

Book Reviews

Copycats: How Smart Companies Use Imitation to Gain a Strategic Edge, Oded Shenkar, Harvard Business Press (2010), 241 pages, ISBN: 978-1-4221-2673-8

Copycats is a book about the use of imitation (or copying) over innovation (research). In particular, it sheds light on companies' strategic use of imitation rather than research (public) policy. At first glance, the topic of this book may seem far removed from research policy, the main theme of this journal. Many people think that imitation differs from innovation, and could even be consider its enemy. However, sometimes it is very difficult to clearly distinguish innovation from imitation; there is no *pure* innovation in the world. All kinds of knowledge creation rely on prior knowledge up to some point. Accordingly, imitation should be an important focus of research policy studies.

Hundreds of books tout the magic of innovation and tell us how to make it happen. In those books, imitation is presented as a spontaneous and haphazard act of desperation and imitators are defended. Of course, innovation is a powerful force as a significant factor in corporate survival, growth, and prosperity. It is also a source of monopolistic profits. However this is true only until *imitators* show up. *Copycats* demonstrates this with several examples. The founder of White Castle, Walter Anderson was first to conceive and systemize the standard-fare fast food chain in 1921. However, he saw a slew of competitors descend on his restaurants, recording everything from store design to operational routines, and it did not take long for a shrewd and efficient copier to surpass the original idea. Interestingly, the systems of successful followers, such as McDonald's, were also replicated,

in turn, by next-generation imitators such as Rally's (the drive-through concept) and Yum Brands (Taco Bell) quickly (shift to offer healthier food).

Other examples include EMI, which introduced the CAT scanner in 1973 but lost market leadership within six years. Meanwhile, Sony introduced digital photography in 1981 but was soon overtaken by Japanese manufacturers of traditional cameras and by late U.S. entrants such as Hewlett-Packard.

This book is not about innovators but about imitators. Its basic premise is that imitation is not only as critical as innovation to business survival and prosperity but also is vital to the effective exercise of innovation itself. This book argues that imitation is a rare and complex strategic capability that must be carefully nurtured and properly deployed.

Copycats offers a broad and multi-dimensional definition of imitation: "the copying, replication, or repetition of an innovation or a pioneering entry". Items that can be imitated may be a product, a process, a practice, or business model. The imitation can be *as is* or can represent a variation or an adaption. It can range from precise, blueprint copying to broad-brush inspiration, or anything in between. Imitation can also range from instinctive imprinting to full-fledged imitation. However, illegal forms of imitation such as piracy and counterfeiting are not discussed in the book.

Copycats opens with a quote from a senior executive at a national American retailer. "Our policy is to never be the first to try something new; we will only consider the tried and true". Why are many imitators successful? First, the imitator enjoys a free ride. It saves cost not only on research and development but also on marketing. Customers have already been primed to use the novel products, so

the imitator avoids having a huge investment lead to a dead end. Almost 90 percent of drugs under development fail during the trial phase after a billion-dollar investment. Second, the imitator can easily modify the originals to fit shifting consumer tastes and market environment changes. Most productivity gains come not from the original innovation but from subsequent improvements.

Through *Copycats*, Shenkar aims to bring imitation to the center stage of business strategies. He endeavors to change the mind-set that imitation is an embarrassing nuisance residing at the margins of business life. This book also looks at imitation as a firm's capability, and suggests a framework to identify and develop the ability to imitate. It talks about how to approach, analyze, formulate and implement a strategic plan to enable imitation and realize its potential. Analysis on the main reasons for imitation successes and failures is also carried out. From the analysis, the author presents a repertoire of strategies to use in harnessing the power of imitation and resolving its central challenges. This book includes a variety of case studies on imitation which are very helpful to understand main idea of the book.

Copycats comprises seven chapters. Chapter 1 (Fat Copycats) introduces the new term *imovation*, a fusion of innovation and imitation, and emphasizes its importance. *Imovators* understand that imitation is not contradictory to, but rather supportive of, innovation. Some of the important innovation is driven by imitation, and as a result "even when we look to imitate, we say we've got to make it better and turn it into almost innovation" (p.15). *Imovators* make a conscious decision about when to innovate and when to seek parity.

