

How Do You Explain A New Product Category? Product Knowledge Explains It!

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Abstract

Professor Jesper Sorensen asked “How do you explain a new product category” in an article in the Stanford Business Magazine and tried to provide an answer by employing Prof. Hayagreeva Rao et al and Glen Carroll’s works. This attempt failed to answer the question actually because Hayagreeva’s work as shown here was based on a concept that sidelines the consumer. Glen Carroll’s work was based on the assumption that the product has identifiable need to satisfy. This work has answered the question sufficiently well by employing marketing models that put the consumer in perspective. Thus a leeway has been provided for innovators who find themselves in a similar nightmare.

Keywords: New Product, Category, Consumer Need

1.Introduction

The beauty of an innovative product is that it is a collaboration of ideas from all facets of the manufacturing firm. It is the product of collaborative and cooperative research which makes it possible for everyone in the firm to be able to explain the new product. What this means is that technological or engineering research will be incomplete without input from other units of the firm especially marketing unit. The input of the marketing unit, again, depends on the origin of the new product idea and how much marketing shared in its development to the product stage.

In view of the quest for technological leadership, many firms fail to go the whole hog in new product development and research, especially in innovative products. Firms that have blazed the trail of innovative products know that product development begins with meeting the needs of the consumer. In other words the new product must have a place in the consumer’s box of needs, whether the need is active or latent. If the need the new product meets is active, then the firm has less uphill task to introduce it to the consumer. If however the need is latent, that is, an existing need in the consumer which the consumer may be unaware of at the moment, then the firm has to first stimulate the latent need into activeness before its innovative product can begin to make sense to the consumer.

This is the scenario in this article by Sorensen (2013). Sorensen had argued that an innovative product must find a place on existing products categories for consumers to be able to understand it and find a need for it. This presupposes that needs look for products to satisfy them - the product philosophy or orientation era – rather than products seeking to satisfy existing identified needs or anticipated future needs. If products are made to satisfy identified current needs the challenge of explaining them to consumers will be minimal.

2.The Problem

The problem of not finding a way of selling an innovation or an innovative product to consumers lies in two failures. The second failure derives from the first failure.

2.1 Failure One

Failure to know what the product is and what need(s) it satisfies (Okoye 2013). The inability of an innovator to sell his/her novel product to consumers suggests that the innovator did one of the following: did not involve the marketing unit sufficiently well in the new product research and development which leaves the product devoid of consumers’ input; had a weak marketing unit that failed to carry out its function of consumer need identification that would lead to a new product research and development; was in a haste to introduce its novel product such that a good knowledge of the product was not developed before it was introduced to the consumer. This leaves the innovator flip-flopping about the product and what need(s) it satisfies, leading to double-speaking.

Everett Rogers (2003) stated the “Observers have noted that venturesomeness is almost an obsession with innovators. They are very eager to try new ideas.” Though Rogers noted that “The innovator must be capable to cope with the high degree of uncertainty about an innovation”, it still points to the principal focus of products without categories – products made without known or identifiable need they satisfy. The starting point of any new product is need satisfaction – satisfying an existing need that has not been met or met in less better ways the

new product wants to improve upon. Or it could be to meet a need identified by the innovator but which still lies latent in consumers. The computer was latched on the calculator. The calculator was latched on abacus and abacus was latched on the fingers! The telephone was latched on what? There was a need that was not met, distant direct communication, which was important, not the telephone. Before Steve Jobs recently announced the new Apple iPhone, it had been expected for nearly a whole year. Why will it take Apple a year to announce what was already known about, at least speculated, if not to understand the product sufficiently well to be able to explain it to the consumer?

If new products or innovations must be latched onto existing products in order to create a platform for consumers to map their product knowledge onto, then the door to scientific discoveries is closed. Inventions are novel in their categories and help to expand the frontier of product categories. Using existing product categories to market innovative products suggests that the existing categories cannot be increased or expanded.

Sorensen noted that Samsung Galaxy Note had a problem with its marketing because it could not be placed in either iPhone or iPad categories but the real problem is that Samsung failed to understand what it made and so could not place it in a need category not product category. This means that the product was made not to satisfy an identified need (existing or latent) but that Samsung was more concerned about leadership in technology than in meeting the consumers' needs. Samsung lacked knowledge of its own product and how can the firm explain it to me?

Samsung Galaxy Note is a colossus standing astride two needs categories which Samsung is battling to put into one need category. This is the task for Samsung, combing two needs into one and defining the outcome correctly. This is the problem with innovation without marketing input – all technology!

Guinness Nigeria Plc in 2014 came out with a brand of beverage, Orijin, that strides across three needs categories, not product categories, - it has only 6 % alcohol and so not real beer; supposedly good for those who do not take alcohol as such because it has nonalcoholic property; and contains medicinal herbs giving it medicinal property. When the product was launched in 2014, it came out with a lot of media hype that people sought to know what it was all about. This innovative consumer response must have given the firm a false report of high market acceptance until they read their sales report for second and third quarters of 2015. It is likely to suffer the same fate as Samsung Galaxy Note and Segway because consumers cannot associate the product with any particular need satisfaction. It is not beer for beer consumers; it is not nonalcoholic for teetotalers; it is not a drug product even though it contains herbs. Guinness was more particular about innovation and leadership of the beverage industry in Nigeria than consumer satisfaction, no matter what their ads read. Levitt (1960) reported that the American railroad was myopic because the firm focused on its product rather than on the need the product satisfied. Today many firms fall into Levitt's myopia trap.

