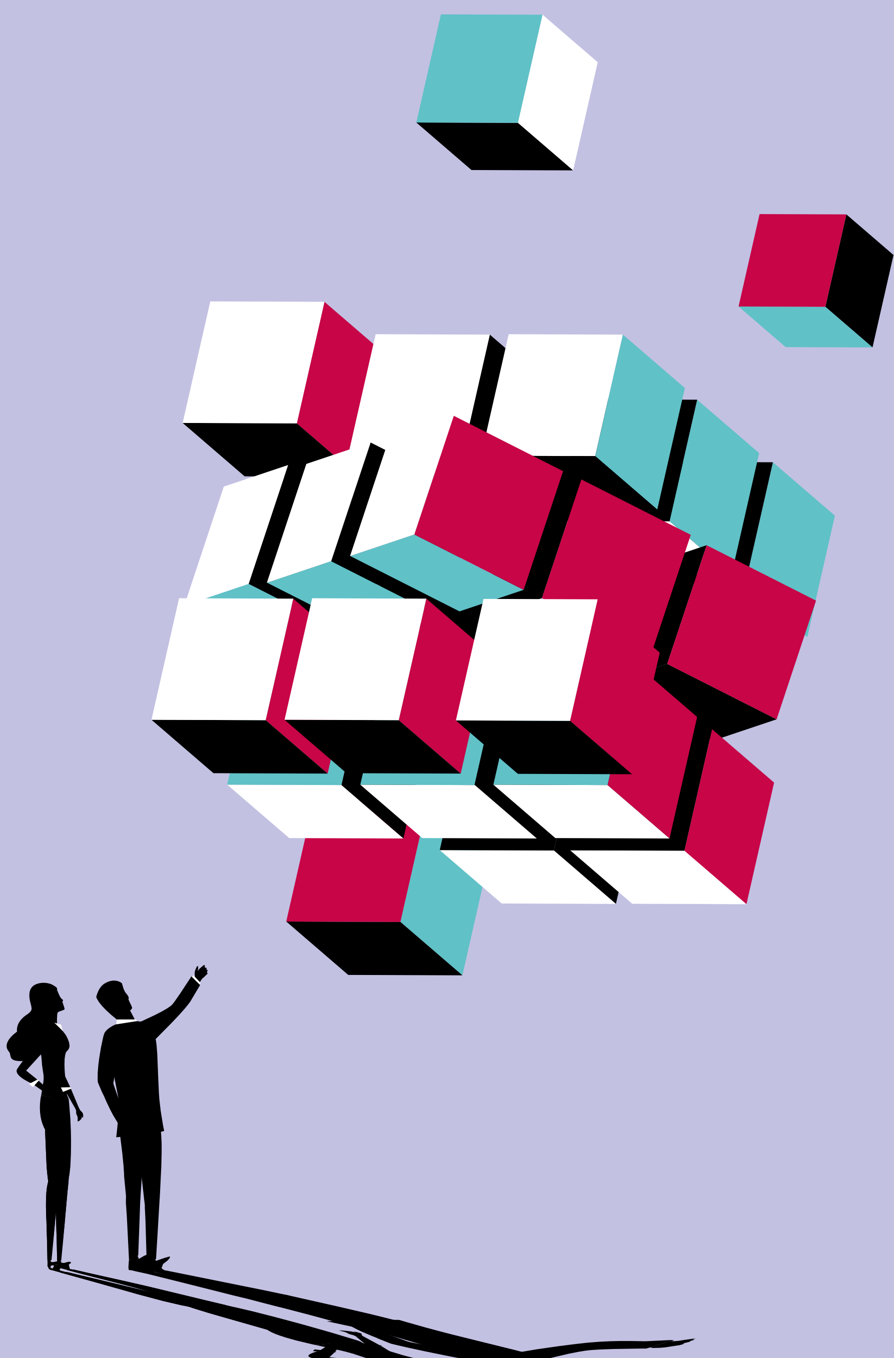
THE GROWTH BLUEPRINT

A **SIMON-KUCHER** PUBLICATION

ISSUE 02

Building to last: The architecture of innovation

Insights in this issue



Uncover strategies, insights, and bold ideas to drive growth. Dive into your guide to smarter, sustainable success.

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Unlocking better growth

Foreword

Welcome to the second issue of The Growth Blueprint. This edition asks a simple question: how do you make innovation last?

From health and mobility to finance and fashion, the stories inside show that novelty alone is not enough. Real impact comes from the architecture behind innovation – the foundations that turn launches into lasting value.

At Simon-Kucher, we believe innovation's true measure is endurance. Because what matters most is not what starts with excitement, but what continues to deliver growth.

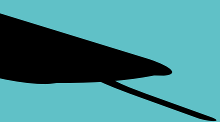
Sara Yamase - Global Head of Technology, Media, and Telecom

Insights

When the launch party ends

Why lasting value is the real test of innovation.

“Move fast and break things” made for a catchy mantra. But the businesses still standing today aren’t the ones that chased every flash of novelty. They’re the ones that moved deliberately, with purpose, building value that lasts



In the race to innovate, it's easy to equate progress with product. New launches, bold designs, upgraded features – these are often held up as proof that a company is evolving. But real innovation isn't just what gets released into the market. It's what remains valuable long after the launch is over.

