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Rethinking Business Value: Why Innovation Must Be Customer Outcome- Oriented

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Abstract: such a discussion stems from the radical transformation in how the axiological essence of business activity is perceived in the context of digital transformation. The traditional paradigm, which links the effectiveness of innovation to internal growth metrics, is steadily losing relevance as attention increasingly shifts toward customer outcomes as the ultimate criterion of sustainability and meaningfulness of innovation. The objective of this article is to argue for a shift in evaluating corporate innovation activity through the lens of customer-centric outcomes, rather than viewing it solely in terms of technological advancement or financial indicators. The literature review reveals methodological discrepancies in how the concepts of “value” and “innovation” are interpreted, as well as the lack of a unified conceptual framework that could integrate behavioral, institutional, and digital dimensions of value creation. The absence of coherence in existing approaches complicates the practical application of research findings in strategic management. The analysis concludes that innovations which do not result in perceptible changes for the customer—whether behavioral, functional, or emotional—cannot be considered a sustainable source of business value. The scholarly contribution of this work lies in the systematization of conceptual approaches to value, as well as in identifying axiological conflicts present in the literature. The materials presented are intended to be of use to professionals in strategic management, business model developers, researchers in behavioral economics, and analysts working on product value and customer journey design.

Keywords: business model, innovation, customer value, behavioral economics, strategic management, digital transformation.

Introduction: In an era defined by rapid digitalization and globalization, corporate development strategies are increasingly centered on the creation of new technologies and products. Contemporary innovation in entrepreneurship is progressively oriented toward delivering tangible outcomes for customers, rather than simply introducing new products or features.

The traditional logic of corporate innovation assumes that economic value will emerge by default: the more patents, research initiatives, and R&D investments, the higher the revenue and competitiveness. However, many startups in the tech sector fail to achieve profitability precisely because their solutions do not align with the core expectations of end users.

The focus of this study lies in understanding the disconnect between a company's "innovative potential" and the actual "outcomes" that matter to customers. The absence of a systematic mechanism to align development efforts with user-defined results often leads to wasted resources, declining retention, and missed market opportunities.

In response, researchers have increasingly turned their attention to developing methodologies and implementation frameworks that prioritize customer-centric outcomes. They also seek to evaluate the strengths and limitations of such approaches.

MATERIALS AND METHODS

Based on a review of existing literature, three thematic groups of research were identified. The first relates to theoretical and conceptual perspectives on innovation and value creation. The second covers the transformation processes occurring within digital environments, including mechanisms and methods of innovation implementation. The third focuses on shifts in consumer behavior and business models triggered by innovation and new interaction formats.

In particular, T.W. Andreassen offers a review of the relationship between perceived innovation and market performance, emphasizing the cognitive mechanisms that shape how users perceive value [1]. E. Wilkins

refines the definition of "value innovation," outlining stages and best practices for designing solutions that simultaneously enhance customer value and reduce company costs [8]. The work of V. Bough, O. Ehrlich, H. Fanderl, and R. Schiff highlights growth mediated by customer experience, viewing innovation as a product of deep behavioral and emotional insight into user expectations [2].

L.-J. Kao and co-authors propose a taxonomy of digital transformation, identifying key impact areas on business processes, including through customer interfaces and adaptive mechanisms [5]. M. Oliveira, E. Zancul, and M.S. Salerno explore design thinking as a means of building internal capabilities for generating innovative solutions within the digital landscape [6]. F.-S. Wu and colleagues examine breakthrough digital developments as strategic tools for business model transformation [10]. M. Busch adds an empirical layer by illustrating successful cases with a focus on market response rather than a specific methodology [3].

The article by P. Buyukbalci, F. Sanguineti, and F. Sacco explores how interactions between traditional businesses and startups can serve as a source of renewal in value creation models, stressing the need for synergy between organizational inertia and external sources of novelty [4]. P.-H. Tsai presents a model of gamified OMO (Online-Merge-Offline) services, outlining mechanisms that influence purchasing behavior in hybrid digital and offline retail ecosystems [7]. Meanwhile, H. Woo, S.J. Kim, and H. Wang examine innovation behavior in B2B services and its impact on customer loyalty and performance metrics, emphasizing the importance of long-term outcomes as a benchmark for innovation success [9].