The problem scholars have in exploring how people make sense of new objects, products and services, they encounter lies in their beaming their attention on the product rather than on the needs the products or services satisfy. Hayagreeva Rao et al, as reported by Sorensen, for example, in their research on French haute cuisine directed their attention on the chefs' decision to depart from the traditional approach and the implication of their action on their ratings. The researchers did not consider the effect of the chefs' departure from the traditional approach on service delivery satisfaction of consumers or the cuisine need satisfaction for the consumers. Thus the researchers applied the product concept rather than marketing concept in their research design and execution. Coming from the consumer concept perspective, the research would have been carried out with different parameters and the result would have been different. The "early bird can get the worm – but can also be killed" will not fit into Bass Diffusion Model of consumer behavior because the two models – the product concept model and the consumer concept model – have grave disjoint arising from era polarity.

Bass diffusion model looks at a product from the consumer concept framework and this is the current marketing thought, focus on the consumer, but Hayagreeva Rao et al's work looked at this point of discussion from the

product concept perspective. Avis Budget Group will not have any problem launching its Zipcar if it has a good knowledge of what service Zipcar provides and what need it satisfies. Ads do not appeal to consumers' knowledge of a product but at the consumers' need for the product. Ads reference to product knowledge is to emphasize the preference of the product over competing products in the need satisfaction. What attracts a consumer to a new product is not the category it belongs to but the perceived need the product will satisfy. The product may not belong to a known category in trying to satisfy an existing need. It may be in a totally new category that aims at stimulating and satisfying a latent need when aroused.

It follows therefore that innovators need not “understand that if the new product is too far afield from its identity – say a computer company that launches a line of helicopters or a Michelin-Starred restaurant that opens a haute couture boutique on the side – it might be worth considering licensing the new product, selling it, or spinning it off to avoid market confusion”. After all some major airlines run restaurants, car rental services, catering services etc as means of product diversification or value chain approach. These firms leverage on their original brand image or goodwill to market their new products. It is all a matter of understanding your product and your market. Jacob Kastrenakes (2014) reported Tim Cook as saying “You can see a lot of products that have been brought to the market where the thinking isn't really deep and, as a consequence, these things don't do well You have to take the time to get it right”. Innovative firms must take their time to do things right.

The problem of explaining a new product category stems from application of sociology and psychology in understanding consumers' mental attitude without reference to marketing decision models (Okoye 2013; Engel, Blackwell and Kollat 1968; Punj and Staelin 1983). The confusion of innovation is not the boundary crossing but certainly knowledge of the innovation. The confusion is with the innovator failing to match his/her innovation with need satisfaction and not placement on the market. Engel, Blackwell and Kollat (1968) identified need recognition as the first step in a buyer decision process. If you identify the need a new product satisfies, you have found a market for the product and its prospective consumers only need to be convinced that the product will actually satisfy the said need. The product will only run into trouble if it fails to satisfy the need its producers claim it can satisfy (Carllil vs. Carbolic Smoke Ball Co. Ltd 1893). Consumers do not make purchases because the product belongs to a product category but because the products meet their needs.

2.2 Failure Two

The second failure is of communication. This failure follows from the innovator's failure to know his/her product. It is not going to be possible to adequately present to a consumer what you do not know about yourself. You have to know the product sufficiently well – its features, usage, need satisfaction, competing brands, if any, class etc. – to be able to market the idea or product to the consumer. Think of a marketer who takes a new beautifully packaged product to a prospect but could not explain what the product is or does! In the 80s Nigerian Breweries Plc launched a novel beverage product – a blend of alcohol and lime called Greensands Shandy. The product was in a class of its own – just like the Samsung Galaxy Note and Segway – and in the market for a while but failed because Nigerian Breweries could not define what the product was or what need it was to satisfy for consumers. It was neither an alcoholic beverage for beer drinkers nor non-alcoholic beverage for teetotalers. The company seemed lost, like Samsung, as to what to call the product and what need it was to satisfy for consumers. That made marketing difficult and it went off the market.

The advertisement problems for Samsung Galaxy Note and Segway arose from the innovators' inability to describe their products to themselves. The novelty of the products was not the problem. And because they could not explain the products to themselves, it was not possible to explain them either to the advertising firms for proper consumer communication. Buying the idea as Sorensen presented it looked as though firms can no longer diversify into new markets or new products for existing markets. Any hindrance will arise only if the innovator is as lost about the product as the consumer.

Glen Carroll's et al examination of the phenomenon from nascent markets perspective is viewed from the product perspective and therefore assumes that the innovator knows the product sufficiently well and the product's need satisfaction discernable. New markets for unidentifiable products cannot coalesce into known products' market category. It is like mixing alcohol with unknown substance. You won't know the result.

It must be noted that ads firms will try to create advertisement messages based on what they understood about the product. What they understand depends on how much or how well the owner of the product can pass on information about the product to the ads firm. There is no need to be multivocal in a product advert as Samsung tried to be – iPhone, iPad, or Segway “leader in personal green transportation” and “as a leader in an emerging small electric vehicle (SeV) space” because it is like speaking from both sides of the mouth. I agree with Sorensen that this will “create confusion and that people devalue what confuses them”. A confused consumer has no business trying out a new product.

The answer therefore is a good product knowledge directed to identifiable need and a good communication to explain this to the consumer. There is no short cut to this.

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