At a time when customers, investors, and regulators are all asking tougher questions about sustainability, profitability, and purpose, the most forward-looking companies are reshaping what innovation means, and what it delivers.

Beyond the newness trap

Innovation has traditionally been celebrated for its speed and sparkle. And with good reason. First-mover advantage can win headlines and market share. But in sectors from consumer goods to industrials, a new consensus is emerging: innovation that fails to deliver profitable, sustainable growth isn't innovation. It's noise.

The new frontier isn't launching more. It's launching smarter. That means rethinking how ideas are prioritized, how investments are measured, and how success is defined. Long-term value creation, through pricing, positioning, and margin strategy, is no longer a back-end adjustment. It's a design principle.

This shift doesn't mean dialing back ambition. It means embedding commercial clarity from the start. Businesses are reassessing innovation pipelines not just by volume or speed, but by potential lifetime value. That's a different bar and one that many portfolios aren't meeting yet.

In fact, Simon-Kucher's latest Global Pricing Study reveals that only

47%

of new products achieve their expected profit targets[1].

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1. Global Pricing Study, Simon-Kucher, 2025.

Innovation ≠ invention

Some of the most commercially successful innovations in recent years weren't brand new inventions. They were smarter ways of packaging, pricing, and deploying existing capabilities. Subscription models. Tiered access. Limited drops. These innovations often sit below the radar, but they drive real results.

This is the quiet side of innovation, often overlooked, but incredibly powerful. Commercial model innovation can unlock growth in legacy products, tap new customer segments, and extend lifecycle profitability. It's about shifting from 'what can we make?' to 'how can we create value across the full journey?'

Building for what lasts

True long-term innovation is less about what gets attention, and more about what holds attention. That means designing for durability – not just in materials, but in relevance. It's about anticipating how needs, preferences, and price sensitivities will evolve, and making sure your offering still makes sense when they do.

Pricing strategy plays a central role here. When done right, it aligns innovation with market realities, ensuring that products are not only exciting to launch but also rewarding to sell. Yet too many innovation teams still treat pricing as an afterthought rather than a foundational input.

Nearly
40% of companies still wait until just before or after launch to discuss pricing at all[1].

"When companies talk about innovation, they often focus on what's novel. But the real differentiator is what delivers value over time. That requires discipline: building around pricing, not just product, and aligning excitement with endurance."

Sara Yamase
Global Head of Technology, Media, and Telecom

To course-correct, leading companies are embedding commercial voices earlier in the development process. They're using real-world data to test assumptions. And they're setting clear criteria for what long-term success looks like, beyond the initial sales spike.

From hype to horizon

Innovation is still the heartbeat of growth. But the tempo has changed. The winners in this new era won't be those chasing trends. They'll be the ones charting a course toward products and models that deliver value now and build credibility over time.

That means asking harder questions. Being selective. Saying no to ideas that excite but don't endure. Because in the end, the most successful innovations won't be the loudest or the newest. They'll be the ones that last.

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1. Global Pricing Study, Simon-Kucher, 2025.

An in-depth interview with our partner

An in-depth interview with our partner, Eddie Hartman

Failure rarely comes from a lack of innovation. More often, it comes from misjudging the leap from product to business – the moment when a great idea must evolve into a scalable, sustainable enterprise.

The rules of scaling up

We sat down with Eddie Hartman, Senior Partner at Simon-Kucher, to explore what it really takes to make that leap, and how the principles from his new book, *Scaling Innovation*[1], co-authored with Madhavan Ramanujam, can help leaders build not just faster, but smarter.

Your new book, *Scaling Innovation*, explores the transition from breakthrough product to lasting business. What inspired you to write it, and what impact do you hope it will have?

The journey started years ago, back when I was at LegalZoom. Madhavan, my co-author, was advising me on monetization, and he focused me on what became the next chapter of my career. That collaboration shaped how I think about growth, not just creating great products, but building great businesses.

Our work today builds on those same principles, helping companies design for monetization and scale from the start. My hope is that readers don't just enjoy the book but use it to create meaningful impact, that it becomes a practical guide for turning innovation into lasting value.

1. Scaling Innovation: How Smart Companies Architect Profitable Growth, Wiley, 2025

It’s been nine years since the book’s prequel, *Monetizing Innovation*[2], first came out. Why was the sequel so important?

Monetizing Innovation focused on integrating willingness to pay into the product development process. I still love how First Round Capital summarized that book in just four words: Price before product. Period.

That principle helped companies move from building products people like to those they love, and pay for. As more founders adopted those ideas, a new question emerged: “I’ve built a great product, now what?”

That’s where *Scaling Innovation* comes in. If *Monetizing Innovation* taught you how to build great products, *Scaling Innovation* teaches you how to build a great business: how to architect profitable growth and truly scale breakthrough innovation.

***Scaling Innovation* introduces several leadership archetypes. In which ways do these different leadership styles influence profitable growth?**

It almost always comes down to mindset. Profitable growth requires balancing two engines: market share and wallet share. Most leaders over-index on one and neglect the other.

