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# Commercialisation of Innovation: Some Measures of Success

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# “Prolégomènes”

- **Innovation and S&T are key drivers of economic growth (Robert Solow)**
- **S&T progress and innovation happens because we do something to make it happen (Paul Romer)**
- **Innovation is context dependant (market, regulation, prices...)**
- **Innovation is a result of social and economic interactions**



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# Characteristics of innovation

- **There is a significant element of novelty**
- **It provides a benefit to the user**
- **It must compete on the market**



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# Commercialization - Interviews

- The methods and activities used by companies to commercialize their innovations and their R&D depend primarily on the company's strategic positioning.
- Commercialization seems to be a more difficult and complex stage, requiring more resources.
- Lacked the financial means to follow a formal, well-established procedure for commercializing new ideas.
- The protection of intellectual property is important, but SMEs are not always able to secure such protection.



# What is commercialisation ?

- **Commercialisation is a set of activities undertaken by a firm to extract an economic benefit from the sales of goods and services**
- **This survey is focusing on the commercialisation of product innovation in small and medium sizes manufacturing firms**



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# Target Population

- **Small and medium size enterprises in the manufacturing sector**
  - Less than 500 employees and more than 20 employees or \$250K of revenue
- **Firms that introduced a product innovation in the last three year (on average 17 months prior to the survey)**



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# Highlights from the Daily

- In Canada, 76% of SMEs that introduced a new product on the market between 2004 and 2007 successfully reached at least one of their commercialization objectives.
- Over 48% of innovative SMEs in Canada's manufacturing sector increased their sales volume for the most significant and recent product they marketed, and 43% managed to recover their investment costs in that innovative product. Of these innovators, one out of three reported that it had increased its market share in Canada and had managed to become the market leader. One out of four increased its exports.



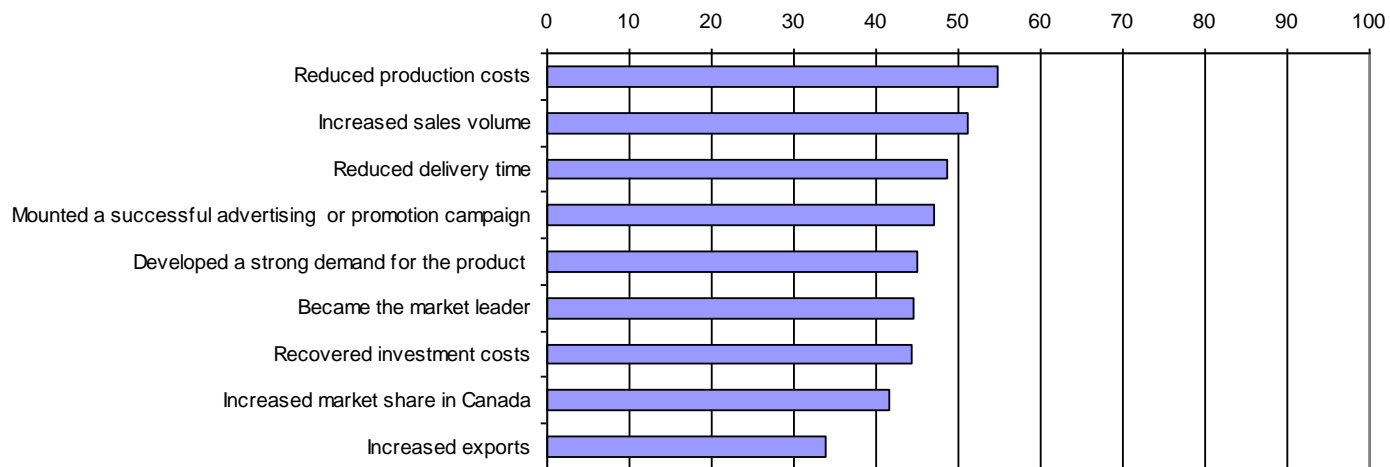
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# Success factors

**Figure 3**  
**Commercialisation objectives success rates (percentage)**



## How about the unsuccessful ones?

- 70% lacked financial resources to achieve the advertising campaign.
- Lack of human resources influenced the achievement of cost reduction
- Regulation: not really a factor to explain failure to reach success
- Market competition was the key factor invoked to explain failure to achieve commercialisation success, together with insufficient demand.





# Factors correlated with success

- **Strong correlation between success and e-commerce**
- **Spending on advertising, promotion and reaching funding targets increase probability of success**
- **External funding has a positive effect on financial and export success**
- **Use of IP protection tied to export success**



# Entrepreneurs' profile

- More than half entrepreneurs have technical or engineering skills, mostly at college and bachelors level (70%)
- 90% of entrepreneurs are aged 40 and over
- 20% obtained some form of training on commercialisation



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## Concluding remarks

- **Product innovators seems to be fairly successful**
- **Successful commercialisation requires undertaking promotional activities**
- **Careful assessment of market conditions is important for success**



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■ Thank you

■ Questions?

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