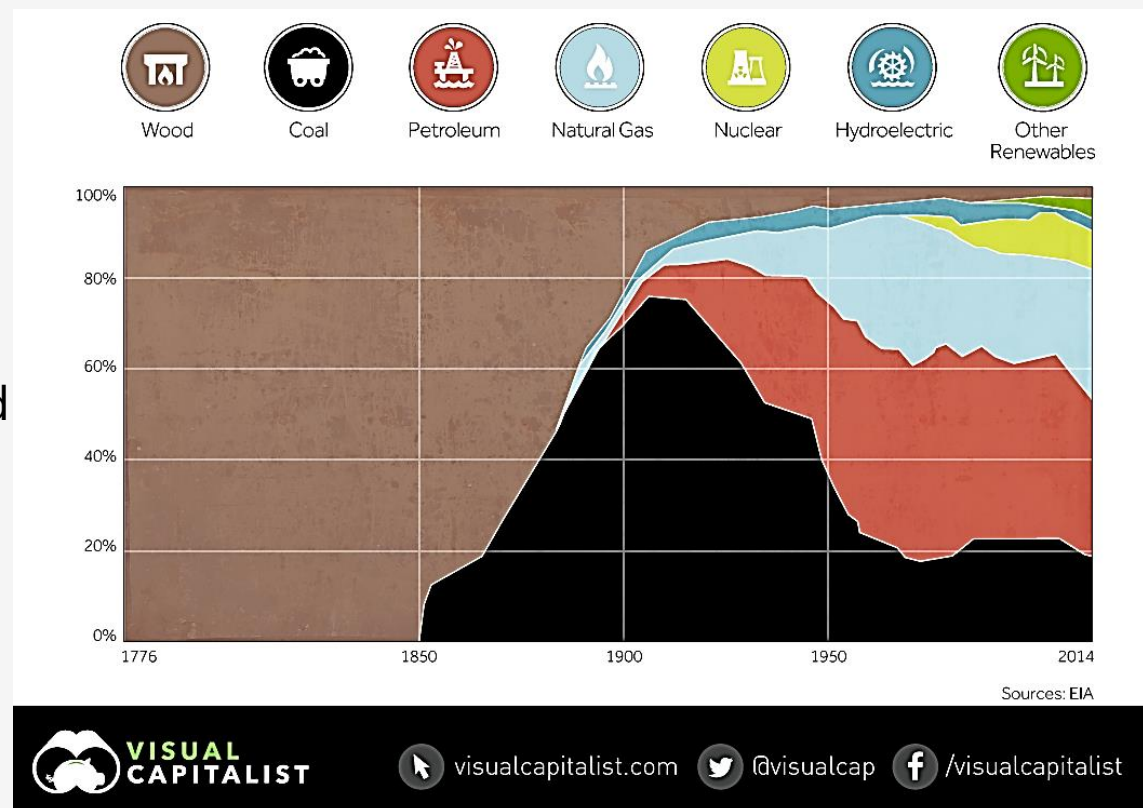


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- In the graph we can clearly see, how the coal was replaced by petroleum and then new clean energy and renewables.

The Evolution of America's Energy Supply (1776 – 2014)

Source: The Visual Capitalist.com



visualcapitalist.com



@visualcap



/visualcapitalist



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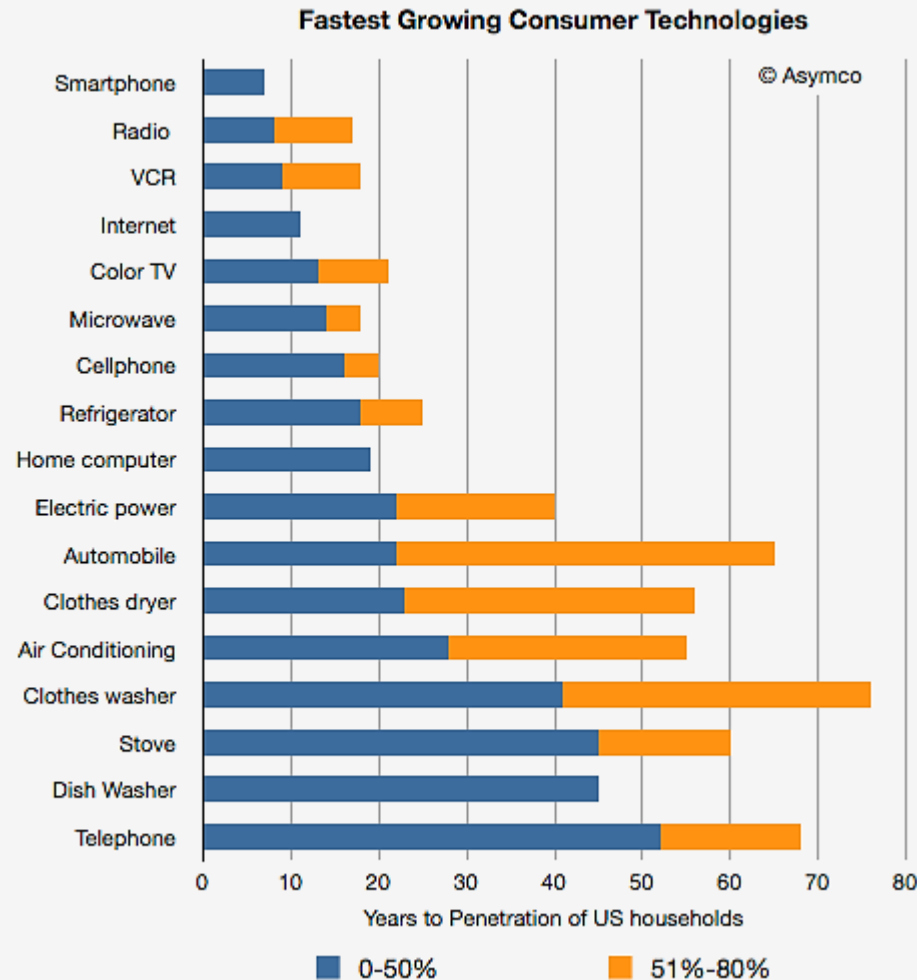
How Industries evolve?

03

**How Industries
evolve?**



**We are
here!**



Thank you!