Despite the diversity of approaches, the literature reveals a broad consensus on the need to shift the focus from technological novelty as an end in itself to the creation of specific, perceived customer value. However, several issues remain unresolved. First, there is a lack of well-defined criteria for measuring customer-oriented outcomes, particularly in the context of complex B2B products and services. Second, the concepts of "value" and "innovation" are operationalized in fragmented, empirical, and situational ways, often lacking a coherent theoretical foundation. Finally, little attention is paid to the tension

between short-term value (meeting immediate demand) and the long-term sustainability of innovation.

This article employs several methodological approaches, including systematization of theoretical perspectives, comparative analysis, case studies, and elements of behavioral analytics.

RESULTS AND DISCUSSION

In the academic literature, business value is typically understood through two complementary dimensions: internal (value-in-exchange) and external (value-in-use) perspectives [1, 4, 7]. The former reflects the cost of

resources and effort invested in product creation—patents, technologies, manufacturing capabilities—while the latter is rooted in the customer’s perception of how effectively and pleasantly the solution addresses their task.

Technical specifications—such as algorithm speed, memory capacity, or number of available options—do not, by themselves, guarantee user satisfaction. What matters more is identifying the specific problem the user is trying to solve with the product.

This variability in perspectives on business value is illustrated in Figure 1.

