

3MG644
Product Brand Marketing

New Product Development and Insight Generation

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Innovation

„Innovation is not a single action but a total process of interrelated sub-processes. It is not just the conception of a new idea, nor the invention of a new device, nor the development of a new market. The process is all these things acting in an integrated fashion”.

(Mayers & Marquis, 1969)

- Successful product is an output of innovation process confirmed by positive market feedback
- Innovations are practical applications of ideas

Why to innovate?

Brand motivation

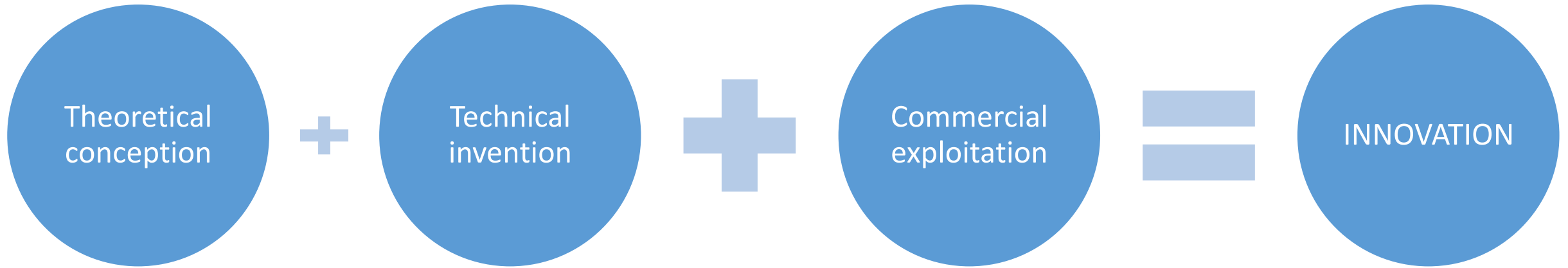
- To bring synergic effect for brand value in case of logical and complementary innovations
- To improve brand awareness among existing and new consumers
- To strengthen the brand image
- To rejuvenate the brand
- To eliminate the need of new brand development and launch
- To increase profitability

Why to innovate?

Consumer motivation

- To produce innovation that exceeds consumer expectations
- To support the impression of choice
- To capture new consumers
- To create communication rumour

Innovation ≠ Invention



(Trott, 2008, p. 15)

