

NEW IDEAS, NEW PRODUCTS AND NEW WAYS TO MARKET THEM*

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Ideas are a commodity. Execution of them is not.
Michael Dell, CEO of Dell Computers

Ever had an interesting idea coming to your mind and preoccupying it for quite some time? Ever thought about a new – more efficient – tool to do a job than those available at hand? Ever got dissatisfied with inferior service and thought about a new and better way to serve customers?

Welcome to the club!

Marketing is a discipline bearing both challenge and fun... even more so when it comes to marketing of innovations!

Overview

A custom textbook you are holding in your hands talks about diverse aspects of Marketing, and New Product Development. I wrote this opening chapter to explain why a custom book was necessary and how it is structured.

Designing this challenging course, I used the most relevant chapters from two formidable books “Marketing Management” by G. Marshall and M. Johnston, and “New Products Management” by M. Crawford and A. Di Benedetto. As you will find, the lecture material and class assignments will further expand the theory, linking it to practice.

You will learn what is marketing and how it is connected with other business disciplines.

You will discuss consumer behavior and cultural issues and analyze a marketplace.

You will delve into the process and strategies of new product development, focusing on creation of the customer value.

Finally, you will work with a team conceiving a new product or service and developing a sound marketing plan.

Main Concepts

Many people have new and exciting ideas with a potential to make the world a better place. However, relatively few such ideas have been materialized in an innovative product or service. Then an even smaller proportion of these products became known to the world beyond an immediate circle of an innovator. But why? What precluded good ideas from benefiting the mankind? Who stopped the train of progress in its tracks? The answer is: *us*.

We, human beings, frequently behave as “homo NOT TOO sapiens” — sometimes because of complacency; sometimes because of personal hatred of those “too smart” innovators; and sometimes because of inability to seize new opportunities. People at IBM called this a “FUD factor” denoting Fear,

Uncertainty and Doubt. That is why, generation after generation, we nix ideas of our contemporaries. Very few of innovators lived long enough to see their ideas materialized and vision recognized. Is there any way out of this vicious circle? Is there an approach allowing innovators to have their ideas accepted faster and by a broader audience?

Marketing concepts hold many answers to the said problems as they focus on recognition and satisfaction of customer needs in an effective and efficient manner. Myriads of companies and individual entrepreneurs who misunderstood these concepts went under. Some of them developed new products in a backward order: started with a “solution seeking a problem”; others had a sound product, but failed to adequately communicate its value to their existing or future customers. Success comes to entrepreneurs who were strong in all three areas: *spotting a problem, developing a suitable solution, and communicating this solution to respective customers.*

Think of Christopher Columbus who had a great idea of sailing to India heading west, rather than south – around African continent – and then east. He came up with a *new strategic vision* and needed to materialize it in a *new product* – expedition flotilla. A true entrepreneur, he was not discouraged by initial unsuccessful attempts to get venture capital from the royals of Europe. Learning from mistakes, he identified the most promising potential customer – Spanish government. This foreigner from Genoa managed to present his case before the Catholic Monarchs of Spain. He was able to sell them on the future political and economic benefits of his plan – not an easy task even nowadays. Using the royal support, seed money and a title of “Great Admiral of the Ocean,” Columbus *marketed his strategy* to Genoese merchants who eventually financed his first flotilla and three subsequent expeditions. Was not this a triumph of unconventional marketing? Has not Columbus, an innovator and entrepreneur, succeeded in what he called “the Enterprise of the Indies”?

Fast forward some 500 years...

If we now turn to contemporary examples of successful innovation and effective marketing, we might find some parallels between the quests pursued by Christopher Columbus and Steve Jobs. Jobs was always obsessed with innovative ideas, he possesses perseverance and strong leadership skills. This all resulted in development of revolutionary “i” products conquering the world with iPod, iTunes, iPhone, iPad, etc. His “nose” for *innovation* and acute feel of *consumer needs and tastes* brought Apple to the heights no one could imagine after a high tech bust of the early 2000s. Many of us, consumers, voted for Apple products spreading raving reviews and, most importantly, opening purses and wallets. As a result, Apple Inc., a successfully *developer and marketer of pioneering*



products, became the most valuable technology company in the world. Admiral Columbus discovered a new continent and CEO Jobs helped all continents discover the new world of connected electronic media.

