

# FREDERICK THE GREAT & CLARK GABLE ON INNOVATION – SOME OBSERVATIONS ON THE MARKETING OF NEW PRODUCTS

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How and when should businesses pursue innovation? The following article explores some of the key issues of marketing new products.

Frederick the Great, it has been said, lost the battle of Jena. What makes this judgment a little harsh is that the man who successfully redesigned the battle tactics of the Prussian Army had actually been in his grave for 20 years when Napoleon defeated the Prussian Army at Jena.

The point of comment, of course, was that the Prussian Army had failed to continue his good work and, confronted by the new improved competition from France, the Prussians fought an outdated war and were licked.

All of us running businesses know the dangers of getting comfortable with the status quo, of getting comfortable with our customers and our products. Company atrophy, especially in a recession, is a leading precondition of business failure. The role of marketing in any company should be to look at the fit between the business's resources and the constantly evolving environment within which it operates. Usually this process throws out a series of opportunities for new products, the so-called 'lifeblood of any business'.

But if all businesses need new products, it is a sad fact of life that most new products are full of risk and prone to failure. This clearly presents us with a dilemma: to maintain or develop our business, we must have some new source of revenue, and





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new product ideas are all around us, but so is high risk! To help untie this knot, the rest of the article will look at some of the key issues of marketing new products.

#### **JUST HOW NEW? JUST HOW INNOVATIVE?**

The English word innovation comes from the Latin ‘innovare’, to alter or change, which is interesting because most successful new products are in fact adaptations of what already exists. The Screwpull has been a most successful attempt to brand the corkscrew. Pentel’s rollerball technology updated the biro. On the other hand, truly innovative products can fail precisely because there is no reference point for consumers.

Fromage Frais or Quark, the continental curd cheese, failed a number of times in the UK in the 1970s and ’80s until it was marketed as similar to yogurt. New products can be dangerous; tweaks to existing ones, if a little less sexy, can be far easier to bring to market.

