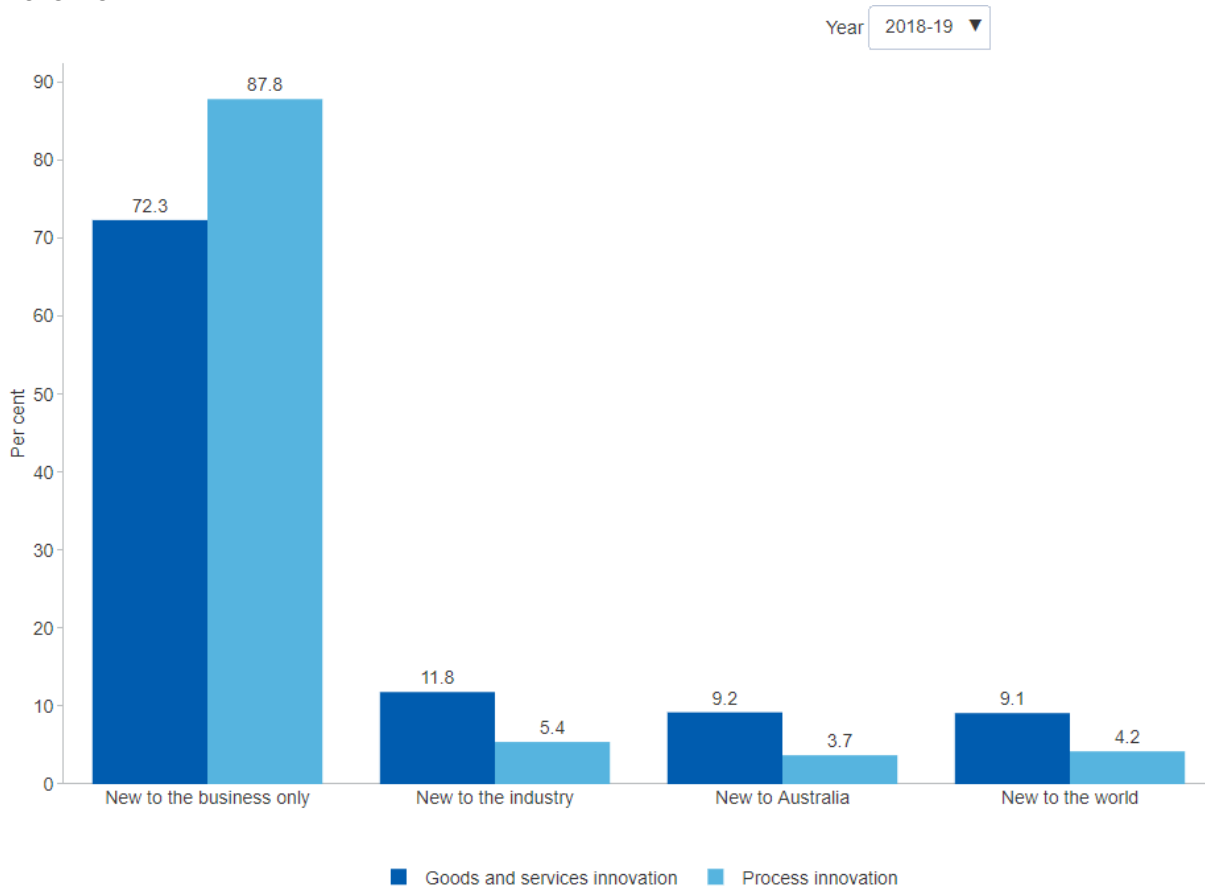


1.1.6 Novelty of introduced innovations

Australian businesses tend to specialise in modifying innovations introduced by other businesses also operating in the domestic market. Roughly three quarters of all innovation in goods and services and almost 90 per cent of all process innovation introduced by Australian businesses is *New to the business only*. Large businesses are generally more likely than SMEs to introduce innovation that is *New to the industry*. In 2018–19, only 9.2 per cent of goods and services innovation was *New to Australia* and 9.1 per cent was *New to the world*. The ability of so many Australian innovating businesses to successfully execute this relatively simple ‘adopt and adapt’ strategy is arguably a strength of Australia’s innovation system. However, excessive focus on domestic modification may adversely affect Australia’s international competitiveness, since innovations with higher degrees of novelty areas generally more valuable, both domestically and internationally.¹

Figure: Novelty of introduced innovations, share of innovating businesses, per cent, latest 2018–19



¹ ABS, *Characteristics of Australian Business*, Cat. No. 8129.0, Cat. No. 8158.0, Cat. No. 8166.0, Cat. No. 8167.0 and ABS.Stat (<https://www.abs.gov.au/>)