Some chase growth at all costs, “I’ll figure out monetization later.” That’s the Disruptor mindset. They’re exciting to work for, their sales teams are heroes, and revenue is skyrocketing. But they’re selling dollars for 80 cents. They mistake acquisition for success and assume that territory conquered is territory held. It rarely is.

Then there’s the Moneymaker, the opposite extreme. They focus so much on monetization that they forget to grow. They perfect the pricing model, introduce clever fees, and optimize wallet share, but ignore acquisition.

The Community Builder is a newer archetype. It’s the company obsessed with loyalty and brand love. They measure everything through NPS and customer happiness, but they never ask for the fair exchange of value.

The truth is, none of these approaches work on their own. To build durable, profitable growth, leaders must be Profitable Growth Architects. Companies that give equal attention (although not necessarily equal effort) to both market share and wallet share. They understand how acquisition, monetization, and retention interact, and they design strategies that strengthen all three. That’s the real blueprint for scaling innovation.

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2. Monetizing Innovation: How Smart Companies Design the Product Around the Price, Wiley, 2016

As a founder of several companies, what challenges have you experienced when it came to scaling innovation?

No one likes having prices raised. No customer, no matter how loyal, says, "Please, charge me more."

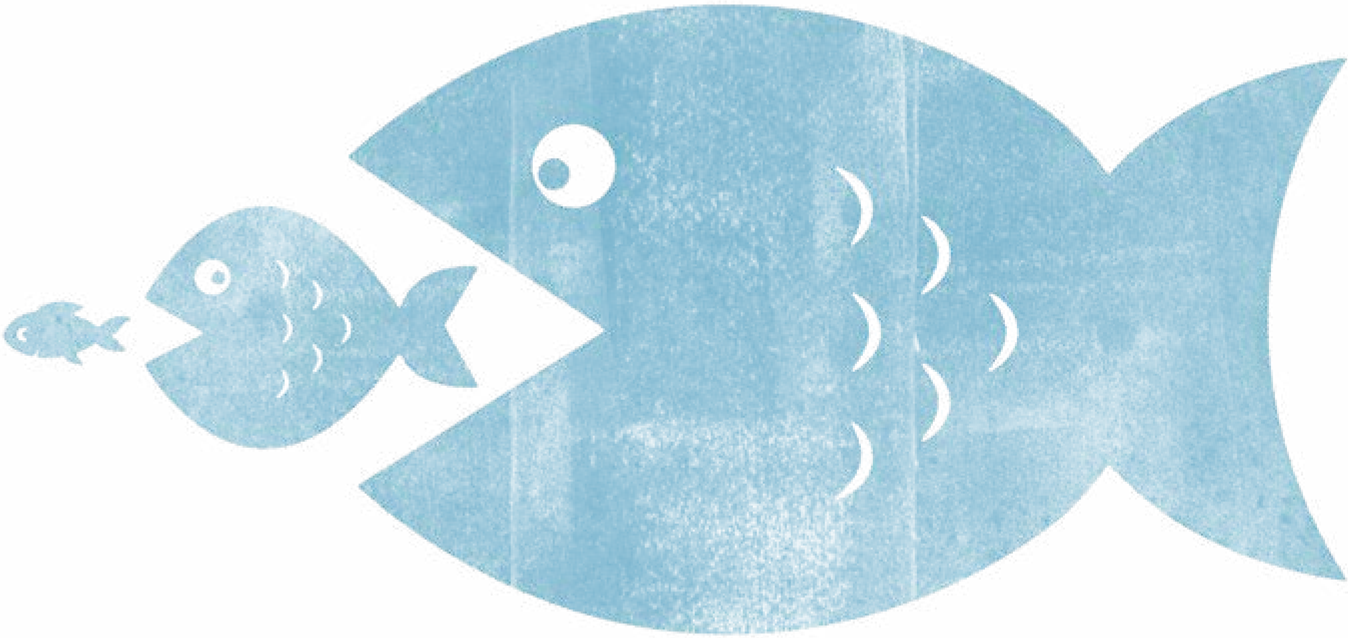
I felt that emotional pull: I love my customers. They keep my business alive. They put food on my table. I almost felt a moral obligation not to raise prices. "Oh, I haven't improved the product enough." "I've got technical debt." "My competitors are cheaper." These were the stories I used to tell myself.

But look around: prices rise even when products don't change – that's the nature of value exchange. When you improve your product or strengthen your brand, your price should reflect that too. And yes, you should be confident enough to have that decision "published on the front page of the New York Times," as the saying goes. Because if you've delivered more value, you have earned that right.

That's beautifully put, and it ties right back to the heart of *Scaling Innovation*: being value-led in every aspect of growth. You devote a full chapter to value communication. Why is it so important, and what does it look like in practice?

It's one of the most overlooked parts of monetization. Most entrepreneurs are comfortable talking about features, the things they built. But customers don't buy features; they buy benefits. A feature is what you built. A benefit is what they get.

The best value communication translates the technical into the tangible – what customers gain, not just what the product does. When you get it right, everything else aligns. Your pricing becomes beautifully simple because it reflects that story. Sales teams can negotiate from value instead of discounting from price. Customer success teams can reinforce value to reduce churn. Even price increase conversations become easier, because you're not defending a number, you're reaffirming the story of value.



