

“Kohler Innovate the Consumer Way: Because Hands are made For Love”

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Abstract

Every business revolves around consumers. And to deal with this since last few decades numerous organizations are changing the way they think and are dealing with discerning consumers. Consumers look for benefits in any product, advanced products and an amalgamation of technology and design. Exposure to globalization is for sure leading change in what consumers want. For example from 1939 to present GE survived with their innovations and continuously improved products. This should be the strategic focus of the organizations as we know that as and when a product comes down, penetration goes up by the competitors and the companies which don't get the right change close down. Here main catch is Innovation, companies and innovations within rather. Lots of brands are available for the same product in the market. So when we talk about retaining consumer and product sustainability plan, Innovation comes, and it can come from consumer insight only. This case is developed after the in-depth analysis of Kohler India dealing in bathroom products. This case speaks about the journey of bathroom culture from using bucket and tumblers to health faucets to Bidet seats. It's a case on journey of Kohler and how have they become market leaders for their bidet seats in India through their consumer led innovations. This case is covering two broad areas 1. Focus on changing business market and 2. Focus on customers, which are explained through a proposed model with 9 subthemes inside. Through this case authors have studied Kohler's strategy with respect to consumer led innovations. The objective of this case study was to do SWOT analysis of Kohler and through analysis authors have detailed further implication too. The goal was to propose a model for companies planning to adopt consumer led innovations and how they can succeed in this process. Through this whole case readers will be able to understand how the bathroom culture has changed and how important it is to be hygienic and use hands to make love rather than doing gross things.

Keywords: Discerning consumers, Amalgamation, Innovation, Sustainability plan, Consumer led Innovation.

1. Introduction

The Indian sanitary market has continued to grow rapidly over the last decade. The industry produces most sanitary wares for the Asia pacific region as well as for local use. The production capacities have doubled in the last ten years. The market is comprised of major and minor players. Major suppliers account for over 50% of all production while minor suppliers take the remaining market share. Minor suppliers are unorganized and offer low volumes and prices. Major suppliers offer high quality products in large volumes.

Challenges that companies face on a daily basis is retain old consumers and grow new consumers and this can only happen when we are very progressively involved in innovations and continuous modification and not to forget that strategy has to be inclusive and innovation has to be democratic. Specifically, where consumers are intensive buyers and they buy products to match their class and standards. Purchase power has certainly influenced the decisions of today's consumers' a lot. The objective of this case study is to understand the difference between customers and consumers. To understand consumer led innovation. To explore how Kohler is doing consumer led innovation and the process within (SCAMPER Model).

To identify the need for adopting consumer led innovation. What are the implications of consumer led innovation? To analyze road map for organizational growth driven with focus on customers vis-à-vis changing market environment.

1.1 A competitive market

Markets have evolved keeping pace with suppliers, consumers and designers. Through awareness programs like “Har ghar shauchalay (A Toilet for every house)” and “Swachh Bharat (Clean India)” sanitation conditions have improved in India and people and the market are creating an alignment with architectural possibilities. The increasing per capita disposable income coupled with the government programs for educating households about safe sanitation are fuelling the demand for sanitary ware in India. The demand for sanitary ware is highest in residential sector but the demand from commercial sector including malls, hotels, hospitals, etc., is expected to grow because of the transient growth in hospital and hospitality sectors of India. The competition has come up not only because of the product rather growing awareness and changing socio-cultural environment.

1.1.1 Company: Kohler Co.

Kohler Co. (Kohler) is a diversified company. It manufactures and sells kitchen and bath products, engines and power generation systems, cabinetry, tile and home interiors. Kohler's product portfolio includes bathroom sinks, faucets, soap/lotion dispensers, cabinets, chairs, cutting boards and colanders, liquid-cooled engine and chaise lounges. The company also owns and operates hotel properties, Golf courses, spa and restaurants. Geographically, the company markets its products in various countries across North America, South America, Europe, Africa, Asia and Oceania. Kohler is headquartered in Kohler, Wisconsin, the US. The company through new product launches intends to expand its market presence. To this end, the company sets plans to design five closed-loop flush toilet systems for field testing in developing countries without adequate sanitation. It also introduced the new Kohler Touch-less toilet technology. The new technology allows users to flush the toilet without making contact by using an innovative sensor instead of the traditional flush lever.