Imovators build on the capability platforms shared by innovators and imitators. These include the ability to sort a vast array of information and data points and tap knowledge bases rooted in different areas and disciplines. *Imovators* also know how to develop and leverage the distinct qualities associated with imitation. These include the ability to conduct broad searches in real time, work from multiple models, understand correspondence between a product or a model and its market, and undertake quick and effective

implementation, improvising while immersed in a rapidly changing environment.

Chapter 2 is about the mechanism of imitation and provides a variety of perspectives from which to view imitation. These viewpoints are taken from areas such as biology, history, and the cognitive and neurological sciences. Imitation was once seen as a primitive instinct; however, it is now viewed by the sciences as a complex, intelligent and creative endeavor undertaken by an elite few. Especially, full-fledged imitation implies in-depth understanding of a means-goal structure. Imitation is now a critical and rare capability of crucial importance to the survival, evolution, and wellbeing of all species. However, business scholarship has lagged behind, clinging to a view of imitation as a naïve pursuit unlikely to yield sustainable success. It is time for us to turn our attention to imitation studies in business.

Chapter 3 explains why the age of imitation is upon us. It elucidates why and how the codification of knowledge and the globalization and modularization of business are making imitation more prevalent, feasible, fast, and profitable than ever before. It also clarifies why these trends are likely to persist and accelerate. Globalization and outsourcing are causing an influx in the number and diversity of competitors. At the same time, knowledge is becoming more codified and transferable. Alliance, employee turnover, and imitation clusters are the main channels enabling massive imitation.

Meanwhile, traditional defenses against imitation, including branding and legal remedies, are weakening. Almost 70% of key innovations were imitated by the time they were studied, and the rate of brand imitation exceeds 80 percent. It is even higher in certain product categories, including cereal brands, services, and our corporate practices and business models.

Chapter 4 shows case histories of one of the most complex challenges of imitation. Using Southwest Airlines, Wal-Mart, and Apple as models, Chapter 4 examines their (successful and unsuccessful) imitation variants and looks for generalities that can be deduced.

Particularly fascinating is the case of Apple. Over the past decade, virtually all of Apple's new products, from the iMac to the iPod and the iPhone, as well

as many of its methods and processes, have been imitated soon after their launch. Apple itself boasts an image of being an innovator, yet is the consummate imitator. Much of Macintosh's technology was not invented in the plant. The Mac's visual interface came courtesy of the Palo Alto Research Center, a Xerox facility (one example of the interfaces is that of the mouse). Apple's application software was imitated by Microsoft to create Windows; however, the Mac operating system includes many features originated by others. More than anything, Apple is a master of assembly imitation. It generated new technologies by recombining existing technologies and materials. As Shenkar notes, "Apple's real skill lies in stitching together its own ideas with technologies from outside and then wrapping the results in elegant software and stylish design" (p.104).

From his analysis of various successful and unsuccessful imitation cases, Shenkar extracts a number of implications. First, imitation approaches vary from the replication and extension of an existing model to differentiation, importation, and recombination. Second, most successful copycats engage in true imitation, which includes deciphering cause and effect and resolving the correspondence problem. Third, most failed copycats engage in rudimentary forms of imitation that fall short of true imitation. They seek to retain their existing systems side by side with an imitated model, or they try to combine contradictory models. Finally, imitation models are often themselves as much innovator as imitator; they are, in other words, *imovators*.

Chapter 5 outlines the capabilities necessary to be a successful imitator. Imitation capabilities can be developed and their deployment is crucial to the success of imitation efforts. The capabilities include the ability to reference and select the right models (readiness, searching, spotting, sorting), the skill of deciphering the cause and effect underpinning a model's performance (contextualizing and deep diving), and the proper execution of an imitation plan (implementing).

Chapter 5 also describes in detail the steps of the process of imitation. The first step is getting ready to imitate another. This chiefly refers to a firm's attitude for imitation. Learning from another company requires

a sense of humility. The next step is referencing. In this step, the author promotes global searches over local searches and denotes the need to identify "unusual suspects." We should learn from another industry as well as learning from previous failures. It is also important not to limit referencing to innovators, but rather to investigate other imitators as well. The third step involves searching, spotting, and sorting. Here, a systematic search is required. Contextualizing comes next. This involves putting imitation in context--viewing imitation opportunities not as isolated atoms but as the interrelated parts of the complex system within which they are embedded and that explains, or conditions, their form and outcome. Deep diving is another important step. This part of the analysis process involves reaching beyond the surface to decipher causes and effects. The final step is implementation, bringing the process of imitation to a close.