**Action: Does the idea have a frame of reference for the consumer?**

**CAN YOU AFFORD THE MONEY?**

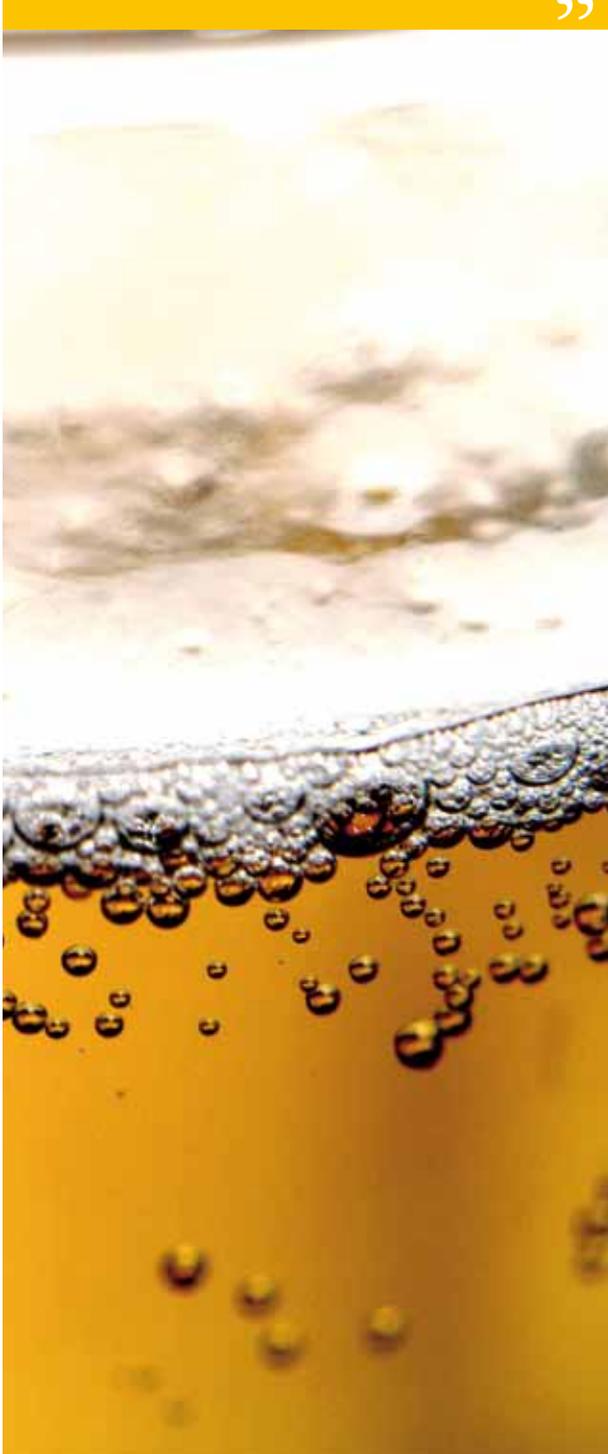
**CAN YOU AFFORD THE TIME?**

Most significantly, new products need both money and time →

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and even then success cannot be guaranteed. Smirnoff Ice was no overnight success for Diageo, but rather took almost ten years of slow build and ‘seeding’ in trendy bars and nightclubs before it became the brand it is today. The subsequent success of it in establishing the Ready-to-Drink market is an example of the principle of the diffusion of innovation. This implies that new things are absorbed gradually by minorities who then assist the take off through the population. Companies with more patience than balance sheet reserves for big media campaigns may find managing the diffusion curve a more rewarding strategy.

**Action: How much education does a market need? Can you afford the big media ticket and if not, can you play the Waiting Game?**

**WHO WANTS IT?**

Time and/or money are important. Having an idea which someone wants is vital. It is especially the case with ‘technical breakthroughs’ that firm evidence of customer demand is required. We must remember that the first thing Steve Jobs did when he came back to the ailing Apple business after years away was cut all of the countless research projects in development. He focused on what he knew would meet consumer demand, the iPod, and the rest is history.

Further care should be taken in ‘fashion markets’, where noise in the trade or the media can lead you to believe it’s easy to get your pan out and share in the gold rush. You might find yourself in a ghost town, rather as those did who followed Facebook into novel social networking sites and add-ins with no certainty of success in meeting fickle consumer preferences.

**Action: What evidence do you have that the product fits a substantial customer need?**

**CAN YOU HOLD THE ADVANTAGE?**

Ask anyone involved in the business of innovation and they will tell you that ideas are not the problem. Our company, The Value Engineers, is involved in developing all manner of new products, for a broad cross-section of consumer industries (except, curiously, anything to do with engineering!).

Sometimes we find ourselves adrift in a sea of client ideas! But our competitive advantage as a business is helping

clients to pick up the right ideas. In other words, we help screen down the possibilities and define the most promising handful for launch.

Picking the ideas which fit with a business is the trick. Looking internally, what is the fit with existing skills, assets and know-how? How subversive to the core business will it be? Does it involve us with the channels of distribution that we have experience of? Does the idea make financial sense? Can we afford to market it? Looking externally, how certain is the pattern of demand? Who are the competition or, more importantly, who could they be? What are their skills and balance sheet strengths? How might they execute this idea? What happens if they launch first?

**Action: Does the idea sustain the firm's competitive advantage?**

#### SUMMARY

This article may appear to be something of a wet blanket. But in 25 years of developing new products, (some of which have succeeded gloriously, some of which have not!)

I have found the role of project appraisal, of examining the kind of questions raised above rigorously and with objective data, to be the most fruitful way of giving new products a start in life.

There is no substitute for healthy challenge when marketing new products. Market testing to help build a proposition from an idea is essential. There is much we can learn from failure. Clark Gable failed twice in test market before his third film finally made him a star. <sup>1</sup>

#### MARKETING NEW PRODUCTS

- Be respectful of true innovations
- Adaptations are easy to market
- Is there good evidence of customer demand?
- Define your budgets of cash and/or patience
- Does the idea fit the existing business and if not, what are the implications?
- Can you maintain a true competitive advantage?
- Use screening criteria to sort sheep from goat ideas

## STAINLESS STEEL TANKS AND PROCESS INSTALLATIONS



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