According to “India Sanitary Ware Market Forecast & Opportunities, 2018”, water closets holds the majority revenue share in the overall sanitary ware market followed by cisterns and basins, however with the significant rise in high net worth individuals, urbanization, standard of living, the demand for pedestals, bidets, etc., is also expected to increase in the next five year period. It is forecasted that the India’s sanitary ware market will grow at the CAGR (compound annual growth rate) of about 12% during 2013-18.

1.1.2 Product Description: Pure tide: Manual Bidet Seat



Manual Bidet Seats are to experience a new level of comfort and hygiene. Bidet seats use the naturally soothing quality of water as a refreshing, hygienic alternative to toilet tissue, offer cleanliness, comfort and convenience for all users. This product features a unique ergonomic easy-to-use lever and many differentiated features such as a movable bidet wand offering better cleaning. It also has a superior front wash capability and a self cleaning feature. Its unique raised profile provides an aesthetic upgrade to the toilet. (<https://www.youtube.com/watch?v=s3J4dNK3yCM>)

1.1.3 Consumer led Innovation:

Numerous studies demonstrate that 70-80% of all new products fail. Lack of relevance, lack of differentiation, inappropriate pricing and muddled messaging all factor into a brand’s struggle when launching a new product. Crowd sourced co-creation, in which a broad pool of consumers is invited to suggest ideas and/or respond to specific design challenges, has been widely adopted by marketers. The strategy can potentially shorten the time it takes to get new products to market, not to mention, can leverage an empowered consumer culture¹.

Seven practice tips suggested by Vadim Kotelnikov are: 1) **Observe people** to understand hidden and unarticulated customer needs. 2) **Live your customer's life** and walk a mile in the shoes of your customer. 3) **Involve everyone**; require every person, regardless of their position, to spend time on customer contact and services activities.

¹ <http://mashable.com/2011/10/13/crowdsourcing-consumers/#d7AGwcBLQ8qB>

4) **Involve customers in testing the prototype of your new product.** 5) **Help your employees** to understand the customer's needs by involving them in listening to customer feedback after a new product launch. 6) **Watch how the customers use your product to learn what works and what doesn't work.** 7) **Ingrain** customer-driven innovation in your corporate culture and operations so deeply that it becomes a part of DNA of your company².



Picture 1: Process to execute consumer ideas for innovation, source³

Companies need to be proactive in uncovering that value with a customer-obsessed approach. It's not just "what" the capabilities of new products are, it's "how" and "why" customers will use them that are of utmost importance⁴.

Business executives today are figuring out how to harness the energy not just of the talented people within an organization, but of those outside of it as well. "Knowledge networks are collections of individuals and teams who come together across organizational, spatial and disciplinary boundaries to invent and share a body of knowledge."⁵

2. Scanning the Environment

Successful companies believe in scanning the environment continuously in order to not miss a single opportunity for them to provide with a window to enter the market at right time with the right product.

2.1 SWOT Profile

This comprehensive SWOT profile of Kohler Co. will provide an in-depth strategic analysis of the company's businesses and operations. We have also added few implications for Kohler in the SWOT profile. The SWOT Analysis is placed as *Appendix A*

2.2 Consumers

Before consumers had restricted point of views and they didn't want to come out of that. Now-a-days consumers are more open to changes. For example water purifiers (launched in 1984) and Kellogg's cornflakes (launched in 1994) in breakfast were not even known as a category. As Kellogg's changed the breakfast habits of Indian consumers from parantha, idlis to a healthy breakfast and the same way as before few years ago water purifiers were not required, now it has become a necessity. Why? Because people are very open and they are open to change. Any better thing any good thing if you give or if it is exposed to consumers with a right tone they are accepting it. The same way discussing hygiene with consumers of Kohler brand was a catch for them before launching the bidet seats. And Kohler has called it a habit changing product.

