



MARK344

MINI REPORT 4

INNOVATION

PREPARED BY
ALINA HAGER - 6427194

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Question-

You are applying for the Chief Marketing Officer role and have been asked to prepare for an interview with the CEO of Specsavers, by showing that you have an understanding of (1) new product/service strategy, (2) the new product/service development process, (3) the new product adoption curve, (4) the role of social media in the adoption of new products and services.

Part 1. Outlining key concepts

CONCEPT	DEFINITION
New Product/Service Strategy	<p>Sergey Korolev (2021) defines new product development (NPD) strategies as a set of actions aimed at bringing new products to existing markets, existing products to new markets and new products to new markets. Korolev (2021) identifies two main categories of NPD strategy; proactive; when companies engage in market research and invest in development, and reactive; when companies respond to changes in the market. According to Korolev (2021), NPD strategy is an essential part of the product development life cycle and is always worth allocating resources to.</p> <p>Similarly, Kimberlee Leonard (2019) defines NPD strategy as the process of delivering “new innovation to consumers from concept to testing through distribution”. The central idea behind NPD strategy is to improve existing products, invigorate existing markets or to create new products that meet the needs to the market (Leonard, 2019).</p> <p>Kiss and Barr (2017) explain that NPD strategies can be understood as the series of actions undertaken by organisations to “to acquire, disseminate, and utilize information that originates from inside or outside the firm” (Kiss & Barr, 2017, p.1188).</p> <p>Some of the main benefits of using NPD strategy/strategies are that it saves company resources, mitigates the level of risk, and helps to better align a team during the developmental process (Korolev, 2021).</p>
New Product/Service Development Process	<p>According to academics, NPD activities and processes are often crucial to the long-term survival, competitiveness and success of many modern-day business organisations (Kahn, 2013; Kyriazis, 1991; Sattayaraksa & Boon-itt, 2016).</p> <p>The NPD process can be defined as the various steps a company takes to develop a product from concept to market availability (ProductPlan,</p>

	<p>2021). The main stages of an NPD process include “identifying a market need, researching the competitive landscape, conceptualizing a solution, developing a product roadmap, and building a minimum viable product” (ProductPlan, 2021).</p> <p>According to Kate Eby (2017), NPD processes take a product or service from conception to market. The new or rebranded products and services are designed to fill gaps in the marketplace and cater to consumer demand (Eby, 2017).</p> <p>Leonard (2019) highlights the importance of following a process when engaging in NPD activities to ensure that the innovated offering is something consumers will want, buy, and use.</p>
<p>Product Adoption Curve</p>	<p>Research studying the consumer psyche has generated what is known as the Product Adoption Curve (sometimes known as the Product Diffusion Curve) which groups consumers based on when they adopt a new product (Anna, 2013).</p> <p>Eric Keating (2021) defines the Product Adoption Curve as “a model that illustrates how and when different types of users adopt your product”.</p> <p>The model categorises consumers into innovators, early adopters, early majority, late majority, and laggards (Threlfall, 2017).</p> <ul style="list-style-type: none"> • Innovators are the first category of adopters and are known for buying and/or investing very early and usually have a high interest in new and emerging technologies and concepts (Keating, 2021). Typically, 2.5% of total sales come from innovators (Threlfall, 2017). • Next is the early adopters category, which is comprised of people who like trying new products/ services but are slightly more risk adverse (Keating, 2021). This category usually accounts for 13.5% of total sales (Threlfall, 2017). • Between the early adopters and early majority stages is a concept known as the chasm, which can be understood as a

make-it-or-break-it moment in every product lifecycle (Keating, 2021). Keating (2021) explains that companies that cross the chasm usually go on to find mainstream success in the market.