Eddie, you've said before you're obsessed with churn. Why does it matter so much and how can companies prevent it?

I hate churn the way people hate slugs - or toothache. Once a customer is calling to cancel, it's already too late. You might save the revenue, but you've already lost the relationship.

The answer isn't better retention tactics; it's prevention. The best companies go upstream, spotting early signs of risk and acting before customers drift. That could mean re-educating them on the value you already deliver, celebrating a quick success, or simply maintaining more consistent contact.

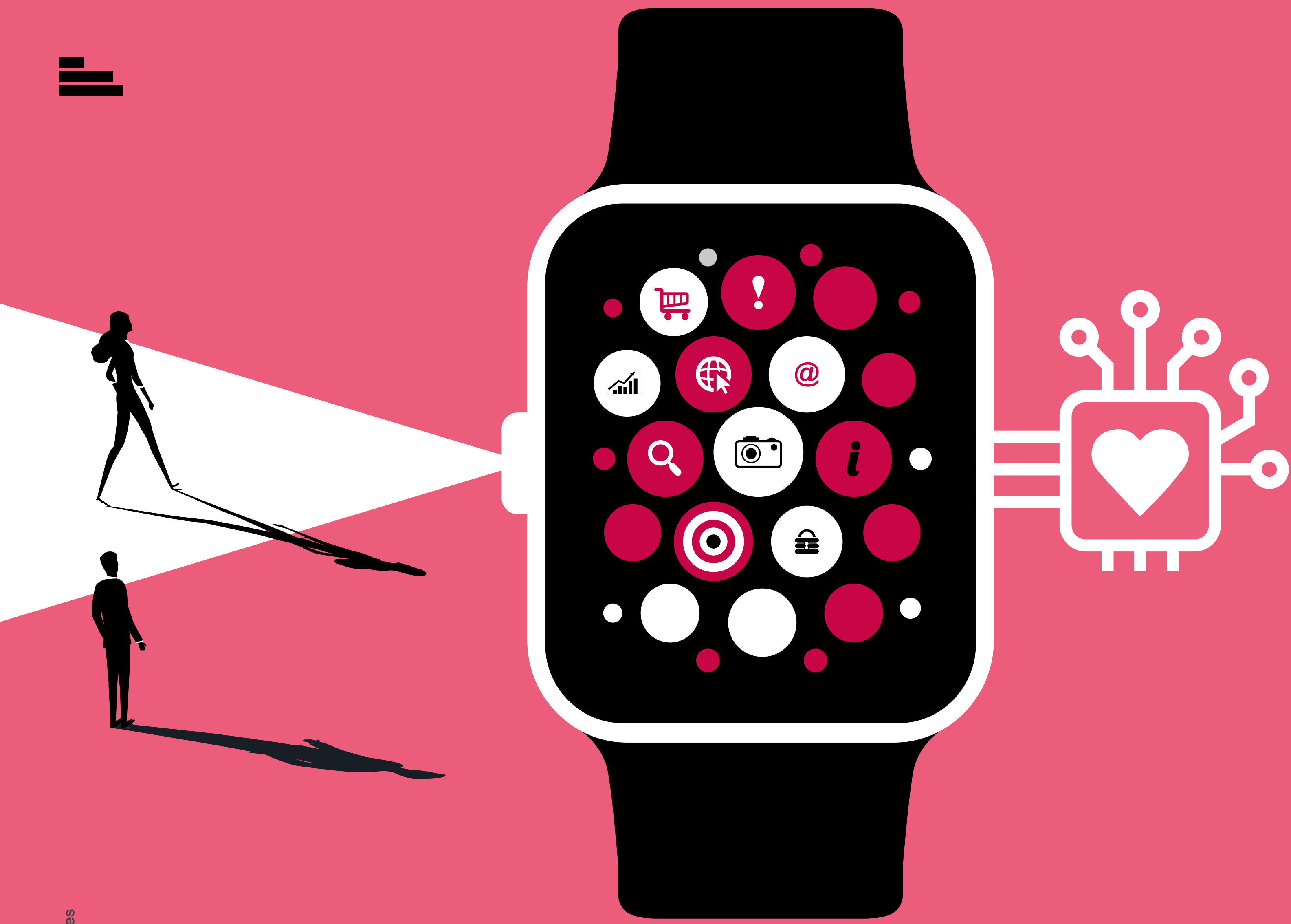
When churn does happen, it helps to ask two simple questions: is the problem on our side or the customer's, and is it about price or about value? It could be the customer's circumstances have changed, or you've stopped demonstrating why you're worth it. Knowing which it is gives you a playbook, not a panic button.

Ultimately, the most effective churn strategy starts at acquisition. Focus your energy on the customers who are most likely to stay: the ones who see real, lasting value in what you do.

Before we wrap up, is there one final message you'd like to share with readers?

Always ask: "What exactly am I scaling?" It sounds obvious, but most leaders don't ask it clearly. Are you scaling the product, the pricing model, the salesforce or the customer base? Growth isn't a single lever; it's a system of interconnected ones.

The leaders who can answer that question with precision scale not just faster, but smarter.