The difference between a consumer and a customer impacts how you market your products. Customers will buy your product only if consumers demand your product, so your marketing efforts should target the end user as opposed to the buyer⁶. Customers are those who customize the product and make it usable further by the end user. At times in business models of different company's the chain gets an enlarged look by just being customers involved in the chain before consumers. For eg. Spectacles, Multi cuisine buffet system etcetera

² http://1000ventures.com/business_guide/innovation_customer_driven.html

³ <https://www.mv-research.com/2015-12-18-20-11-37/consumer-led-innovation>

⁴ <http://www.computerworld.com/article/2886969/predicting-the-future-customer-driven-innovation.html>

⁵ <http://sloanreview.mit.edu/article/from-the-editor-beyond-the-organization/>

⁶ smallbusiness.chron.com/customer-consumer-definitions-5048.html

Today's digital tools — social, communities, and connected cloud — must be leveraged to better listen to customers, interpret fragmented data, and in turn, arm companies with deeper understanding of customers and how to satisfy them⁷.

2.3 Competitors

Kohler India is part of the Wisconsin, US-based Kohler Co, America's oldest and largest privately held companies engaged in the manufacture of kitchen and bath products, engines and power generation systems. In competition with each other companies like Grohe, Roca and few others are coming to India and setting up their plants. Kohler has also set up its plant in 2009 in Jhagadia- Gujrat, India. India being the potential market for sanitary ware, most of foreign brands is establishing their manufacturing capacity here. As far as Bidet seats are concerned Kohler is the only brand leading in India.

To own the category completely Kohler has differentiated offerings across segment – Electronic bidet seats to cater the Luxury & Premium segments & Manual Bidet seat (Puretide) to cater the Top popular segment. Both electronic & manual bidet seats are well equipped with ergonomic features to create a difference to the consumers, in terms of experience, hygiene & comfort. Moreover, if we compare with the old days, bathroom products are no more a necessity. It has become more than that, beyond a necessity. So of course it is a need people have started thinking about it, spending money on it. The way consumers plan their drawing room now they plan their bathrooms as well.

Whereas on one hand, the big challenge is to generate the awareness, make the consumers switch to Bidet Seats from jet & health faucet & make them realize what they were missing, on the other hand they should not ignore the aggressive plan of worldwide Bidet seat leader, Toto for India, which is yet to bring its bidet product in India.

3. Research

Innovation and continuous improvement in product offerings is the remedy that helps its consumers to stick to stick to a brand. Therefore market research is conducted to identify what consumers want and then meeting their requirements. An important part of this is to anticipate consumers' requirements and be ahead of the competition. Often this involves an assumption or creative idea that managers test through research.

After the launch of electronic Bidet seats, launched in June 2012 and was already placed in different showrooms. In order to gain the consumer insights in the year 2012 end a qualitative research was conducted. A sample to 100 esteemed consumers was taken from category SCC A, A+, and one of the most discussed and mentioned part was hygiene, consumer wish to touch the least of a pan while using bathrooms. Ladies specified more cleaning (Front as well as rear wash) during periods (feeling washed and clean is more important). Some women said that bathroom and toilets tells about the personality of homemaker. They wanted something which included no touch because of the small kids in the house. For most of them look matters too. Kohler has made it possible through their touch less technology in bathrooms through bidet. *Another research from Kohler says that statistically male/female aged 30+, inhabiting in major Indian metros, having sizeable disposable income and having a flair/ or taste of finer things in life, early adopters of new/improved products and concepts.*

Whom and what they influenced: They tried influencing and change an old age ritual that is using one's hands to clean the inherently gross. Hands and 'rear cleaning' have and currently are a preferred way of washing in India. While tumblers have been replaced by jets and hand-showers, the process of using water and hands has pretty much remained the same. Multiple reasons for this exists i.e. water is seen as a purifying element with Indian cultural and religious context, hands have been the basic of the basic tool for mankind to do things etcetera.