- The third and fourth categories; early majority and late majority make up the bulk of total sales with each category contributing to approximately 34% of sales (Threlfall, 2017). Early majority consumers are usually open to innovation and embrace change, however, their primary focus is finding practical solutions to pain points, and they are less likely to tolerate technical issues (Keating, 2021).
- The late majority category are people who adopt “a new product out of necessity, not curiosity” (Keating, 2021).
- The final phase of adopters are the laggards who are the last to adopt a new product, this group has a high resistance to change, are risk-averse and hard to persuade (Keating, 2021). The laggards group account for 16% of the product adoption (Threlfall, 2017).

The value in the Product Adoption Curve is that it illustrates the potential buyers and helps organisations to ensure they have planned for the priority needs and challenges once the product is launched (Singlemann, 2020). Furthermore, the model is useful in better aligning marketing messages to the different market segments and aids in positioning the product effectively (Singlemann, 2020).

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Part 2. Drawing key models of the concept

Figure 2.1- New Product Development Process Model (Gurbuz, 2018).

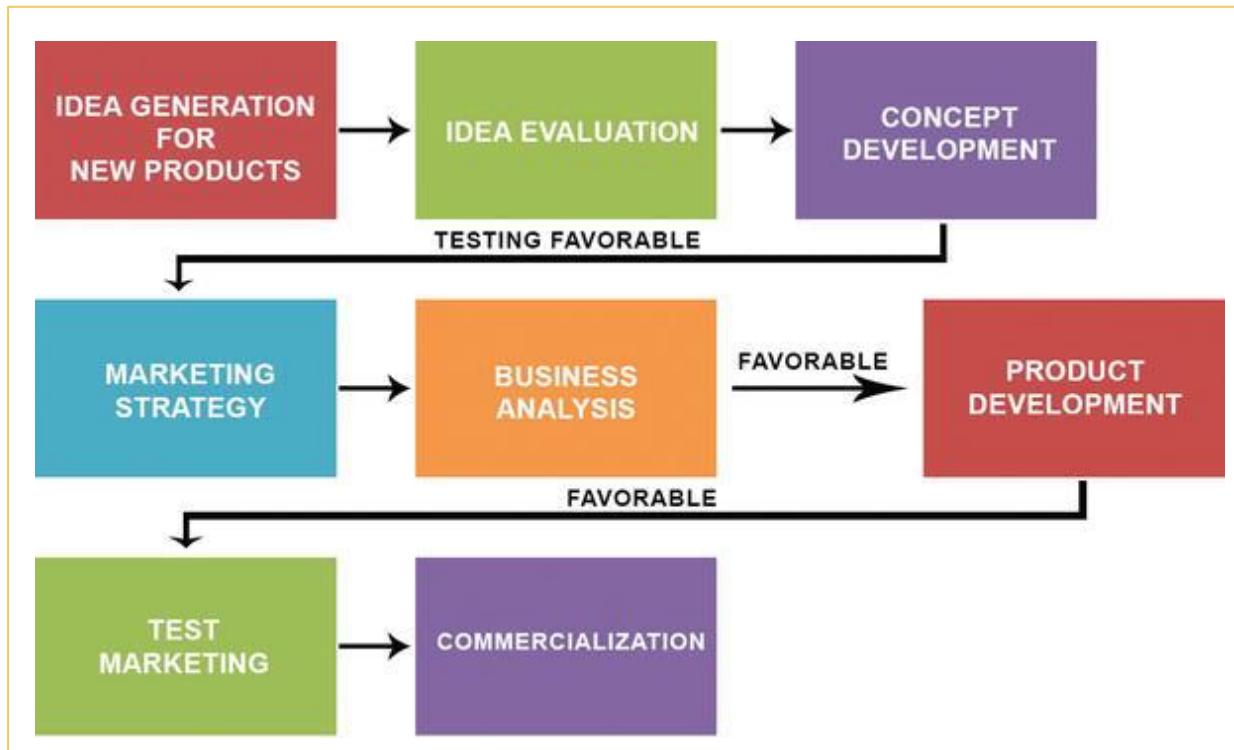


Figure 2.1 visually illustrates the new product development process in 8 stages. Using an applied example of the optical company, Specsavers, an understanding of the value of this model is gained.

