

Ever had an interesting idea about innovative product, which preoccupied your mind? Ever thought about a new - more efficient - tool than those currently available? Ever got dissatisfied with inferior service and thought about a new - and better - way to serve customers?

Welcome to the club of marketing and innovation!

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

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

We, human beings, frequently behave as “homo NOT TOO sapiens.” Sometimes, it happens because of complacency; sometimes, because of personal hatred of those “too smart” innovators; and sometimes, because of inability to seize new opportunities. At IBM, people called this phenomenon a “FUD factor” denoting Fear, Uncertainty and Doubt. That is why, generation after generation, we nix ideas of our contemporaries. Only few of them lived long enough to see their innovations accepted and their vision recognized. Is there any way out of this vicious cycle? Is there an approach allowing innovators to have their ideas accepted faster and by a broader audience?

Marketing concepts holding many answers to the said problems focus on: a) recognition of customer needs and b) satisfaction of these needs in an *effective and efficient manner*. Myriads of companies and individual entrepreneurial ventures who misunderstood this concept went under. Instead of developing a solution for an existing problem, some of them design new products in a backward order - developing a “solution seeking a problem”; other had a sound product, but failed to adequately communicate its value to their existing or potential customers.

Take, for example, branding concepts in marketing. Sometimes, a company with a strong brand develops variations of existing successful products hoping to attract more customers and increase profits. In this case, it is a marketing strategy, which makes a difference, separating success from failure. Can you truly excite anyone with yet another type of a Tide detergent? Proctor & Gamble makes Tide products since 1946, and in any supermarket you can find dozens of Tide packaging options with small variations of ingredients. A well-deserved credit for such a long-term success goes to the Proctor & Gamble’s marketing team: all those product extensions sell well and keep customers happy.

Think of another – exciting - way of product and brand extension. Harley-Davidson (HD) Motor Company is famous for its superbly designed, engineered and manufactured motorcycles. HD bikes command everyone’s attention and provide great ride experience. The famous iconic HD brand visibility is greatly enhanced by a wisely designed family of accessories prominently displaying the brand name and logo, thus supporting an exclusive and admirable brand image in the eyes of current buyers and even non-customers. Bikers, their friends and family members purchase multiple bags, shirts, jackets, etc., becoming voluntary walking ads for the brand. What a great way to get profitable sales of accessories and free – and enthusiastic – advertising...

Bold new ideas in many cases gain traction when they go “against the grain”, challenging conventional perceptions. Take Tesla Motors - a company known for designing truly innovative electric cars. It started

with a luxurious Model S – a futuristic fully-electric dream car, which was successfully marketed to wealthy consumers. The car comes with remarkable post-sale service and includes an unconditional battery warranty, even for user error. Following initial success and brand recognition in the upper market segment, Tesla now moves to engage mid-market consumers with more affordable electric cars.

Electric cars is a new type of product and their ownership is somewhat challenging primarily due to three major problems: relatively short range before re-charging, lack of charging stations and long charging time. To resolve them, Tesla uses a three-prong approach. Firstly, the company took a lead in planning and development of a nationwide infrastructure of charging stations, trying to make them as ubiquitous as gas stations: convenient, easy to find and widespread. Secondly, those specially designed stations shall be efficient, i.e., able to provide a steep reduction of time needed to simultaneously recharge batteries of multiple cars. Thirdly, Tesla plans to build a multi-billion giga-battery facility to economically manufacture high-capacity lithium-ion batteries with shorter charge time.

Those three tightly coordinated and well-funded efforts shall lead to a success not only for Tesla models, but for all electric vehicles either already present on the market or only existing as a designer drawing. Harley-Davidson recently announced and demonstrated the upcoming full-size high-performance electric bikes. Do you think this is a sheer coincidence or part of the major trend?

Innovative ideas are never easy to come up with, but it is even more difficult to bring them to market...

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 several unsuccessful attempts to raise *venture capital* from the royals of Europe. Learning from mistakes, he identified the most promising potential customer – Spanish monarchy. Using his network, this foreigner from Genoa, Italy, secured a chance 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. Using the royal support, *seed money* and a title of “Great Admiral of the Ocean,” Columbus *marketed his strategy* to Genoese merchants – *venture capitalists* - who eventually financed his first flotilla and three subsequent expeditions.

Was this not 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 quests pursued by Christopher Columbus and Steve Jobs. *Obsession* with innovative ideas along with *perseverance* and strong *leadership skills* resulted in



development of revolutionary “i” products and technologies conquering the world - iPod, iTunes, iPhone, iPad, etc. Steve Jobs demonstrated passion for *innovation*, acute feel of *consumer needs and tastes* and ability to “marry” new technology with new aesthetics. This brought Apple to the heights no one could imagine after a high tech bust of the early 2000s. Many of us, consumers and business customers, voted for Apple products with raving reviews and, most importantly, with our purses and wallets. Successfully *developing and marketing pioneering products*, Apple Inc. 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 interconnected electronic media.