Chapter 6 outlines various imitation strategies and offers an action framework built on key decisions, including where, what, who, when, and how to imitate. Imitation can be as viable a strategy as innovation. In terms of timing, imitators can choose between "pioneer importers", "fast-second" or "come-from-behind strategies".

Finally Chapter 7 provides a convenient summary and action framework listing the ten rules of *imovation*.

Copycats focuses on imitation as a strategy crucial in business. It successfully reveals how imitation is as critical to a firm's prosperity as innovation and presents a repertoire of strategies useful for imitation success.

At the same time, the book raises an issue in another aspect: *imitation in social context*. Should all kinds of imitation be encouraged? Even though imitation is an important strategy for firm's survival, we know that innovation (invention) should be protected by social systems (e.g., patent laws) in order to give sufficient incentive to inventors. This means that society cannot accept all imitation activity. This raises a number of questions. What kind of imitation should be prohibited? What is the socially desirable scope of inventions to be protected? And how strong

should protection or prohibition be? Evidently, such issues fall under the umbrella of the design of intellectual property laws and policies.

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Mastering the Hype Cycle: How to Choose the Right Innovation at the Right Time, Jackie Fenn & Mark Raskino, Harvard Business Press (2008), 237 pages, ISBN: 9781422121108

Prologue

Theories on macroeconomic adoption of new technology and innovative products have evolved over time. A linear model theory evolved into Kleine & Rosenberg's chain-link model, or interaction model, in 1986, while the innovation model was developed from a static to a dynamic model by Utterback and Abernathy in 1975. In 1994, Utterback conducted an in-depth analysis of competition strategies and innovative behavior, and compiled technology innovation theories and practices into a book, *Mastering the Dynamics of Innovation* published by Harvard Business School. And in 2008, Harvard Business School published *Mastering the Hype Cycle*, the title of which seems to be mimicking that of Utterback's book. *Mastering the Hype Cycle* argues that the existing technology life cycle model ought to be changed to the "hype cycle," as the model of innovative technology adoption has evolved from a linear to an interaction model and from a static to a dynamic model.

Mastering the Hype Cycle is composed of two main parts: Part I explains what the hype cycle is, how it works, and why it works that way, traps and opportunities; and Part II explains to managers and innovative leaders the STREET innovation adoption

process through which the hype cycle leads to rational decision making regarding adoption. Thus, Part I can be interesting to general readers who have interest in investment as well as policy and technology management experts, while Part II contains important messages for managers and policy makers who make decisions about innovation adoption. The hype cycle, the concept that lies at the heart of the book, is much different from the existing innovation adoption cycle models in that it considers not only innovation and technology but also the nature of human. In order not to fall into the pitfalls of the hype cycle, people first need to have a good understanding of the cycle and then need to employ a highly sophisticated decision making process regarding the adoption of the innovation. The book provides both. This review will first take a look at the theoretical background and origin of the hype cycle model, then on the definition and main properties of the hype cycle and STREEP process, followed by discussions of implications and conclusions.

The Beginning of the Hype Cycle

Jackie Fenn, the author of the book and originator of the hype cycle model, had been working on the analysis of emerging technologies in the IT industry at the famous IT research and advisory firm Gartner, since 1994. As she provided support for the technology planning activities of large companies and governments (public institutions), she was able to understand the reality of emerging technologies and the hype surrounding them. Through analyzing emerging technologies such as AI (artificial intelligence), VOD (video on demand) and WWW (World Wide Web), she saw enormous potential of these technologies, but realized that numerous challenges lay ahead before such technologies could become an everyday reality.

Building on her experiences analyzing emerging technologies, she decided to write a research paper on patterns, which might not necessarily be applicable to all technologies but to most of them. She saw the market's initial enthusiastic response to emerging technologies, the following disappointments as those technologies faced challenges in reality, and the gradual understanding of real benefits from