1. Idea Generation for New Products- To initiate a new product or service development an idea is needed (Gurbuz, 2018). Typically, in beginning stages, numerous ideas and concepts are generated until the company decides on the most suitable one (Gurbuz, 2018). This decision is usually based on internal and external research and sources and is chosen to best meet the needs of market segments (Gurbuz, 2018). In this phase, Specsavers would analyse consumer data and trends to help generate ideas for a new product development. Examples of ideas that could be generated based on the consumer data could include new fashionable sunglasses for young adults, new brightly coloured spectacle options and new round shaped spectacle options.

2. Idea Evaluation- The second stage involves screening and evaluating all the ideas generated (Gurbuz, 2018). Three questions used to help identify strong ideas include: is there a real need for this product, will developing this product provide a significant benefit for the company, and is this product compatible with the overall business growth strategy? (Gurbuz, 2018). During this stage, Specsavers might discover that there is not a significant consumer demand for new brightly coloured spectacles.
3. Concept Development- After the most useful ideas are identified concept development will begin and testing applied to the various ideas usually in the form of interviews with selected customer groups (Gurbuz, 2018). The product concept that achieves the highest overall score is usually selected as the new product to be developed (Gurbuz, 2018). During this stage of the developmental process, Specsavers could discover that consumers think that new fashionable sunglasses options was the best scoring idea.
4. Marketing Strategy- After the idea is selected a marketing strategy for the product will start being developed (Gurbuz, 2018). During this step, some of the most important decisions will be made, such as the market where the product will be sold as well as the price it will be sold at and what the long-term marketing mix strategy will be (Gurbuz, 2018). For the Specsavers example, this might be deciding that the fashionable sunglasses will be specifically targeted at men and women aged 18-30 years old, they will be sold for a starting price of \$150 AUD and their long-term marketing strategies will aim to position the products as cool and fashionable.
5. Business Analysis- This stage involves creating a projection of the new product sales and estimating minimum and maximum profits as well as identifying the costs and resources needed for investment, operation, and marketing (Ohri, 2021).
6. Product Development- Once the concept has passed through the initial 5 stages prototyping and samples of the new product are created and tested (Gurbuz, 2018). For the Specsavers example, this would be designing and creating the new sunglasses and conducting qualitative research with their target market to see if the product is attractive to consumers.
7. Test Marketing- At this stage the business identifies what marketing strategies will be most effective for the new product (Ohri, 2021). For Specsavers, this could be

deciding that the best way to reach their target market is through social media and digital marketing communications.

8. Commercialisation- The final stage of product development involves determining when and where to introduce the new product to the market and at what scale (Gurbuz, 2018). For example, Specsavers might decide to launch the new sunglasses on a small scale in mid spring to maximise the boost in sales from the summer period.

The ultimate benefit this model provides marketing professionals, is that it helps guide the production process of a new product/ service offering and can be useful in making the product more effective so that it performs better in the market (Indeed, 2021).

Figure 2.2.- Roger/ Taylor-Hughes, Adoption/ Innovation Curve Model (Taylor-Hughes, 2017).

