

When is a Product Idea Actually a Marketing Opportunity?

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Just because a company can manufacture it, package it, and distribute it doesn't automatically mean that there are customers who want it. "It" is a product idea that may or may not be viable in the consumer marketplace.

So when is an idea actually a marketing opportunity? And can there be new ideas even after a product is launched that can take it to a new level of consumer acceptance?

There are four key categories for ideas being more than ideas, and being viable business opportunities:

1. When it solves a customer want or need;
2. When it improves on the status quo, or people believe that it improves upon the status quo;
3. When research, testing, and/or a test market indicate that you have a winner;
4. When it is a better perceived value for price paid.

SOLVING A CUSTOMER WANT/ADDRESSING A NEED

To the first point, solving a customer want or need, one of the clear all-time great examples is Proctor and Gamble's life-changing product, Pampers. Victor Mills was a grandfather who worked at P&G as an engineer in the 1950's, and invented

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The disposable diaper (University of Washington, 1997). He tested it on his grandchildren. It worked, and the product was brought to the world in the 1960's.

Prior to the disposable diaper, reusable cloth diapers created a major mess and constant laundering was the norm. With Pampers, you still had to deal with the mess, but it could be eliminated quickly, along with the need for diaper pails or diaper services. Initially, P&G – and retailers – faced the task of where did you put these things in the store. After all, there were no disposable diaper sections – they didn't exist yet. Nonetheless, distribution was obtained, and instant

popularity created sections of the stores which became destinations for disposable diaper hunters.

Pampers changed consumer behavior and it changed lives and the approach to babies permanently. Consumers and retailers were quick to accept the concept of disposable diapers. This was truly an instance in which the product solved a real customer need.

IMPROVING ON THE STATUS QUO – FOR REAL, OR PERCEIVED

One measure of success is when people are willing to pay for an improvement.

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Chickens (for eating, not as pets) were pretty generic creatures until Frank Perdue came along and branded them. Frank's father had a roadside stand with fresh eggs to support his family when Frank was born in 1920 (Brennan, 2006), so it didn't happen overnight when Frank invaded the New York market in 1968. Perdue told us, for the first time in a mass message, that all chickens were not equal. His were better. They had a golden yellow color (that was because he did market research, found that consumers wanted a yellow chicken, and gave them special feed to create the desired result). They were meatier. They tasted better. They had his name. They cost a little more, but were well worth it.

People bought into it, and so ultimately did competitors. Other branded chickens showed up, including Tyson, Bell & Evans, and Pilgrim's Pride. Perception became reality, and we now live in a multi-tiered chicken society. Ice cream went a similar route.

While there were local brands that had generally a higher perceived value than the average store brand, it was Haagen Dazs that convinced consumers to pay a super premium price for a super premium taste, because of fat content, flavor, and other happy ingredients that drove taste to a new level (Haagen Dazs, 2011). Again, consumers were willing to pay for the

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Improvement on the status quo. Additionally, there were other premium ice creams in competition such as Ben & Jerry's, Frusen Gladje, etc.

Another that everyone is familiar with is Starbucks. With some exceptions (such as Chock Full O Nuts New York coffee shops in the 1960's and 1970's), coffee was pretty much coffee. Different diners and coffee shops made it at different strengths, and it wasn't a terribly expensive indulgence. Howard Schultz and Starbucks changed that equation (Thompson & Gamble, 2009). In fact, the coffee market was fairly flat for three decades, with no major increases or decreases in consumption. The strong, bold, higher priced Starbucks increased consumption, increased the total market, and left Americans willing to pay more for coffee. It also lured major players into battle with Starbucks to sell us that cup, including McDonalds (who'd love people to come in for coffee and pick up something else) and the less strong but tasty coffee of Dunkin' Donuts.

Chicken, ice cream and coffee all have a common thread – people believed that these companies were selling a better product, and were willing to pay more to experience these products.

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Of course, it doesn't always work. The world wasn't waiting for "New Coke" in the 1990's launch. The perception of product improvement stayed within at the company that created the product – consumers wanted their Coke back, and they got it.

RESEARCH, TESTING INDICATES THAT YOU HAVE A WINNER

Cool Whip was a product created and launched successfully by General Foods (now better known as Kraft) in 1967, as a non-dairy topping. General Foods' dessert division had kept tabs on consumer desires, and women who generally purchased the product, even in the 1970's, were pressed for time. The product shot to new levels in the 1970's with 10 minute "no bake" pies, that met the needs of busy consumers, and brand growth objectives.

Then a competitor (now also Kraft), Nabisco Brands launched a No-Bake Chocolate Mint Pie, spearheaded by Category Manager Roger Wagner and Product Manager Beverly Nickbarg. This was a simple dessert with ingredients sold in a box (you added milk), which gave a payoff of a great taste for not a lot of work. This group also knew the consumer, knew the market, and delivered accordingly.

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Back at General Foods, Stove Top stuffing mix had a lackluster launch when it was presented as something else on the plate to eat at dinner. Stuffing was hardly daily behavior – it was perceived more for holidays, like Easter, Thanksgiving, or Christmas.'

GF went out and spoke with consumers, and found that women had complaints from their husbands on the "sameness" of potatoes. It's not that they didn't like potatoes, but they could get boring, even after you mash them, bake them, stuff them, Lyonnaise, etc.

It came up in focus groups that Stove Top might be a substitute for potatoes – that were already on the plate, not requiring people to eat more. Quantitative research verified this; the campaign was launched, and the product was more accepted.

EXISTING BUSINESSES CAN ALSO SCORE

There are a number of ways that an existing product, that already has sales, can bump things up a notch.

1. When an item is a better perceived value for price paid
2. New product usage inspires consumers to act

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BETTER VALUE FOR PRICE PAID

One hook that works, in good or bad economic times, is simply "Buy 1 Get 1 Free". The full price is established in the consumers' head; getting a second at no additional charge is a bargain.

Another is supersize that meal! McDonald's gives you bigger portions for a little more money, resulting in a good "value" feeling (and lots of food) for consumers; incremental profit for the chain, that already has you in the store at the cash register.

The Johnson & Johnson's Bandaid promotion at retail was interesting. 20% more Band-aids for the same price. Good value for consumers; and absolutely no incremental cost for J&J.

The "secret" was simply. While J&J was of course paying more for the extra Band-aids, the company cost-reduced the package. Band-aids normally came in a tin; the "20% extra free" package was a cardboard box. In essence, the package change paid for the special offer, without eroding the company's profits in the process.

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NEW USAGE INSPIRES CONSUMERS TO ACT

Arm & Hammer Baking Soda was originally created for a specific use –in recipes. We were then told to put it in our refrigerators to control nasty smells, increasing individual usage from a few spoonfuls to a total box. (Place, 2007) However, they took it a step further – dump it down the drain! This way your drains will smell nice. What I always loved about this one is how it isn't often that a consumer marketer can get you to buy a product, and dispose of it immediately. This in turn creates the need to go out and buy another box.

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