Core Areas of Learning

As you probably gathered, marketing and new product development are two interrelated and intertwined disciplines. On one hand, there is nothing to market without new products or services; on the other hand, new products never reach the audience without effective marketing. Each of these subjects is so broad that it deserves a separate comprehensive discussion. Our main task will be covering the *core areas* in each discipline. So, we will elaborate primarily on the following key topics:

- Major concepts of Marketing Management:
 - Marketing environment, players and subjects
 - Interconnectedness of the world markets
 - Peculiarities of B2C, B2B and B2G markets
 - Market analysis and segmentation
 - Cultures and integrated marketing communications
 - Triple bottom line and social responsibility
- Major concepts of New Product Development:
 - Phases of NPD, types of new products
 - Risk/benefit analysis at each stage of development
 - Players – direct and indirect; competition and collaboration
 - Role of technology
 - Launching new products.

Most importantly, we will be talking about a difference separating success from failure, when a new product is developed for an innovation sake, resulting in a proverbial better mouse trap. Truly successful entrepreneurs start with recognition of customer needs, and then build their businesses developing new products to satisfy them. Having said that, it is worth to emphasize that such process is far from being straightforward. In many situations customers may have a need or want, but either don't realize this, or the need is hidden, unarticulated. In both cases, it is a job of entrepreneur to understand the customer needs and wants, and operationalize them via new product development. As Peter Drucker, a business guru, said [1]: “The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself.”

Well, this seems to be easier said than done, especially in the “quilted” environment of the global business. Customers coming from different walks of life bear their individual tastes along with cultural values, religious and ethnic preferences. How can firms reasonably predict what product will fit these diverse customers? How does marketing deal with such uncertainty and associated business risk?

To find an answer we may take into account that marketing is a synthetic discipline dealing first and foremost with the cultural context. Every message received from a customer has to be considered within the cultural realm. Some cultures are collectivist and customers care most about the common good, some cultures are individualistic and customers focus on personal satisfaction. Hence a reaction to the same product offering could vary in different cultures – a bumpy ride of iPhone in China in

comparison with Europe tells the story. On the top of this, customers may communicate their opinion in a direct or tangential way, and it is up to a marketer to adequately “decipher” a customer message.

Culture is also tied with forward-looking issues in *business ethics, social responsibility and leadership*. “When leaders take a stand on things that are crucial, such as ethics and values, we influence and shape our own future” says Pat Johnson [2]. That is why marketing draws lessons from not only math and economics, but also from psychology, sociology, anthropology, etc.

If a business decision is based on the knowledge of human behavior, it has a greater chance to succeed when it comes to development of new markets, new tangible products, and new services. Not surprisingly, intuitive, easy-to-use products always win user acceptance over possibly more advanced, but “nerdy” ones. To paraphrase Clayton Christensen [3]: people don’t buy products, they “hire” products to do the job. Hence people are interested in new “hires” and will “interview” them before opening a purse or wallet. Thus an innovator, should be creative while developing a new product and *communicating the value* of this product to a target audience.

Nowadays, the term “innovator” may be applied to people with initiative and thrust in every type of activity in any market — B2B, B2C, B2G or C2C. True innovation has no boundaries and creative approach can touch every aspect of our personal lives and/or professional activities.

“The big winner is usually the one who gets to the market first (and with enough organizational force to keep the lead)” says John P. Barlow [4], and it is hard to argue with this logic. Keeping the lead is exercising a non-linear type of market perception. Very few, if any, business subjects can benefit from linear thinking, and marketing of innovations is not among them. A gap between a small group of excited early adopters and pragmatic mainstream market is so huge that Geoffrey Moore called it a “chasm” [5]. This chasm separating success from failure caused many otherwise good products to bomb and their respective companies to fold. To build a bridge both strong products and strong marketing strategies are required.

To create customer value, true innovators start with studying their future customers, i.e., with market research. Only then can they come up with ideas and solutions meeting customer needs. Innovative ideas call for new strategies that start with a clear vision and a product/technology roadmap. As the new product evolves, it goes through various types of market testing to ensure a good fit, i.e., *value in the eyes of a customer*. A firm subsequently designs an effective marketing mix and efficient supply chain. Then it chooses appropriate marketing communications channels (PR, advertising, etc.) and executes pre-launch communication strategy. Finally, the new product is launched in target markets at target prices and everyone holds the breath waiting for a customer reaction...

It’s Your Move

In this course, you will learn to develop effective strategies and devise tactical moves ensuring their successful execution. You and your team will gain skills in new product development and marketing — key to building a viable business. In the end, you will be able to develop, present and defend a cohesive marketing plan for a tangible product or service of your choice.

Your pioneering ideas are welcome!

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