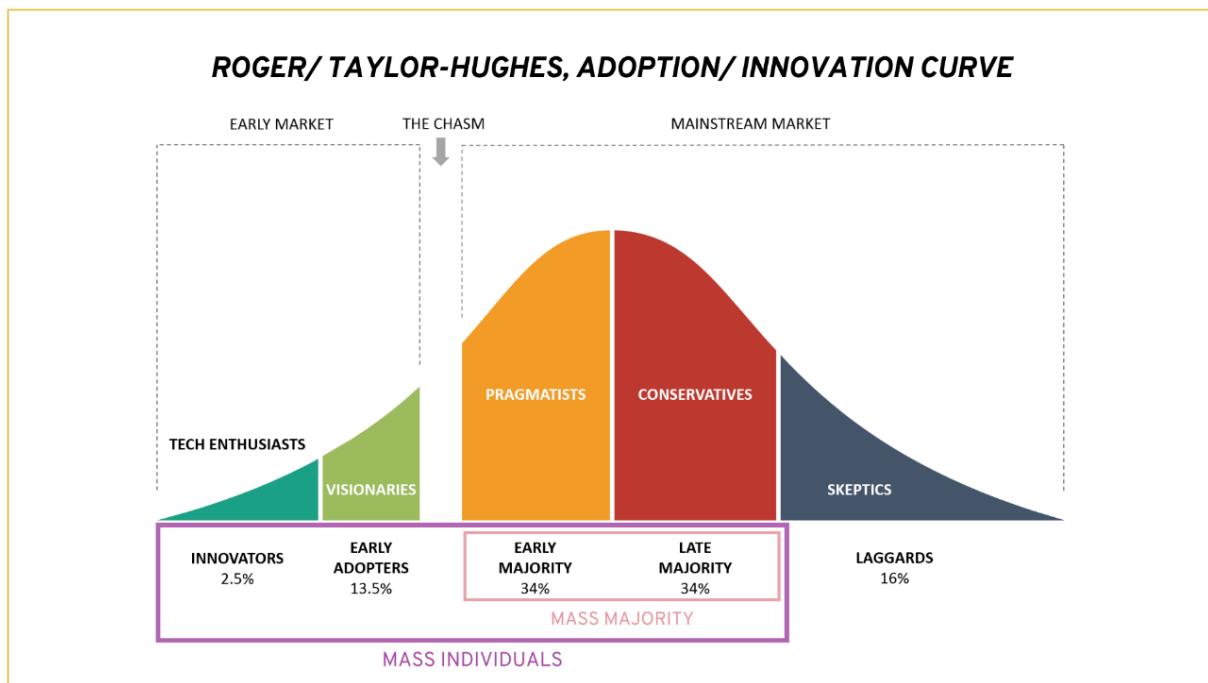


Figure 2.2 is an updated version of the Product Adoption Curve model, the primary difference is that this model recognises that the innovators, early adopters, early majority and late majority consumer segments can be further categorised into mass majority and mass individuals (Taylor-Hughes, 2017). See Part 1., for detailed definitions of the original components of the Product Adoption Curve model.

Robert Taylor-Hughes believes the original Product Adoption Curve has become outdated and no longer reflects modern consumerism (Taylor-Hughes, 2017). He explains that the early majority and late majority segments of consumers make up the 'mass majority' and that in the past this signified that new product had become truly profitable (Taylor-Hughes, 2017). However, due to the rise of the internet smaller brands are now more capable of reaching niche consumers, as such, businesses no longer need to reach the mass consumer segment to be successful (Taylor-Hughes, 2017). Taylor-Hughes (2017) also presents the concept of 'mass individuals' as the largest consumer segment, which consists of mass consumers with additional personal needs and preferences. In practice, the new model suggests marketing professionals allocate resources and attention to ensuring that their new product has personalisation options.

Applied Example: (Specsavers- New Product: Fashionable Sunglasses)

