

Bertelsmann Stiftung (Hrsg.)

Innovative Milieus 2026

Die Innovationsfähigkeit der deutschen Unternehmen
in schwierigen Zeiten

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Executive Summary

The study presented here measures corporate innovation activity in Germany and reveals an economy in the midst of profound transformation, characterized by a gradual decline in openness to innovation and technology. German innovative strength is therefore at a critical inflection point. What in 2023 still appeared to be a gradual erosion at the technological frontier has now hardened into a clear structural shift. The findings vividly capture this transformation: once-dominant industrial companies – the vanguard of the “German business model” – are becoming fewer and are innovating less frequently, while technology-oriented service firms are gaining ground.

Three key findings from the 2026 study on innovative corporate milieus warrant particular attention.

Key finding 1: Openness to innovation is on the decline

Germany’s openness to innovation is diminishing. The innovation vanguard is increasingly becoming a niche: the corresponding corporate milieus are shrinking, while a downward drift toward less innovation-oriented segments is evident. In 2019, one in four companies still belonged to the group of innovation leaders (technology leaders and disruptive or research-driven innovators). This share fell to 19% in 2023 and has dropped further to just 13% in the current survey. By contrast, the share of innovation-averse adapters (companies without an innovation focus and random innovators) has grown from 27% in 2019 to 38% in 2023 and now stands at nearly 40%. Overall, the willingness to innovate is giving way to greater caution – including increased reluctance to engage in collaboration with external partners.

A modest bright spot, however, is that over time, companies that are less innovation-oriented – or only moderately so – have developed a stronger awareness of the

competitive importance of innovation. Although still operating at a relatively low level compared with innovation-driven firms, this shift is reflected in some cases in higher innovation inputs and outputs. The group of cooperative innovators stands out in particular. These firms have overcome the pandemic-induced paralysis, revitalized their networking activities, and now serve as an important conduit for the diffusion of knowledge across the broader economy. Conservative innovators also emerge as a resilient pillar: with comparatively limited input, these often smaller and more agile companies achieve notable innovation outcomes. Even among random innovators, there are signs of movement, suggesting a growing sensitivity to the relevance of innovation and innovation methods.

In this context, the analysis of the relationship between innovation inputs and outputs shows that successful innovation is, in many cases, not primarily a function of large-scale investment. Instead, clear innovation strategies, targeted cooperation, and investments in skills development and competencies are decisive factors in explaining innovation success. Crucially, these measures are also within reach of smaller firms that do not have dedicated innovation budgets.

Key finding 2: The innovation landscape is undergoing a fundamental shift

The decline in risk appetite is accompanied by a fundamental transformation of Germany's innovation landscape. This shift is particularly evident in the changing internal composition of the identified innovation milieus. Both technology leaders and the former group of disruptive innovators have undergone a marked transformation since the 2023 survey, amounting to a substantive change in their underlying character. The technology leaders milieu is now shaped primarily by younger and smaller firms – compared with the 2019 and 2023 surveys – operating in knowledge-intensive services and the IT sector. These companies are highly agile and deeply networked. Closely linked to this is a fundamentally different conception of technology within this milieu: a move away from traditional industrial technologies toward digital technologies.

By contrast, the milieu formerly known as disruptive innovators – now reclassified as research-oriented innovators in light of its internal transformation – is increasingly dominated by more established, larger firms from traditional industrial sectors. Their innovation activity remains heavily focused on industrial technologies. What was once an agile spearhead has become a repository of large industrial companies that invest heavily in research and development but are increasingly inward-looking. Connections with start-ups and external partners have frayed, raising the risk of an innovation-stifling “bunker mentality.”¹

Key finding 3: Much of the corporate sector is falling behind on complex technologies

It's the technology, stupid! This bon mot — a nod to the campaign slogan of former U.S. President Bill Clinton — underscores a central reality: a high-performing innovation system today depends heavily on a strong and modern technological base. For German companies, the decisive factor is the ability to combine the country's still formidable engineering expertise with robust digital capabilities. Against this backdrop, the study for the first time takes a closer look at key dimensions of the technological substance underpinning innovation. The results point to the emergence of a technological two-tier system.

Technology affinity – that is, companies' ambition and capacity to deploy complex advanced technologies or deep tech in new products, services, processes, or business models – has become a core element of strategic innovation primarily among technology leaders and, to some extent, research-oriented innovators. The remaining milieus, by contrast, tend to adopt a wait-and-see approach. As a result, innovation-intensive firms are well positioned for the future when it comes to competition-critical complex technologies. However, this group of companies is shrinking noticeably. This trend is cause for concern, as taken together it risks sustainably undermining the traditional strengths of the German business model.

One positive development deserves emphasis: digital technologies have now taken root across all corporate milieus. Applications of generative artificial intelligence, in particular, are already being used widely throughout the German corporate landscape. In combination with the sometimes markedly higher output scores observed among less innovation-oriented milieus, this suggests that the adoption of these technologies is, at least in part, associated with successful innovation outcomes.

Innovative milieus 2026: an overview

Taken together, the seven corporate milieus yield the following picture, summarized visually in the accompanying milieu chart.

- **Technology leaders**

The share of technology leaders declines sharply, accounting for only about 5% of companies in 2026. Despite this contraction, innovation input and output remain largely stable. Structurally, the milieu is shifting away from industrial toward service-oriented business models. As a result, marketing innovation and networking – particularly with start-ups – as well as an innovation-friendly corporate culture are gaining importance. Overall, the focus is moving from technology- and research-driven innovation toward market-driven innovation.