Smarter watch, smarter choices

Innovation meets prevention in the self-care aisle.

Meet Julian. He tracks his sleep, logs his micronutrients, and consults AI tools for advice on which supplements to try next. He's in his early 30s, lives in a major European city, and sees prevention less as a routine, and more as a system to optimize.

Julian isn't a doctor or a scientist. But he behaves like one. He reads scientific health publications, follows specialist influencers, and is willing to pay for personalized, precision-based self-care.

For him, prevention is personal, data-driven, and digital-first. He still buys supplements and books the occasional physical check-up. But more often, he's fine-tuning his health via apps, wearables, and subscription services that promise to extend his health span, not just his lifespan.

He's not alone. Across markets, a growing number of consumers are adopting similar habits, especially younger and higher-income groups. According to Simon-Kucher's latest Better Health Report[1], 81% of 18–28-year-olds now use AI tools to inform their preventive health decisions.

Julian's mindset reflects a broader shift in how a generation raised on technology approaches health: with curiosity, confidence, and control. In this environment, prevention becomes a space not just for products, but for innovation in the self-care space to thrive.

47%

of consumers use a combination of digital and non-digital products as part of their self-care routines

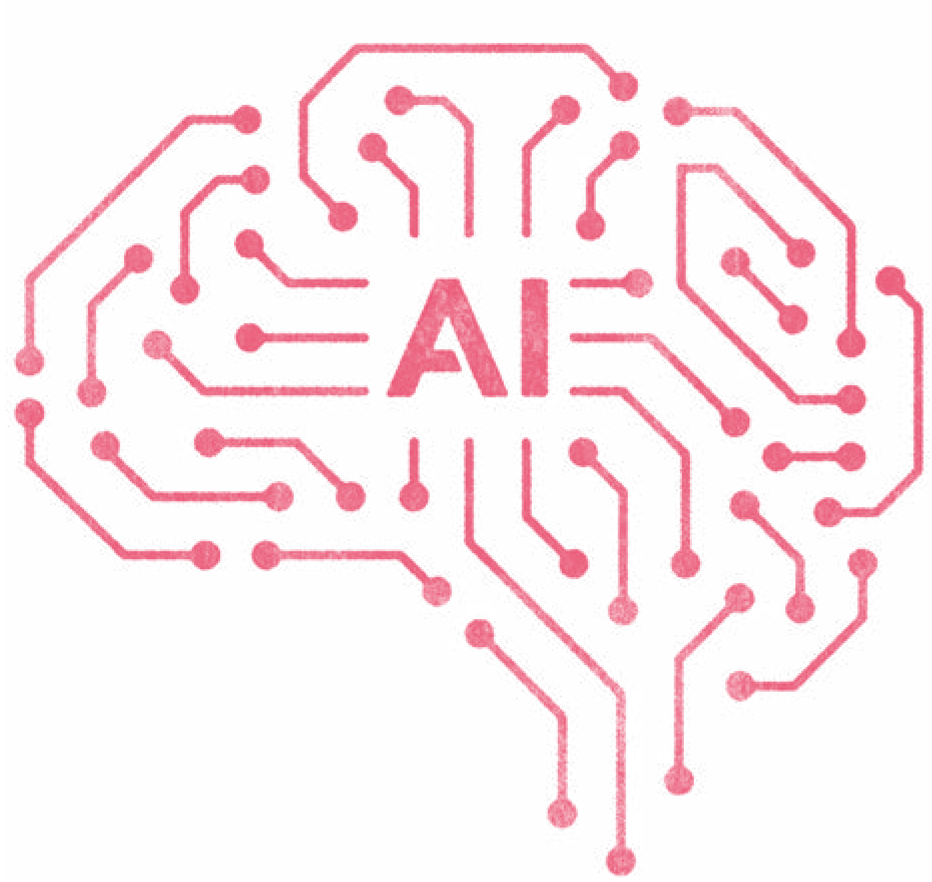
1. Better Health Report, Simon-Kucher, 2025

Inside the European prevention mindset

Simon-Kucher's Better Health Report 2025, developed with the Association of the European Self-Care Industry, highlights three distinct consumer mindsets shaping prevention today.

Some, like Luca, remain disengaged, treating prevention as a distant concern. Others, like Sabine, take a proactive but traditional approach, guided by routine and professional advice. And then there are consumers like Julian, digital-first adopters who treat prevention as a personal optimization project.

These archetypes reflect real patterns in how consumers think about prevention - from those who need stronger nudges to act, to those already blending digital tools into their everyday lives.



Bridging tech and tradition

Across markets and age groups, consumers aren't abandoning traditional health routines.

They're layering digital tools on top of them: tracking steps while taking supplements, using AI to screen ingredient lists, consulting virtual coaches while staying loyal to familiar brands. What emerges is a hybrid model.

Nearly half of consumers now use a mix of digital and non-digital tools in their approach to self-care – a trend led by younger, tech-driven groups. But even among these digital natives, trust is earned the old-fashioned way, through perceived efficacy, reliability, and routine. Healthcare professionals remain a key driver of trust, playing a decisive role not only in validating products but also in steering purchasing decisions.