<p>Mass</p> <p>Individuals:</p> <p>(Offering customisation such as having their initials placed on the temples of the sunglasses may be enticing for consumers.)</p>		Innovators	<ul style="list-style-type: none"> Consumers that are excited to try the new stylish sunglasses that not many people have. Generally, are risk takers as they are not deterred by the possibility that the product won't deliver the promised value (IDF, 2020). (Promised value = High quality, functional and stylish sunglasses). Typically, wealthier, and able to pay a premium price (IDF, 2020). Marketing activities should emphasise the innovation of the new product and aim to spark the interest of innovators.
		Early Adopters	<ul style="list-style-type: none"> Less likely to take risks, usually make more reasoned decisions and will try to find out more information before adopting a product (IDF, 2020). Which translates to learning about the size, colour, fit and style of the sunglasses. An appealing and beneficial mass marketing campaign that positions the sunglasses as stylish should be effective.
	<p>Mass</p> <p>Majority</p>	Early Majority	<ul style="list-style-type: none"> As more consumers purchase the sunglasses early adopters view the product as more attractive. Generally, has more limited resources and as such, need positive reviews and information about the sunglasses to justify purchasing them (IDF, 2020). General marketing activities and positive word of mouth should be effective strategies for reaching this segment.
		Late Majority	<ul style="list-style-type: none"> Purchase the sunglasses out of necessity after they are persuaded that they are worth the cost. Special offers and promotions may be effective at incentivising this consumer segment to purchase the product rather than competing products.
		Laggards	<ul style="list-style-type: none"> Targeting isn't likely to achieve increased probability. General awareness about the product will most likely prompt adoption (IDF, 2020).

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Part 3. Identifying company examples of innovative companies and how they deal with new product/service development.

INDUSTRY	Car & Automotive.
COMPANY	 
NEW PRODUCT/ SERVICE DEVELOPMENT	<p>The Nissan's electric car named 'Nissan Leaf' was launched in 2008 and was a proactive NPD that saw the opportunity to address consumers' concerns about the environment and fuel prices (Leonard, 2021).</p> <p>It was the world's first mass-market electric vehicle and aimed to address urbanisation, industrial development by creating a car that didn't emit carbon dioxide (Leonard, 2021).</p>
TARGET MARKET	<p>Consumers aged +40 years old with considerable disposable incomes that have an interest in sustainability, protecting the environment and/or innovative technology (Whoreiskey, 2010).</p>
EVALUATION/ EVALUATION	<p>The launch of Nissan Leaf was seemingly a success, as it addressed consumer demand for electric cars and eco-friendly product offerings.</p> <p>The Nissan Leaf was "the first electric car in history to surpass 400,000 sales, solidifying the model's leading role in the global shift toward more sustainable mobility" (Nissan Motor Corporation, 2019).</p> <p>Nissan ensured that the Nissan Leaf would be a profitable NPD by understanding consumer needs and demand and by working with "governments, municipalities and electric power companies to promote electric vehicles and develop an extensive charging infrastructure" (Nissan Motor Corporation, 2020).</p> <p>In 2011, a year after its release, the Nissan Leaf LEAF became the first electric car to win "European Car of the Year 2011", "World Car of the</p>

	Year 2011" and "Japan Car of the Year 2011-2012" (Nissan Motor Corporation, 2019).
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INDUSTRY	Snow & Sporting Equipment.
COMPANY	 
NEW PRODUCT/ SERVICE DEVELOPMENT	<p>In the past, most of the available snow gear was designed for men, with women's gear and equipment being the same design in a smaller size (Leonard, 2021). Blizzard & Tecnica: Ski gear, recognised that there was significant demand for there to be more female-specific product offerings in the market, as such the company "shifted focus to offer more selections that better fit women's skiing needs" (Leonard, 2021). The NPD resulted in snow gear that was adjusted to fit the physiological needs of women as well as a new range of designs and colours that were more appealing (Leonard, 2021). The program officially launched in 2015 with two focus groups in Europe that tested the new products, now there are even more focus groups around the world (Michelson, 2017).</p>
TARGET MARKET	The focal target market is females interested in snowing, skiing and winter sports.
EXECUTION/ EVALUATION	The so called 'Women 2 Women' campaign had the focused on specifically designing better ski products for women and aimed to

