ABSTRACT

When it comes to innovation, service and manufacturing firms are different. Overall, six of the seven hypotheses developed for comparative study of new offerings were supported by the analyses of 38 new products and 29 new services. Standardized experience matters. Manufacturing innovators has been at it longer (H1), but this market tenure hurts new product success (H2). Successful manufacturing innovators are less likely to report needing new strategy or structure apparently using existing routines (H3). Novelty matters. Manufacturing is more likely to report the need for new strategies and structures when products are novel (H4). However, services are more likely to convert novelty into success (H5). There are substitutes for formalization. Services are significantly more likely to exploit general manager (internally sourced) ideas for new offerings as an alternative to formal innovation structures (H7). However, manufacturing and services exhibit more/less the same tendency to exploit customer (externally sourced) ideas for new offerings (H6). Emerging surrogates for strategy and structure among innovating firms are discussed as well as future research directions.