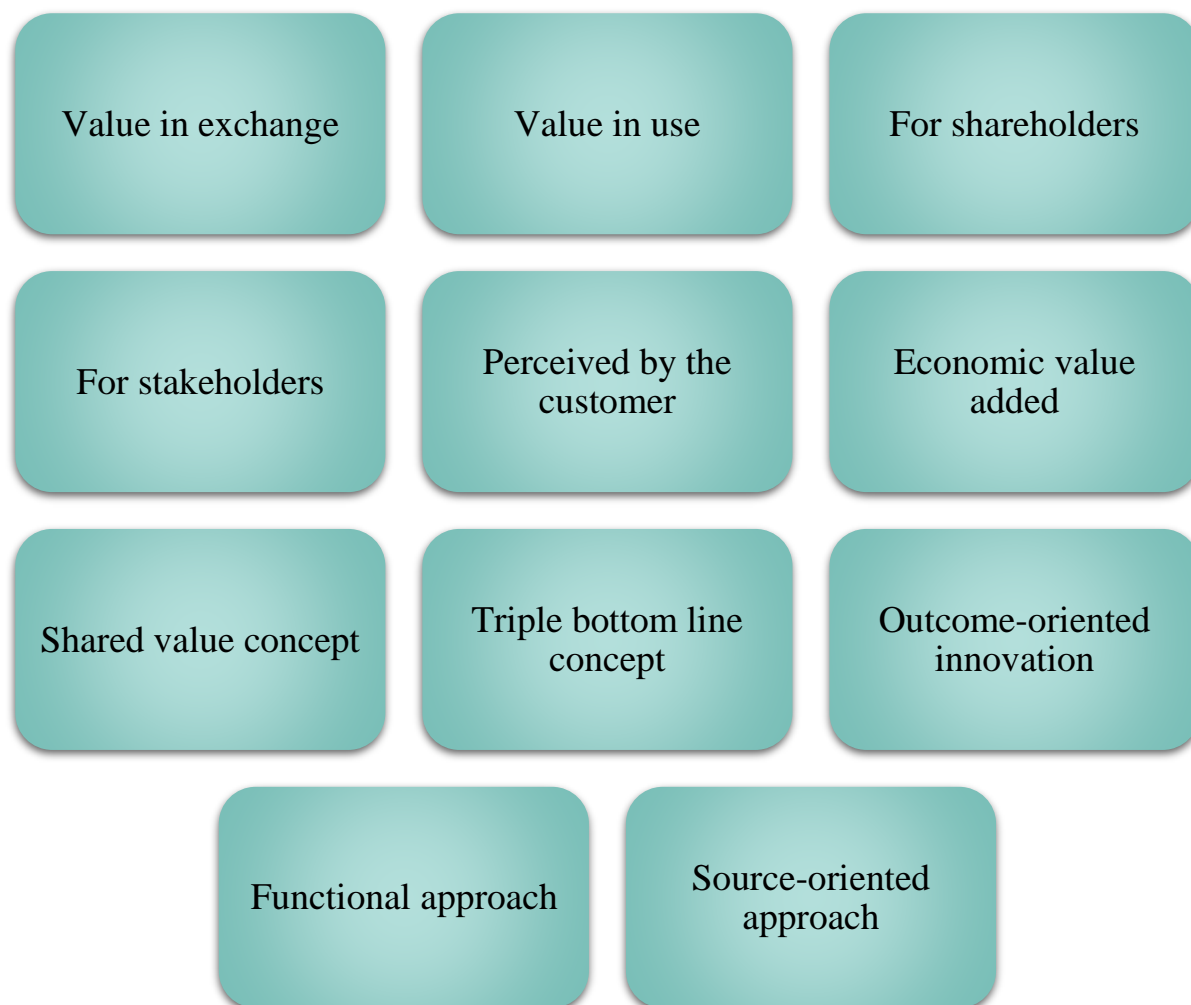


Fig. 1. Variability of views on business value (compiled by the author based on [4, 5, 10])

Attention should also be directed to the principles of Outcome-Driven Innovation (ODI). The central tenet of this framework lies in articulating “desired outcomes” as a set of measurable objectives that hold value for the customer. Each objective is formulated using the structure “verb + object + measurement criterion,” which eliminates ambiguity and allows for the

prioritization of innovation efforts based on both importance and contribution to the overall user experience.

Another key principle of ODI is hypothesis-oriented validation. Instead of merely verifying the core functionality of a minimum viable product (MVP), ODI

focuses on testing hypotheses about how specific changes impact desired outcomes. This validation process involves both quantitative and qualitative methods, including:

- comparative analysis of interface variants,
- surveys assessing the degree to which user goals are achieved,

- monitoring the dynamics of key user metrics.

The integration of an outcome-oriented approach into project management processes can be mapped through the following sequential steps (Figure 2):

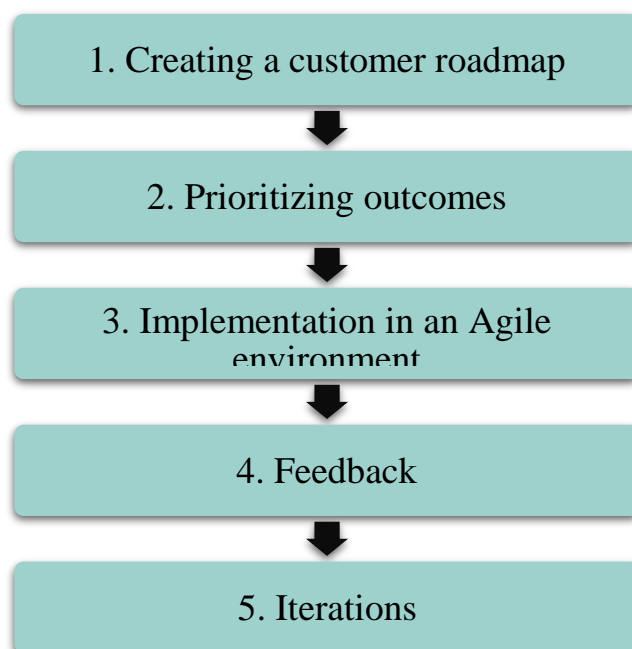


Fig. 2. Integration of the outcome-oriented approach into project management processes (compiled by the author based on [6, 9])

The first implementation step is to create a user interaction map that identifies major touchpoints, emotional states, and potential friction points. This map helps pinpoint the most critical areas for innovation focus.

Once a comprehensive list of outcomes is generated, it is prioritized using two criteria: the importance of each outcome to the customer and the current level of satisfaction with existing solutions. This prioritization ensures objective resource allocation and directs attention to the most critical experience factors.

In Agile practices, desired outcomes are integrated as

“definition of done” criteria for each backlog item. This enables teams to align every sprint with tangible improvements in user metrics and quickly adjust course based on real-time data.

After each development cycle, user feedback and the dynamics of key indicators are analyzed. If discrepancies between planned and actual outcomes are observed, a new cycle of hypothesis formulation and strategy refinement is initiated.

Finally, the key advantages of this approach are summarized in Figure 3.