	<p>“engage, empower, and educate the women’s skiing community” (Michelson, 2017).</p> <p>The company effectively used focus groups to ensure their new products met the need and preferences of female skiers (). As well as focus group, Blizzard-Tecnica also has a testing team of ambassadors that try all the products the company works to develop and a scholarship for female winter sport athletes (Michelson, 2017).</p> <p>Ultimately, Blizzard-Tecnica’s NPD strategy of creating products that better meet the needs of a core target market is extremely effective. The company reflects its commitment to creating high quality products through the use focus groups and testing groups which consumers find attractive. By listening to consumer concerns and needs, the company has increased its probability and delivered value to its target audience (Michelson, 2017).</p>
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INDUSTRY	Gaming.
COMPANY	 
NEW PRODUCT/ SERVICE DEVELOPMENT	<p>In 2006 the serious gaming market was becoming increasingly saturated and competitive and gaming company, Nintendo, was struggling to establish themselves as a market leader (Porumboiu, 2021). The company decided to focus their efforts on developing a product for a new market, and through NPD processes created the Nintendo Wii</p>

	Console which became very successful in the children and family gaming market (Porumboiu, 2021).
TARGET MARKET	Children aged 6-16 years old and young families.
EXECUTION/ EVALUATION	Through Nintendo's focus on value innovation, the company was able to "save costs and increase buyer value at the same time" (Porumboiu, 2021). By recognising that the children gaming market had a gap, Nintendo took advantage of the consumer demand for a family friendly gaming console and were able to significantly boost their probability.

INDUSTRY	Soft drink.
COMPANY	 <p>The image shows the Coca-Cola logo at the top, followed by five cans of Coca-Cola with Coffee. The cans are red with white labels. The labels indicate three flavors: Dark Blend, Vanilla, and Caramel, along with two zero-sugar options. The cans are arranged in a slightly staggered line, with two cans in the back row and three in the front. Two coffee beans are visible at the bottom center of the image.</p>
NEW PRODUCT/ SERVICE DEVELOPMENT	In January 2021, Coca-Cola Co. announced its latest new product development; Coca-Cola with Coffee, to be launched in the US (Beverage Industry, 2021). The new product has formed a new product category; 'refreshment coffee' and will initially launch with three flavours: Dark Blend, Vanilla and Caramel (Beverage Industry, 2021).
TARGET MARKET	Consumers that enjoy Coca-Cola and coffee on a regular basis and are not opposed to trying new things (Beverage Industry, 2021).

EXECUTION/ EVALUATION	<p>Coca-Cola is known for innovating new flavour and developing new product offerings regularly. This latest NPD is based upon consumer research that revealed “more than 50 percent of Coca-Cola drinkers and coffee loyalists enjoy both beverages on a regular basis” (Beverage Industry, 2021).</p> <p>The Launch of Coca-Cola Coffee will be supported by “a fully integrated marketing campaign, including digital/social, outdoor, radio and TV advertising, a mix of digital and traditional sampling also will drive trial.” (Beverage Industry, 2021).</p> <p>As seen previously with the development of Coca-Cola zero sugar, Coca-Cola often pays attention to consumer demands and creates products that address them. Ultimately, Coca-Cola demonstrates the importance of consumer research when developing new products and offerings.</p>
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INDUSTRY	Technology.
COMPANY	
NEW PRODUCT/ SERVICE	The file sharing application, Dropbox launched in 2008 and has evolved to be a valuable organisational tool for workplaces and teams (TechCrunch, 2011).
DEVELOPMENT	Dropbox used both bottoms-up and top-down development processes, ensuring that all of the members of the Dropbox team could provide feedback on the product and its direction (TechCrunch, 2011).
TARGET MARKET	Working professionals, students and people who use technology regularly.

EXECUTION/ EVALUATION	<p>Through extensive analysis the Dropbox team identified the consumer demand for collaborative documentation and as such developed Dropbox Paper (TechCrunch, 2011). Based upon the nature of how Dropbox is used (sharing files) it was realistic to assume that a collaborative documentation feature would be something that consumers found attractive (TechCrunch, 2011). TechCrunch (2011) notes that it was Dropbox's commitment to understanding their consumers and pain points that facilitated their long-term success.</p>
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Part 4. Providing your opinion of how you feel these concepts can be used by to boost revenue and provide them with a competitive advantage.