"As prevention goes digital, the industry must bridge tech and tradition, meeting consumers where trust and innovation intersect."

Christian Rebholz
Partner

Science, strategy, and shelf appeal

As prevention habits evolve, the self-care category is changing with them. What used to be a shelf of standalone products is becoming part of something broader: an ecosystem that blends experience and convenience, online and offline.

For consumer health brands, the challenge is less about chasing the next big innovation, and more about building relevance within a shifting system. One where health is increasingly viewed holistically. Staying relevant means moving beyond individual acute conditions or single diagnostic tests, and instead addressing the broader continuum of prevention, wellness, and long-term care.

That means portfolios that feel connected across digital and physical touchpoints. It means marketing strategies that recognize the difference between a Luca, a Sabine, and a Julian. And it means pricing that reflects product quality.

For brands, prevention isn't just about products anymore. It's about becoming a trusted partner through reliability, simplicity, and seamless digital experiences.

Not just a new pair of shades

Some brands win by breaking the mold. Others just adjust it.

A new pair of sunglasses hits the shelf. Same frame, same branding, same signature look. However, there's a difference.

The lenses have been upgraded with a more advanced scratch-resistant coating. Less worry about tossing them in a bag. Fewer returns. Longer-lasting satisfaction. It’s not the kind of change most shoppers will notice at first glance, but for anyone who’s owned a pair of premium shades long enough to watch how well they wear, it matters.

Not every innovation makes headlines. Sometimes, the most powerful shifts happen just under the surface, be it a new feature, a smarter bundle, or a more tailored price point. These changes do not command splashy launch events, but they do defend margin, build loyalty, and reinforce premium positioning. Confusing newness with value, or assuming that only major disruptions can command premium pricing, often leads brands to overlook the incremental innovations that consumers are still willing to pay for.

> **“The true test isn’t how novel a product looks, but whether its value is clear enough to justify its price. And in a world of rising costs, premium brands are increasingly under pressure to raise prices. A higher price tag needs to come with a clear, credible explanation of what makes the product worth more.”**
>
> **Shikha Jain**
> Partner

Innovation: More than meets the eye

Of course, not all innovation happens within the product itself. Sometimes, brands move laterally, expanding into adjacent categories that borrow from existing equity but serve new needs.

A sunglasses company entering the prescription eyewear space, for example, isn't inventing a market. It's diversifying.

That move comes with its own risks: different consumer expectations, different value drivers, and often, a different pricing logic. What worked in lifestyle fashion may not work in functional health. The frame material might matter less than the optical performance. Here, success depends on a combination of internal knowledge and external benchmarking, understanding where consumers see value and how much they're willing to pay for it.

> Not every innovation makes headlines. Sometimes, the most powerful shifts happen just under the surface.

Price and perception move together

It's not just innovation that could use a new lens. As brands stretch their offerings, through new features, new segments, or entirely new markets, the traditional cost-plus pricing model becomes increasingly inadequate.

What matters is how clearly customers perceive the added value, and how convincingly the price reflects it.

The connection between innovation and pricing is clear: as products evolve, so must the logic that underpins their value. A recent Simon-Kucher perspective[1] explores this link, showing how different types of innovation shape both perception and risk. The message is simple: credibility in pricing comes not from novelty alone, but from how convincingly value is framed.

For all the noise around disruption, tomorrow's value also can be created through careful refinement. A scratch-resistant lens may not grab headlines, but it reshapes how long a product feels worth its price. It's sometimes these quiet shifts that shape how brands are perceived, how products are priced, and what sticks with the customer long after the novelty fades.

Confusing newness with value, or assuming that only major disruptions can command premium pricing, often leads brands to overlook the incremental innovations that consumers are still willing to pay for.