3.1 SCAMPER Model

Now, let's find "how they did it" through SCAMPER. (Robert F. Eberle was an educational administrator in Edwardsville, IL. He wrote about creativity for children and teachers. His most famous creative thinking resource book for creativity instructors is SCAMPER, which is still widely used and available.) The SCAMPER Model is placed as **Appendix B**

⁷ <http://www.computerworld.com/article/2886969/predicting-the-future-customer-driven-innovation.html>

4. Reaching Out

Kohler, in the business of creating luxurious bathroom experiences, is at a crossroads of opportunity of sorts. Over the horizon, a brand new category is created in India within the personal hygiene space i.e. Bidets. While having strongly established its credentials within faucets, showering and bath space, Kohler has also established and laid claim to this category. TOTO, direct competition and the global leaders in bidets, still have some time to introduce bidets to India, while it will not be long before they do so. Hence with an opportunity to take 'the first mover advantage' in this category, Kohler has launched this concept into India, thereby ensuring that the brand is seen as a category creator than just a 'me-too' brand.

4.1 Communicating it with consumers

After launch in February 2013, awareness creation programs were run including:

- Presentations were given to consumers on how to use the product.
- Research slides were shared with them on how it is going to make a difference in their lives, after that videos were sent to everyone.
- Feedback forms were also given along with so that if any further improvisation is suggested, can be done.

4.2 Communicating it with internal audience

Phase 1	Phase 2
1. Placement across the showroom. 2. Informative Video & Visual Merchandising	1. Created TV Commercial and roped in media. 2. Direct e-mailers and literatures architects and business development team. 3. Branded USB carrying the collateral & videos for the designer community. 4. Distributed pureclean bidet seats free to internal consumers to be used and then for "word of mouth" marketing. 5. Placed in hospitals, salons etc.

5. Relevance and Significance

Innovation and innovating through people within the organization was restricted to having discussions based on own perception about a product and giving it a shape, launch and market; so called innovation did not become effective due "me too" strategy of competition – copy the product and market for now. Today innovation is becoming a key competitive battleground in every sector. Consumers expect the next thing to be the next big thing - and when it isn't, they don't hide their disappointment⁸. Businesses therefore are now translating perceptions into reality. Through open innovation strategy, organizations have embraced crowd-sourcing (Uber, OLA), consumer led innovations (Kohler India), co creation (Craftsvilla.com) and so on and have greater consumer awareness with visibility in the market. Consumer led innovation is a strategy used by companies to own a category in the market and people certainly transit from liking the product to installing it in their home/office. Consumer led innovations has not just created a brand in the market but also the consumer traffic is getting diverted to companies where ideas are heard, evaluated and included in the formulation of product processes. In keeping with such a strategy Kohler is coming up with another consumer led innovation i.e. polypropylene toilet seat; based on odor eating technology. Present case on consumer led innovation will not only enable organizations to revisit their strategy but also be useful in business schools in understanding consumer led innovation designed specifically for innovation led courses. Case study on Kohler enables organizations to learn the art of "involving customers" and "owning the category". The proposed model has not been designed by keeping only Kohler in mind rather it has the potential to benefit every company willing to have customers on board.

6. Conclusion

Kohler has set this transformation in adopting advanced bathroom products by emotion led approach rather than just product led approach. That is Hands are made for love. Kohler has produced a statement of intent design to make itself the best provider of consumer focused bathroom products in the market. Where TOTO is still trying to establish itself in the Indian market, Kohler is already covered a good share of its Indian market with its new manual bidet seats.

⁸ <http://www2.deloitte.com/ca/en/pages/consumer-business/articles/consumer-driven-innovation.html>

Kohler has also placed feedback forms with all the orders in its catalogues with a view to discover what consumers think of the product so far and if any further improvisation is required. Lets understand the product ownership concept through the below mentioned proposed model in form of a 3/3 matrix. The model is made with two crucial variables i.e. focus on customers (Y axis) vs. focus on changing business market (X axis).

