Chapter 4

A Reflection on Wearables and Innovation in the Mobile Ecosystem:
Two Possible Scenarios

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ABSTRACT

This chapter explores the innovation landscape for the mobile content ecosystem building upon the hypothesis of the disruption potential of wearables. Google Glass is taken as the paradigm, as it offers direct access to network, becoming an eventual alternative to the smartphone. Equipment manufacturers lost traction as innovators right after the arrival of the iPhone in 2007, which brought a key innovation to the ecosystem. Observing the strategies of the different players operating in the supply side, two innovation scenarios are proposed for the debate: a sustaining-innovation based scenario, and a disruptive-innovation one. The main findings admit a clear disruption potential in wearables, mostly focused on the power of glasses as a driver to create a new wave of content, oriented towards augmented-reality features. However, it is still uncertain if these new devices can trigger a new era of innovation expanding its effects towards the whole ecosystem.

INTRODUCTION

The irruption of a new generation of mobile handsets, led by Apple's iPhone in 2007, paved the way for a whole set of events that transformed both the content and the telecommunications industries. The app store economy, the platform-ruled mobile media ecosystem, now a Google-Apple duopoly, was triggered in the first place by the eclosion of a new device. In the pre-iPhone era, mobile network operators had dictated the pace of the evolution and the innovation within the mobile content ecosystem. An innovative step from the terminal vendors sector changed the rules of the game forever.

However, little decisive innovation steps of the device makers have changed the picture in the mobile content business after that arrival of the iPhone, which was coincidental with Google's Android platform, and their competitors followed both incumbents.

Amid this ongoing discussion on the future of innovation within the mobile ecosystem, the aim of this chapter is to bring some ideas about the evolution of leading strategies in mobile content for the next future. Communication studies have often envisaged the mobile space as a mere channel, disregarding the fact that it involves a whole new experience that deserves more attention. However, over the years we can benefit of a remarkable corpus of research on user behavior, cognitive aspects of mobility, and the eclosion of mobile media. Innovation, though, is one of the research issues that need more attention efforts from the communication scholars' community.

We will look at the studies on innovation building in the first place upon Schumpeter's approach of "creative destruction", introduced in 1943, in which innovation necessarily involves the extinction of some incumbents in order to give way to new products and services. In that environment, price doesn't make the big difference; it's "the competition from the new commodity, the new technology, the new source of supply, the new type of organization (...) that commands a decisive cost or quality advantage and that strikes not at the margins of the profits and the outputs of the existing firms but at their foundations and their very lives" (Schumpeter, 2003: 84).

By the end of the Twentieth Century, another economist, Clayton Christensen (1996), went further on the topic establishing two types of innovation: "sustaining innovation", driven by the mere improvement of actual products; and "disruptive innovation", which aims to replace the actual product line, mostly acting on the "friction" issues (Akerman, 1998).

However, innovation impact is not an easy magnitude to evaluate. Before diving deeper into the matter, we are reminded by Hauser, Tellis and Griffin that: "a variety of disciplines address various aspects of innovation, including marketing, quality management, operations management, technology management, organizational behavior, product development, strategic management, and economics. Research on innovation has proceeded in many academic fields with incomplete links across those fields" (2006: 687).

We venture in more complex territories if we add the concept of disruption. Daneels (2004), reminds us that disruption can be only verified after a certain state of things, led by a number of incumbents, has been altered after the entry of a new product of service. According to that, we should not be able to fully recognize a disruption process unless it has reached its culmination.

That being said, we propose to focus our research on the innovation issue and its impact on the different players involved in the mobile ecosystem. In order to offer a pragmatic, not too perishable approach, we will deploy a two-fold study, based on two basic scenarios: in scenario number one, we will adopt the hypothesis of an ecosystem mostly driven by sustaining innovations, in which innovations in content, services and devices are mostly aimed to perform better the kind of tasks they have been conceived for so far; in scenario number two, we will start from a scenario of disruption, led by the impact on the different players of the new generation of wearable, prosthetic devices.

The kind of methods and materials we will use in order to fill both scenarios will be basically of the same kind. Secondary sources of different kinds are on the base of this chapter.

The pace of events that have shaped the mobile content ecosystem has been hectic enough to place the academic field well behind the newest innovations. Both supply and demand sides of the mobile media market have been better observed from the players point of view –only a fraction of which is usually publically available-, and from the set of expertise the mobile sector needs to set up their strategies, than from the strictly academic area. Thus, we will have been collecting data and insights from the original equipment manufacturers (OEM) sector; the network and communications equipment providers; the

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