- Invention represent important part of the innovation process

The three parts of innovation *(Trott, 2008)*

1. Theoretical conception

- Starting point of innovation process
- A collection of ideas

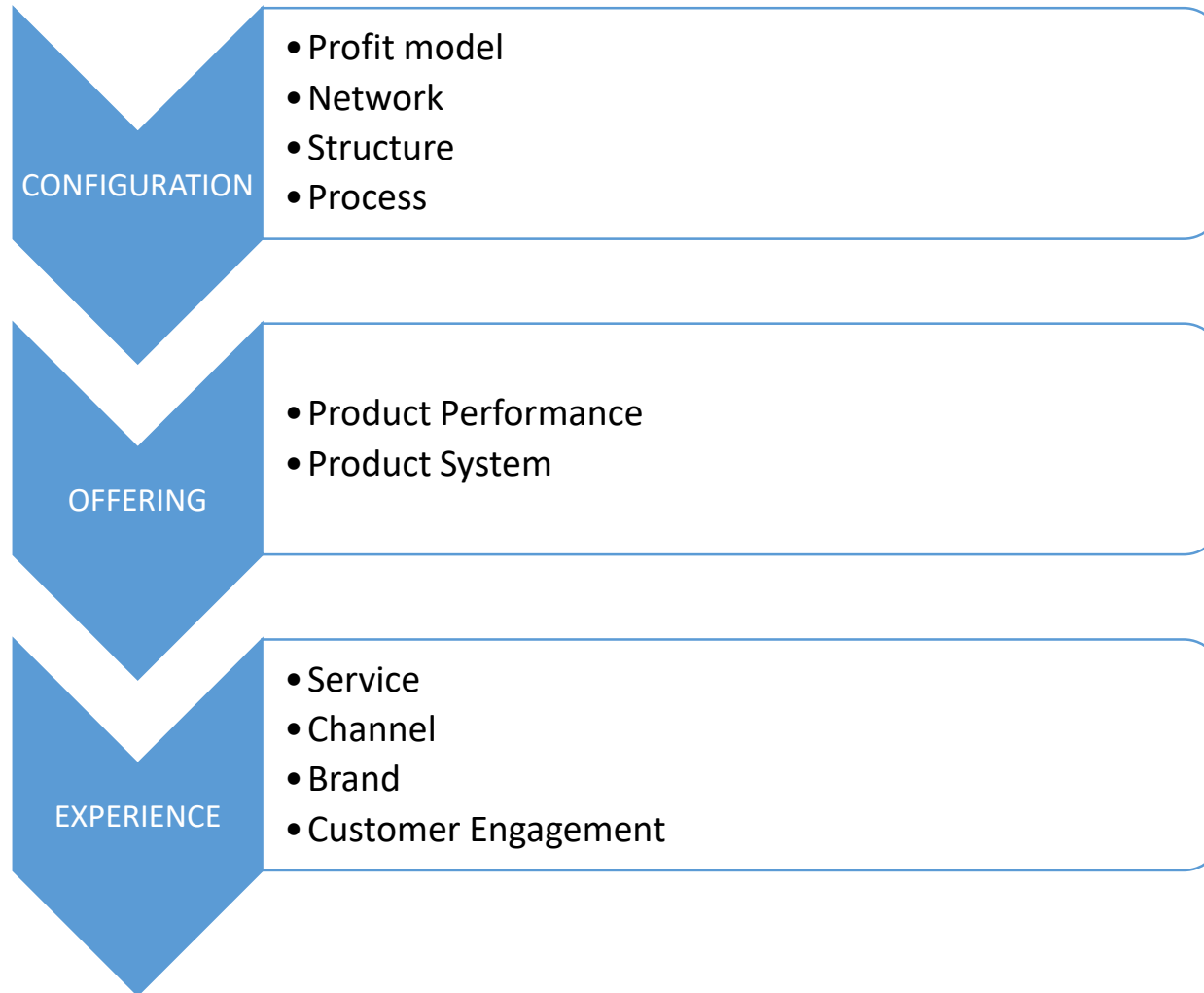
2. Invention

- A conversion of ideas into a new product or process
- Role of science, research, technology

3. Commercial exploitation

- Invention converted into a product  company performance improvement

The TEN TYPES Framework of innovation (Keeley et al., 2013)



➤ Configuration innovations focused on business system

➤ Offering innovations focused on product or service

➤ Experience innovations focused on customers

A typology of innovations (Trott, 2008)

- Product innovation - new product development
- Process innovation – new manufacturing process
- Organizational innovation – new internal procedures
- Management innovation – e. g. TQM
- Production innovation – e. g. Just-in-time; planning software
- Commercial/marketing innovation – e. g. direct marketing implementation
- Service innovation

BRAND Innovation architecture

1. New brand for new product – **New brand**
2. New subbrand for existing brand – **Sub-brand**
3. New product for existing brand – **Brand extension**
4. New category for existing brand – **Brand stretching**
5. New brand for existing product - **Rebranding**