- **Market Penetration:** Low focus on customer needs as well as low focus on changing business market will overrule one’s business. Lack of awareness on changing business market as well as consumer needs allows competitors to bring in newer products and strategies undermining own business. For example fast food chains, mobile companies, e-commerce companies etc. If any company wants to come out of the market penetration phase, they need to start understanding and connecting with customers and evolve business strategy in keeping with the environment to launch the product.

Focus on customers	High	Think retaining customers	Practice Leadership	Own the Category
		Think customer needs	Scan the Environment	Strategic Focus Think innovation
	Low	Market penetration	Understand competitive market environment	Think product sustainability
		Low	Focus on changing business market	High

Figure 1: Proposed model to own a product category in the competitive market.

- **Understanding competitive market environment:** Low focus on customer needs, moderate focus on changing will lead to understanding competitive market environment as placing the product well in the market needs a well understood competition, for eg. FMCG sector, where most of the products are just “me too” products and are not meant or designed for specific consumers, until they have one or two extra features in their product.
- **Think product sustainability:** low focus on consumer needs and high focus on changing business environment leads to strategies for product sustainability (because of the increased customer awareness and specificity). For eg. Mobile brands like Micromax and Lava.
- **Think customer needs:** As the focus on customers increases with still a low focus on changing market, companies field the specific demands made by customers and try launching the products specific to their needs, for eg. The cosmetics brands, as they have low focus on changing business market rather being more focused on changing customer needs.
- **Scan the environment:** If we are in the face of moderate focus on both the parts, on customers as well as on the market, we are in the need of scanning the environment. Because we never know when the “break-even” will arrive for our product and losing a sight from either of the focuses might lead to a failure or a re-launch of the product, and scanning should answer in which area we are leading, and how gradually shifting our focus on both the factors can lead to a “only us” product category.
- **Strategic focus think innovation:** High on customer focus and moderate focus on competitive environment will stand the need of strategic focus. Where strategic focus has to shift on why the market is changing? How is it changing? What are the factors and what needs to be done?
- **Think retaining customers:** High focus on customer leads to strategizing for retaining customers (because of high exposure to product variants by competitors). For example, Samsung and few other mobile brands.

- **Practice leadership:** High on competitive environment and moderate focus on customer will stand the need to practice leadership. Where strategic focus has to expand the awareness and understanding complex market and challenges in it. That is why the market is changing? How is it changing? What are the factors and what needs to be done? If above all is not understood it means the leadership is lacking. For eg. E-commerce websites. We should never forget that customers easily shift.
- **Own the category:** Kohler and Apple are the best examples to suit this category. They are proactive and they are aligning consumer needs in their product with changing needs.

A key part of Kohler's key strategy is now to increase consumer awareness vis-à-vis owns the category completely. They are also covering the new consumers through product centric campaign where bidet plays the hero. Kohler is approaching (key value proposition) consumers with a key focus to provide them with a feel of complete hygiene and cleanliness in a more gracious manner. And eventually they want their consumers to completely switch to bidet seats. As part of the process continually evaluating the effectiveness of its advertising and communication strategy is the key to communicate and place the new manual version of bidet seats.

7. Limitations and Future Scope

The present study has identified gaps in innovation and consumer led innovation through the study of one company only. The generalization arrived at can be supported and further strengthened by analyzing more companies and also by doing empirical research to explore and examine additional variables if any. Literature suggests conceptual studies are done to establish the basis for further studies. Some important areas for future research are: Consumer Intuition and Intentions, to find out if the customer is always right and last but not the least to explore how to have right representatives of consumers.

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Appendix A

Table 1: SWOT Analysis of Kohler Co.