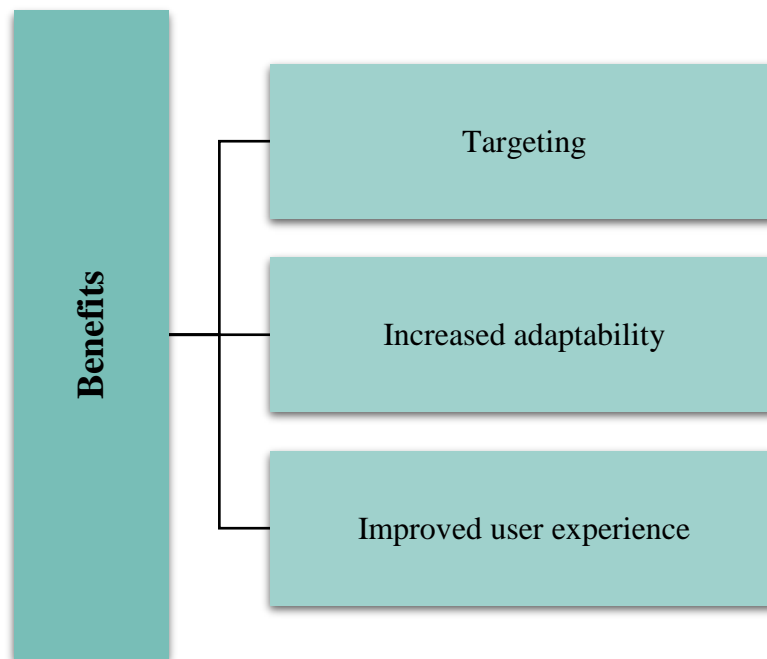


Fig. 3. Advantages of the outcome-oriented approach (compiled by the author based on [1, 5, 7])

A clear articulation of desired outcomes enhances resource allocation efficiency and reduces uncertainty. A hypothesis-driven development cycle enables timely responses to evolving user needs and shifting market conditions. Focusing on measurable results also strengthens customer trust and satisfaction.

At the same time, several significant limitations must be acknowledged:

- **Analytical intensity:** Continuous data collection and processing may require substantial investment in research infrastructure.
- **Organizational adaptability:** Implementing ODI demands a flexible project management structure and a culture that encourages experimentation and rapid iteration.
- **Risk of short-sightedness:** A narrow focus on current outcomes may constrain longer-term innovation potential.

To illustrate these dynamics, several case examples are worth examining.

One such case involves an electric vehicle company that

shifted from direct sales to a subscription-based model. This model includes maintenance, insurance, and modular upgrades. It lowers the financial burden for customers, increases accessibility, and continually improves service quality—attracting new customer segments who might not have otherwise considered vehicle ownership [8].

Another example comes from a fast-casual restaurant that eliminated costly, rarely used ingredients and enhanced service quality through AI-driven personalization. Diners could customize meals based on their preferences, while smart kiosks suggested optimal combinations. This not only reduced costs but also made the dining experience more engaging, drawing in new customers [8].

A compelling case in the telecom sector involves a mobile operator facing high churn rates. Rather than continuing aggressive customer acquisition, the company shifted its strategy to focus on retention. By eliminating restrictive contracts, offering upgrades to all customers, and improving service quality, customer satisfaction rose, churn decreased by 75%, and revenues nearly doubled within three years [2].

Another case concerns a logistics provider that set an ambitious goal: to become the preferred carrier for both business clients and their end users. By reimagining the customer journey and emphasizing improved driver communication, the company aimed to generate hundreds of millions of dollars in additional revenue while building long-term loyalty [2].

Walmart and Ford also offer notable examples. Both companies leveraged digital tools to optimize operations and develop new products and services, thereby enhancing customer experience and securing sustainable business growth [3].

These cases demonstrate that rethinking business value through customer-centered innovation delivers tangible results. Organizations that prioritize customer interests consistently outperform competitors and achieve long-term, sustainable growth.

CONCLUSION

Abandoning conventional internal performance metrics in favor of a model where each innovative action is guided by the customer's desire to achieve specific outcomes marks a fundamental shift in organizational strategy. This reorientation enables more rational use of resources, reduces the risk of launching ineffective solutions, and significantly strengthens the perception of the brand as a partner actively committed to improving the customer experience.

Looking ahead, promising avenues for further research include the development of tools to automate the collection and analysis of customer data, as well as the adaptation of outcome-driven approaches to the specific demands of high-tech and heavily regulated industries.

Equally important is a deeper investigation into the relationship between short-term outcomes and long-term strategic development. Such research is essential to maintaining a balanced approach that supports both operational efficiency and future-oriented innovation.

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