Engaging in new product innovation strategy and processes can deliver significant benefits to companies and is a key tactic for achieving success in the modern business environment (NI Business Info, n.d.). Effective NPD can help organisations solve problems and overcome business challenges, increase their profits and market share, outperform competitors, improve productivity, reduce costs, improve brand recognition and value, and form new partnerships and relationships (NI Business Info, n.d; Liu & Kop, 2016).

A key disadvantage of NPD is the associated risk that comes with trying new things, furthermore, innovation can be a high-cost endeavour and may not always result in profit (Gartenstein, 2019). Due to the fast-paced nature of markets, consumer needs and preferences are constantly changing, NPD presents the risk of developing a product that the consumer no longer desires when you are ready to start commercialising (Gartenstein, 2019). Innovation is also highly competitive, and it is possible that whilst working on a NPD, competitors are already in the process of developing a similar or better offering (Gartenstein, 2019).

In today's environment, many companies are not receiving the full benefits from incorporating social media into their new product or service development processes (Robert & Piller, 2016). Incorporating social media into NPD processes and strategies can have many benefits for organisations, it can help develop deeper customer insights, lead to the cocreation of ideas with users and can support new product launches (Robert & Piller, 2016). Kit Smith (2016) explains that social media is a useful tool for marketing professionals when it comes to NPD as it can provide quicker and more detailed feedback information on a large scale at a very low-cost in comparison to focus groups and surveys (2016). Despite the range of benefits implementing social media can provide business, there are also a variety of challenges and issues that can emerge, this includes "customers' inability to articulate, unbalanced target group orientation, intellectual property problems, disturbance of internal processes, lack of secrecy and incremental innovations." (Liu & Kop, 2016)

Some of the most important factors for success when engaging in NPD, include ensuring that the entire team is involved to maximise feedback loops as well as taking advantage of all available resources such as marketing data and consumer information (Gartenstein, 2019). It is also important that NPD ideas and concepts are thoroughly examined and screened before a company commits to pursuing them and that the NPD strategy is revisited throughout the entire process (Gartenstein, 2019). Research demonstrates that the use of social media has a positive effect on the effectiveness and innovativeness of NPD across all phases of the process (Zhan et al., 2020). Zhan et al. (2020) also reveal that by enabling stakeholders to contribute and collaborate companies are able to engage in dual simultaneous processes of both innovation generation and more broad exploration into consumer behaviour and perspectives (Zhan et al., 2020). However, Robert & Piller (2016) explain that without specific goal identified, organisations will not receive the full benefits of using social media (Robert & Piller, 2016).

In my opinion, Specsavers could achieve significant success by engaging in NPD strategies and processes and would be able to increase profits and competitiveness if conducted effectively. Before engaging in NPD, it is important that extensive research is conducted to ensure a thorough understanding of who the stakeholders and important target markets are and what products and services these groups do or would want realistically. Analysis of Specsavers' current positioning and offerings reveals that the products are often viewed as not stylish or fashionable by younger market segments. As such, I believe developing a new range of fashionable sunglasses with designs inspired by current trends (as seen in haute couture and celebrity fashion) would be received well by young adults aged 18-30 years old. By emphasising the innovativeness of the new product Specsavers could attract innovator and early adopter consumer segments. Furthermore, by offering a personalisation factor as a part of the product offering Specsavers may attract the mass individual segment and consumers who enjoy customisation. Using social media effectively throughout the NPD process would enable Specsavers to engage more deeply with their target market and better ensure that the products they are developing align with consumer desires. Specsavers could also benefit from utilising focus and testing groups to ensure the product meets the expectations of consumers.

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