Factors	Example	Implication for Kohler
<u>Strengths</u> Positive influences from within the company that company can build on.	1. Kohler is the only manufacturer of Manual Bidet seats in India. 2. High end manufacturing units. 3. Continuous introduction of innovative products. <ul style="list-style-type: none"> • Internationality <ul style="list-style-type: none"> – Industrial and market presence in 3 continents • Strong presence in the US market in several bathroom product categories • Complete offer for the bathroom (and Interior Design competence) <ul style="list-style-type: none"> – including material diversification • Family owned company (long term objectives and outlook, less short term pressure) • Experience with acquisitions and investment minded 	1. Enhanced market awareness about the product. 2. Specialize in this area and own the category.
<u>Weaknesses</u> Requires quick identification and prompt action.	1. Limited international presence of core brand. 2. Weak presence in Europe <ul style="list-style-type: none"> – Failure to enter the German market – No success in transferring ranges from one country to another (Delafon/F vs Kohler/D) – Specialist brands have only local presence (Mira, Sanijura) 3. Complexity of organisation Factories, brands, countries	1. Unwise to seek to outperform other brands or product range and cost of service. Better to compete by communicating a high quality, distinctive consumer service.
<u>Opportunities</u> External factors that should be recognized and utilized (A door is always open)	<ul style="list-style-type: none"> • Fast growth of the Asian market will benefit to the Kohler local presence • Ceramic acquisition or alliance in Europe 	1. Kohler is focused on “open for habit changing” consumers. 2. Kohler’s purpose is to provide more hygiene to the consumers through their bathroom range.
<u>Threats</u> External factors that organizations can’t afford to ignore. (there is always a way out)	<ul style="list-style-type: none"> • Concentration in industry & trade 	1. A bit of focus is required to make a strategy that deals for increasing the shareholder value. 2. Continuous improvements in products through consumer feedback would certainly lead to consumer loyalty.

Appendix B

Table 2- SCAMPER Model for new product launch @ Kohler

SCAMPER is a “checklist” type creative thinking tool that helps people to think of changes they might make to an existing product to create a new one.

S Substitute	C Combine	A Adapt	M Modify	P Put to other uses	E Elaborate	R Reverse
<p>Product substituted is Simple washroom pans along with health faucets and jets.</p> <p>Kohler was the first one to bring manual bidet seats to the market.</p>	<p>Consumer feedback on some features (like Hygiene, front and rear wash, water temperature control, and least touch with bathroom seats) were combined with company's objective to provide maximum hygiene seats with low cost models.</p>	<p>In Indian bathrooms still many people use the simple seats with either jet or health faucets attached to it. Which is touched to everyone's body and kids might through it in the pan and might get infections.</p> <ul style="list-style-type: none"> • No touch or least touch with hands can make it less infectious. A self cleaning mode of washer will be an added advantage. • Focused approach on this kind of product launch and how to use it instructions will help consumers to feel more compatible with the product. • Regular feedback from the consumer side and continuous improvisation will help this product gain place in maximum Indian bathrooms. 	<p>In its model called “<i>puretide</i>” modifications were a unique ergonomic easy-to-use lever and many differentiated features such as a movable bidet wand offering better cleaning.</p> <p>It also has a superior front wash capability and a self cleaning feature.</p> <p>Besides being ergonomically designed, the <i>puretide</i> has a retractable wand, rear & front wash, water-pressure control, a non corrosive body and a single easy-to-use lever to control all functions.</p>	<p>Was given free to internal audiences for their use and the focus behind was to establish its popularity through “Word of mouth”.</p> <p>They launched three categories of Bidet seats. And launched it for covering popular, premium and luxury segment.</p>	<p>Now consumers need some odor removing or eating technology along with the seats.</p> <p>Creative teams within the company should not ignore this unusual feedback from the consumer.</p> <p>Product in this line can be made and then prelaunch discussion would be helpful.</p>	<p>No reverse model or looking back as Kohler is coming up with new toilet seat that will clear the air with odor-eating technology.</p> <p>In this demand made by their consumers they are coming up with polypropylene toilet seat that's equipped with a deodorizer to be used in “loo” of candles and sprays, called <i>Purefresh</i>.</p>