Marketing and New Product Development are two interrelated and intertwined disciplines. On one hand, there is very little to market beyond new products or services; on the other hand, new products never become a success without effective marketing. Each of these broad areas of knowledge warrants a separate comprehensive discussion, which extends beyond the scope and duration of this course. That is why we will focus primarily on the following key topics:

- Major concepts of Marketing Management:
 - Marketing environment, players and subjects
 - Global markets and cultures
 - Peculiarities of business-to-consumer (B2C), business-to-business (B2B) and business-to-government (B2G) marketing
 - Market analysis and segmentation
 - Integrated marketing communications
 - Triple bottom line and corporate 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 the ways successful entrepreneurs build their businesses starting with recognition of customer needs, and developing new products and services 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 hidden needs or wants, but may not grasp or clearly articulate them. In both cases, it is a job of an entrepreneur to uncover, and recognize unmet needs and wants, and operationalize them via new product development. As Peter Drucker¹, a business guru, said: “The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself.”

Achieving such an ambitious goal seems to be easier said than done, especially in a “quilted” global business environment. Customers coming from different walks of life have tastes stemming from their cultural value orientation, religious taboos and social preferences. How can a firm reasonably predict

¹ Drucker, Peter. (2007). *The Essential Drucker*. Elsevier

which products will fit these diverse customers? How do marketers deal with such uncertainty and reduce business risks?

To find an answer, we need to take into account that Marketing is a synthetic discipline dealing with business opportunities in a cultural and social context. It also deals 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, they influence and shape our own future” said Pat Johnson¹, International Toastmasters President. To understand trends that influence and shape the future, marketing draws lessons from not only business and economics, but also from psychology, sociology, anthropology, and other disciplines.

Marketers, who base their business decisions on the knowledge of human behavior, have a greater chance of succeeding in 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. Clayton Christensen², Harvard University professor and key thinker in innovations found through his research that people do not buy products, they rather “hire” products to do the job. Hence, people who are interested in new “hires” will “interview” new products before opening a purse or wallet. Thus, an innovator developing a new product shall not only meet customer needs, but also creatively *communicate 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 different types of markets whether this is a business-to-business, business-to-government, business-to-consumer or even consumer-to-consumer market. True innovation has no boundaries and creative approach can touch every aspect of our personal lives and professional activities.

Marketing Management and New Product Development, as business disciplines, go hand-in-hand in *creating customer value*. Successful innovators conduct market research start to study their potential customers, and choose ideas and solutions meeting true customer needs. Innovative ideas call for new marketing strategies that start with a clear vision and subsequent product/technology roadmap. As 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*. The next stage is to design an effective marketing mix and develop an efficient supply chain. Marketing mix determines a spectrum of communications channels (PR, advertising, social media, etc.) and pre-launch communication strategy. Finally, when the new product is launched, innovators hold their breath waiting for a customer reaction, and marketers continue to analyze customer reaction and needs for further improvement.

“The big winner is usually the one who gets to the market first and with enough organizational force to keep the lead” said entrepreneur John P. Barlow³. Steve Jobs led the process of creative disruption of several industries: digital music distribution (iPod+iTunes), mobile telephony (iPhone) and mobile computing (iPad+apps). Beyond development of new products, which met hidden or unspoken customer needs, he also developed and mastered an exquisite marketing communication style. Since then, the whole world keeps watching for the Apple’s next “thing.” What can we learn from this enormous success?

Summary

² Johnson, Pat. (2011). What’s Your Legacy? *Toastmaster Journal* (June)

¹ Christensen, Clayton M. (2003). *The Innovator's Dilemma: The Revolutionary Book that Will Change the Way You Do Business*. Collins Business

³ Barlow, John P. (2004). The Economy of Ideas. *Wired*. Retrieved on July 7, 2011 from http://www.wired.com/wired/archive/2.03/economy.ideas_pr.html

In this course, you will learn how to develop effective strategies and devise tactical moves ensuring their successful execution. You and your team will gain knowledge of the new product development process and marketing of new products. These skills are of critical importance to building a viable business. As the course progresses, you will come up with an idea of a tangible product or service and then develop, present and defend a cohesive marketing plan for it.

Pioneering ideas are welcome!

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4. Johnson, Pat. (2011). What's Your Legacy? *Toastmaster Journal* (June)
5. Kotler, Philip. (2003). *Marketing Insights from A to Z*. Wiley

Acknowledgements.

Author expresses his appreciation of the valuable suggestions provided by Dr. Kevin Wayne as well feedback received from Mayya Cherepova and a picture she kindly created to illustrate this chapter.