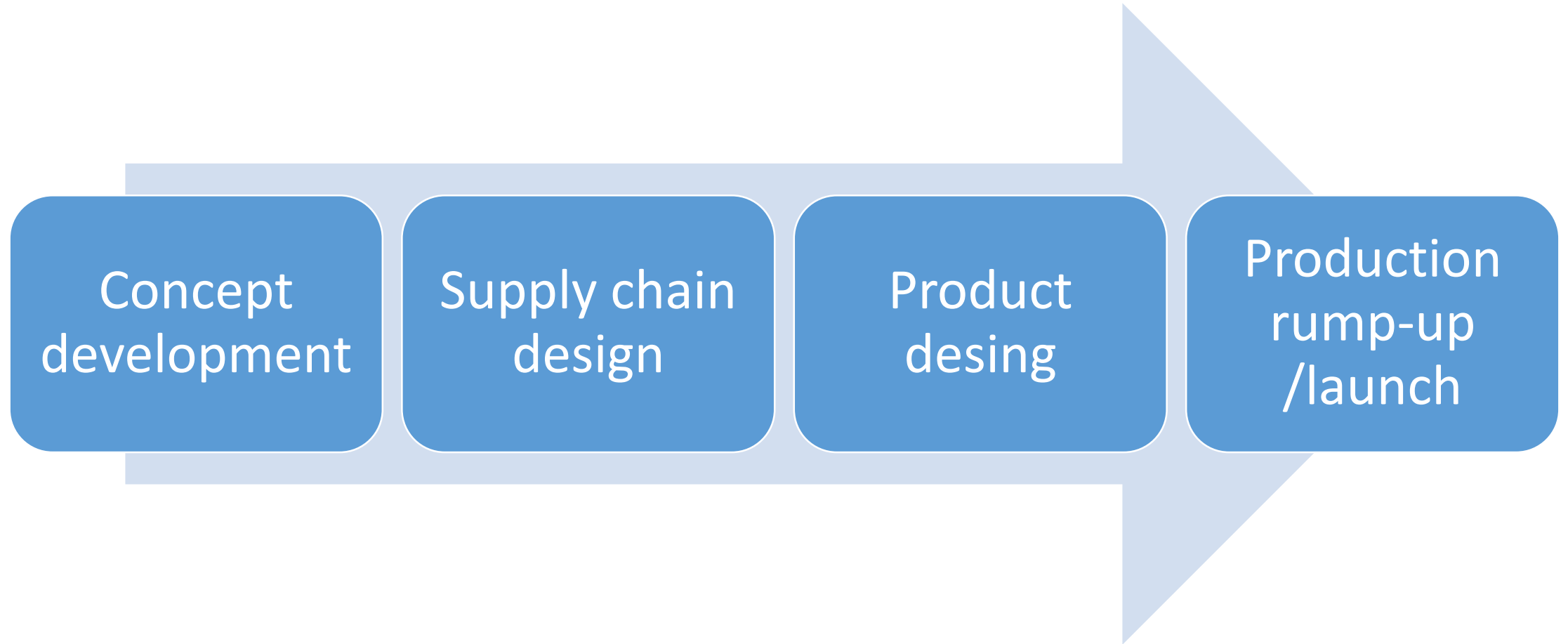
New product development (NPD)

- Exciting and creative process
- Sub process of innovation process
- Source of corporate success
- „Process of transforming business opportunities into tangible products“ (Trott, 2008)
- Many business functions involved – e. g. Marketing, Production, Sales , Finance, Research & Development, Purchasing, Supply chain

6 Phases from idea to market entrance

1. Idea generation & screening
2. Concept development and testing
3. Marketing strategy development
(SEGMENTATION; TARGETING; POSITIONING) if needed
4. Business analysis
5. Start of Marketing MIX development
 - Product (brand...), communication, pricing, distribution
 - market testing in all MIX phases
6. Commercialization – market entrance

NPD – Series of four decisions (Krishman & Urdrich, 2001)



Market success assessment *(Karol & Nelson, 2011)*

- Successful companies focus new product strategies on markets with high potential.
- Market attractiveness check:
 - Number and power of potential customers
 - Distribution channels and other distribution partners availability
 - Competitive analysis
 - Cost and business analysis of market entrance

Consumer Insight as the main source of successful innovation

- Insight = The deepest understanding of consumer's behaviour, attitudes and beliefs
- Insight reflects the consumer's understanding of the brand/product
- Insight is a source of inspiration for advertising ideas in marketing communication development process

„An insight is a statement based on a [deep understanding](#) of the target audience's attitudes and beliefs, that [resonates at an emotional level with consumer, provokes a clear response](#), which, when leveraged, has the power to change consumer behaviour. Insight must affect a change in consumer behaviour that benefits the brand, leading to the achievement of the marketing objective.„

(Ghosh & Ramalingam in Dúbravská, 2007)


Insight - Why it is so important for marketers?

- A deep understanding of human behavior and attitudes offers opportunities for brand growth.
- A starting point that helps to fit meaningfully the brand's activities into consumers lives.
- Insight maintains direct contact with the consumer/shopper.
- Insight represents the key brand attribut that resonate in the consumer's mind.

Insight - How to recognize it?

- Highly resonates with consumer's values, attitudes, beliefs, behaviours.
- Uses consumer language.
- Respects our current knowledge and findings about our consumer.
- Provides incentives that will strengthen consumption behaviour.

Insight - How to generate it?

1. Definition of the current and future consumer behaviour
2. Collection of relevant consumer knowledges from multiple sources
3. Gaps definition  marketing research
4. Interpretation of existing data
5. Insights definition in consumer language
6. Insights evaluation

Insights – How to evaluate them?

- Is it consistent with our brand?
- It is sufficiently differentiating vs. competition?
- Does it bring the possibility of wide marketing use?
- Does it create an “AHA effect” in brand managers mind?
- Does it resonate in consumer’s mind?
 - How and why? - Qualitative research
 - Which insight is the strongest one? - Quantitative research
- Is it really an insight or just an idea of a brand manager?

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