- **Research-oriented innovators (formerly disruptive innovators)**

This milieu continues to lose ground, falling to just 8% in 2026. Both input and output indicators decline. At the same time, its composition is shifting toward traditional industrial sectors. This is accompanied by a stronger emphasis on patents and product-specific innovation, while cooperative activities and internal innovation culture weaken. Overall, the milieu is increasingly oriented toward a “technology push” logic. In light of this fundamental change in character, the former disruptive innovators have been reclassified as research-oriented innovators.

- **Cooperative innovators**

At 17%, cooperative innovators stabilize their share but remain below earlier levels. Innovation input increases slightly, driven by rising innovation needs in response to faster product life cycles and intensified international competition. Output improves more markedly, particularly through product and process innovation. In substantive terms, the innovation profile remains relatively consistent over time, continuing to emphasize collaboration and exchange.

- **Conservative innovators**

This milieu has grown steadily since 2019 and reaches around 13% in 2026. It ranks among the strongest performers in terms of output, which rises significantly despite largely stable input. A defining feature is a stronger focus on internal skills development and on gradually integrating employees into innovation processes. As a result, the profile partially converges with that of cooperative and research-oriented innovators, while remaining more structured and traditional in implementation.

- **Passive adapters**

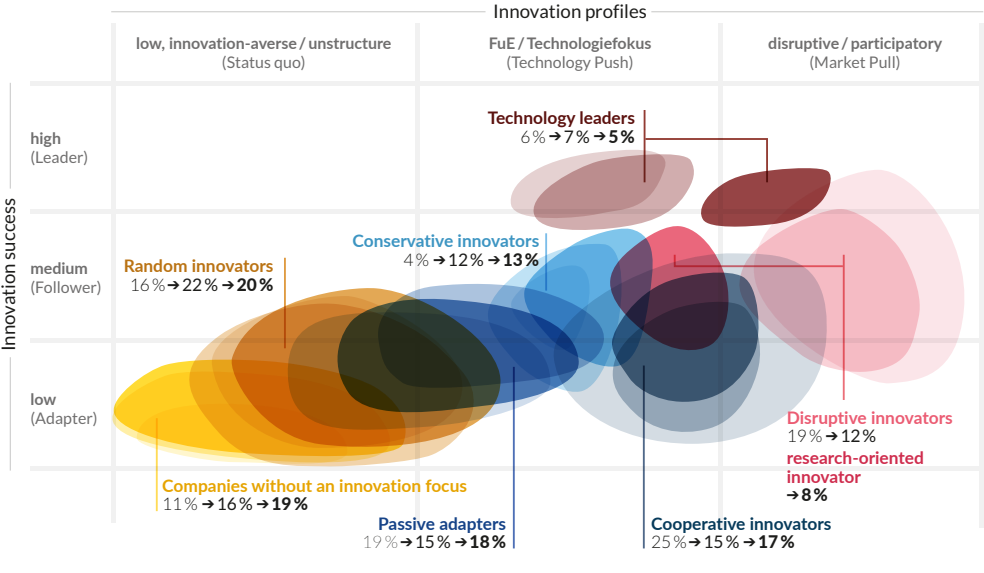
The share of passive adapters remains relatively stable over time (18% in 2026), but from an innovation perspective they are among the losers. Both input and output decline noticeably. Strikingly, this milieu is increasingly populated by industrial companies with eroding innovative capacity. This is reflected in the dismantling of employee incentive systems, as well as weaker internal exchange and collaboration structures.

- **Random innovators**

As the largest milieu by share, random innovators continue to grow, reaching roughly one in five companies by 2026. They record substantial gains in both input and output. Key drivers include expanded participation opportunities for employees and managers, enabling low-cost, low-threshold innovation impulses. Innovation here is less strategic and increasingly emerges from internal initiatives and learning processes.

- **Companies without an innovation focus**
This milieu has expanded steadily since 2019 and reaches around 19% in 2026. It is characterized by a high degree of sectoral diversity. Input and output remain at very low levels and show little change. The only notable positive development is increased support for employees in acquiring innovation-related methods. Overall, however, the milieu remains largely detached from innovation.

Figure 1-1: The Innovative Milieus – Milieu Chart (2019 → 2023 → 2026)



Source: IW Future Panel (n-2025 = 1,146, n-2022 = 1,004, n-2019 = 1,002)

Derived policy recommendations: Revitalizing the R&D system and enabling a technological renaissance

Building on the findings of the Innovative Corporate Milieus 2026, the task now is to halt the trends identified – or, ideally, to counter them with positive momentum that strengthens the innovation landscape, particularly by increasing openness to innovation and technology.

Accordingly, the policy recommendations focus on revitalizing the research and innovation system (R&D system) and fostering a technological renaissance. Within the overarching R&D system – which brings together key actors from business, academia, government, and society at large – strategic priorities, institutional structures, resource flows, and the broader innovation culture should be more clearly aligned with the generation of new ideas and their successful commercialization and scaling. Critical priorities include overcoming sectoral silos, dismantling innovation-inhibiting “bunker mentalities,” and intensifying exchange among stakeholders. To this end, the

governance of Germany's R&D system should be modernized, strategic priorities sharpened, relevant funding programs more strongly oriented toward impact, and flows of knowledge and talent strengthened.

The waning engagement with complex technologies that are critical to future competitiveness could be reversed through a broad-based technological renaissance. A particular focus should be placed on small and medium-sized enterprises. The ambition and capability to deploy ubiquitous technologies – such as embedded artificial intelligence – need to be actively promoted and, in effect, “democratized” across the economy. Accelerating diffusion will require strengthening the SME sector's technological capabilities, skills base and absorptive capacity. In line with the work of Joel Mokyr, recipient of the Alfred Nobel Memorial Prize in Economic Sciences, the study also recommends fostering greater societal enthusiasm for advanced technologies more broadly.