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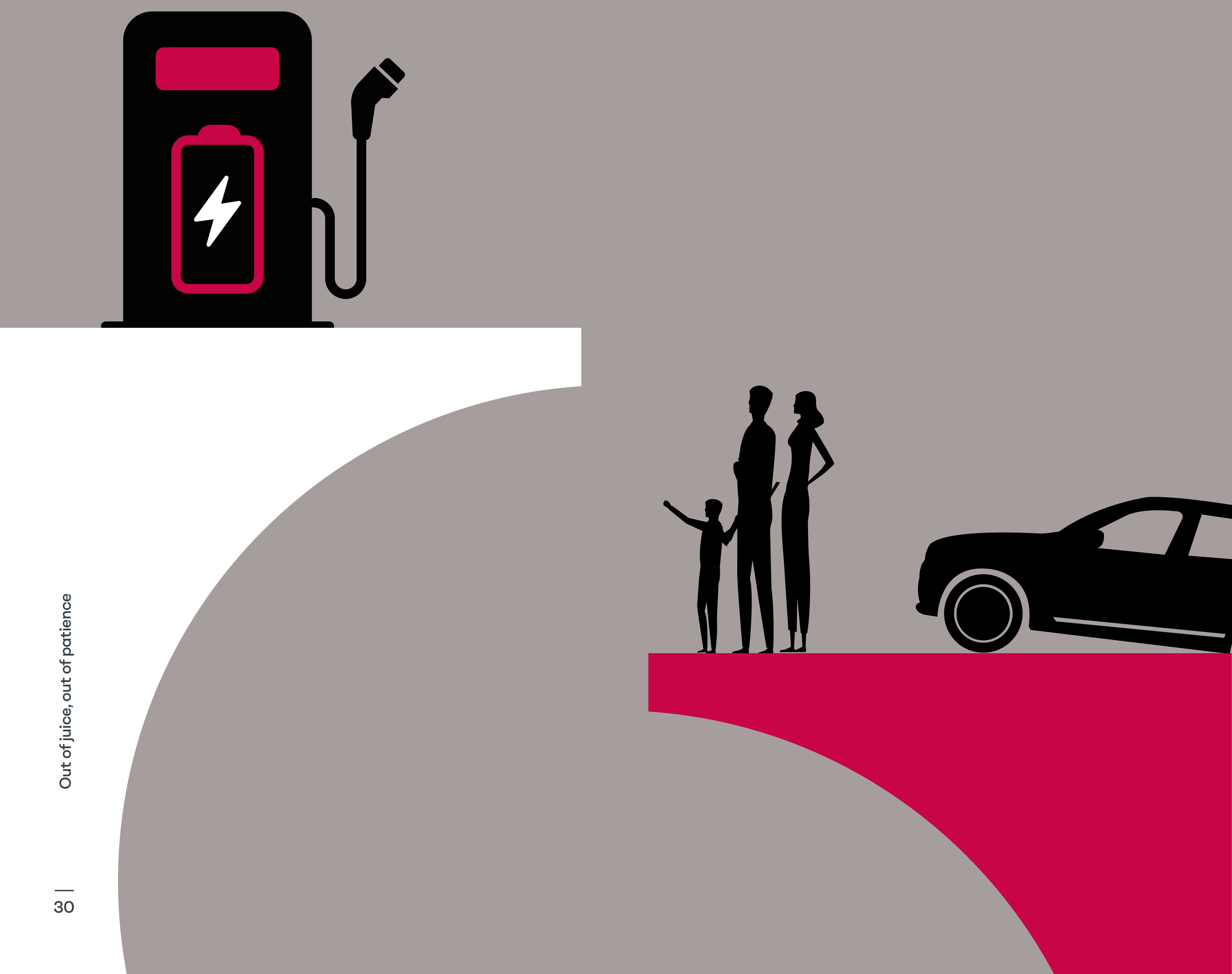
1: Monetize innovation to align pricing with value, Simon-Kucher, 2025



Out of juice, out of patience

The EV revolution is real. Charging confidence is not.

In business, innovation is often celebrated as the finish line. A new breakthrough, a technical leap, a category redefined.

But sometimes, innovation is just the beginning. What follows is slower, messier, and far harder to scale.

Electric vehicles are one of the most transformative innovations of our time: fast, quiet, efficient, and increasingly affordable. Automakers have delivered on range, design, and performance. Yet, the future of mobility isn't being held back by what's under the hood, but by what happens after purchase.

Innovation alone is not enough

The decision to go electric ties consumers into an ecosystem that extends far beyond the car itself, from charging infrastructure to energy platforms to data-sharing agreements. When those systems fail to deliver, whether through slow charging, unclear pricing, or clunky digital interfaces, adoption stalls, no matter how advanced the car itself may be. Confidence is the real currency.

> **"The success of the EV transition will depend less on the next car innovation and more on the reliability of the ecosystem around it. Charging must become as seamless and trustworthy as fueling today. Only then will electric mobility reach its true scale."**
>
> **Dr. Thomas Haller**
> Senior Partner

New research from Simon-Kucher's Global Automotive Study 2025[1] reveals that for 74% of EV considerers, charging remains a major hurdle. For at least one in three, that means concrete issues with speed and availability of public charging. Even in markets where EV sales are growing, these infrastructure pain points persist. While early adopters remain highly committed, with 96% saying they would purchase an EV again, their experiences highlight a warning: if charging is already a pain point for those willing to absorb it, it risks becoming a major barrier for broader growth and mainstream switching.

The top concerns are practical: stations that are occupied, slow, or simply unavailable. Technical failures and inconvenient locations add to the frustration, turning charging infrastructure, not battery range, into the most common dealbreaker.

Among current EV owners, a dedicated home station is by far the most common and preferred charging point. Public charging stations, workplace chargers, highway stations, and gas stations all rank significantly lower, reflecting both the reliance on home infrastructure and poor perception around the availability of convenient public alternatives. This imbalance highlights how the lack of robust public infrastructure continues to constrain EV adoption beyond the early adopter segment.

> **"People may be ready to embrace EVs, but they aren't convinced the ecosystem is ready for them."**
>
> **Matthias Riemer**
> Partner

Most European countries have invested in charging infrastructure ahead of battery electric vehicle adoption, leading to temporary overcapacities in many markets. The real challenge lies less in infrastructure availability itself and more in the perception among drivers that charging options are insufficient, a perception that continues to slow adoption.

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1: Global Automotive Study, Simon-Kucher, 2025

Innovation moves at the speed of infrastructure

Automakers have delivered on vehicle performance. Consumers are increasingly open to change. But awareness of the charging system, and the broader infrastructure around it, continues to lag behind the pace of innovation. Unless drivers are convinced there is a reliable, seamless, and scalable charging ecosystem in place, even the best-designed EV will struggle to convert interest into ownership.

Similar challenges arise with vehicle-to-X (V2X) technology (using an EV battery to feed power back into homes or the grid). Drivers and would-be buyers alike see clear upside thanks to lower costs, greater sustainability, and the chance to make EV ownership more rewarding. But enthusiasm alone won't carry the technology into the mainstream.

Adoption still runs into familiar roadblocks: limited awareness, patchy technology availability, unclear legislation, and complicated contracts. Just as pressing are consumer anxieties around range, battery wear-and-tear, and unease over who controls their data. Only 59% are comfortable sharing personal driving behavior. One in two would hesitate to let energy providers manage access to their battery. For V2X to live up to its promise, the industry will require straightforward communication that addresses misconceptions head-on and builds trust with drivers.

In some markets, manufacturers are experimenting with EV-confidence bundles – offers that pair vehicles with charging credits, battery-health warranties, or residual value guarantees to offset perceived risk. Others are exploring modular EV options, such as range extenders, to bridge the charging gap for hesitant first-time adopters. This is a clear signal that buyers are not rejecting electric but hedging charging risk.

But ultimately, these are stopgaps. The long-term solution will depend on aligning technology, infrastructure, policy, and trust into a coherent, user-centric system. One that meets consumers where they are and gets them where they want to go.

Because in the end, the EV transition isn't being held back by the next innovation. It's being held back by the last mile.


click
TAP
AUTO
PAY

The payment you never see

Why embedded finance is changing the way we buy.

Tap to ride. Click to split. Auto-pay to renew. By the time you’ve had your second coffee, you’ve likely engaged with a bank, a payments processor, and a credit risk engine. None of which you consciously selected, and none of which you noticed.

You might have hailed a ride, topped up a subscription, maybe even bought concert tickets on a resale app that now offers "Pay Later" as the default. All of this is made possible through embedded finance: an innovation hiding in plain sight. Most people wouldn't recognize the term, yet rely on embedded finance constantly.

Not having to think about embedded finance is the point. No paperwork, no separate logins, no third-party redirects. The transaction blends into the experience, adding value simply by staying out of the way. Ride-hailing, subscriptions, digital wallets, buy-now-pay-later – many of these routines depend on a financial infrastructure built directly into the products and platforms people already use.

However, what's invisible to the end user is becoming impossible for businesses to ignore.

$800,000,000,000

in global value

Growth at the seams

Embedded finance is already a multi-billion-dollar business and one of the fastest-growing areas of digital payments. Simon-Kucher estimates embedded finance could unlock up to $800 billion in global value over the next decade[1], but only for those who design the right business model.

What makes embedded finance especially compelling is where it grows best: at the seams between industries.

The opportunities exist not just for fintech providers building the plumbing, but for the companies embedding it. Ecommerce platforms are launching payment solutions, mobility apps are offering insurance, SaaS companies are underwriting loans. The result is a shift in revenue models, customer relationships, and competitive positioning.

Beyond added services, there's also huge value in owning more of the customer journey. The closer the financial product is to the moment of need, the higher the conversion and the more data is captured. But growth isn't guaranteed. Misprice your product and margins evaporate. Get the UX wrong, and adoption collapses. Choose the wrong partner, and control over customer data slips away.

This shift is changing what it means to be a financial services provider. Banks and insurers are no longer just direct-to-consumer institutions. They are infrastructure. Many are adapting by repositioning themselves as platform partners rather than gatekeepers, offering white-labeled capabilities to digital-native brands that already command consumer trust.

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1: Embedded Finance: How to unlock a $800bn opportunity, Simon-Kucher, 2025

The user experience is simple. The strategy behind it is anything but.

For businesses, success in this space requires more than just enabling a payment or offering credit at checkout. It begins with identifying where embedded finance creates real value: for the customer, for the brand, and for the business model.

It means choosing the right partners. Not just for technical integration, but for long-term alignment on pricing, data, and user experience.

> **“Embedded payments are among the fastest-growing segments of digital payments, driven by seamless user experience and trust at the point of need.”**
>
> **Abhimanyu Julaniya**
> Partner

As the landscape matures, companies are also beginning to treat embedded finance as a core part of their commercial architecture. That means developing new go-to-market models, testing pricing strategies, adjusting product-market fit, and refining offerings over time. In some cases, it means entering new markets altogether, organically or through acquisition, to expand the value chain.

Done well, embedded finance becomes a strategic growth lever, one that touches pricing, positioning, partnerships, and customer loyalty. Invisible to most, essential to many, it's changing how value is created and captured in the background of daily life - and businesses need to decide where they will play in that value chain.

"The battle for growth will be won not on technology alone, but on pricing, positioning, and commercial architecture."

David Chung
Partner

Have you seen issue 1: Transforming change into growth opportunities?

In an era of relentless change, clarity is your competitive edge. Here, we cut through the noise to deliver fresh thinking and actionable strategies. Because today's complexity is tomorrow's opportunity – if you know where to look.

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Why AI is the new customer compass

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