

# Managing New Products Successfully: A Strategic Imperative

*\*Rajeev Kumar Ranjan*

**Win their hearts.  
Win their minds.**

At the outset, we must accept without doubt that we are an emotional people. The truth is that we all sit somewhere on the emotional rational continuum, which of course need not be a bad thing. In recent decades, advertising has dropped simple descriptions of a brand's benefits in favor of emotional appeals-celebratory anthems, humorous situations and intimate moments are now more common in TV spots than product demonstrations. The basis for this trend is entirely valid: If consumers connect with an ad emotionally, they are more likely to hear a brand message. A meta-analysis of eight advertising research studies conducted by The Center for Emotional Marketing shows that advertising which provokes a strong emotional response along with providing sufficient product information often proved successful. The results, across a range of consumer product categories from food and health and beauty to automotive and technology show that purely emotional marketing does build business because such advertising connects with consumers, but provided the product meets and exceeds the expectations of the consumer. Globalization has thrown upon major challenges to the process of new product management. With competition getting stiffer day by day and product life cycles shortening very fast, there is an urgent need to find out alternative ways to manage the innovative products effectively in the crowd of "me too" products. So the company should strive for managing innovation through global customer centricity, global customer loyalty and mass customization. The customer brand loyalty may be said to be a function of the following:

- Perceived value derived from the brand.
- Consistent customer satisfaction over repeated usage.
- Formation of affective /emotional bonds with the brand.

Customer brand loyalty =  $f(PV, cs, ab)$

Where,

PV= Perceived value; cs = customer satisfaction; and ab = affective bonds.

New Product development is the process of designing, building, operating, and maintaining a new good or new service. New product development ensures that the customer's voice is not lost in the rush to develop an exciting technology. Product development adds things like pricing, marketing, and customer support to the technology to create a complete product. Product development is performed by a multi-disciplinary team whose goal is building, operating, and maintaining the product. In the present scenario, one of the most potent weapons to manage innovative products is to use emotional marketing that is, the marketers have to connect themselves with customers by creating strong emotional bonds. Purchasing is a complex phenomenon, influenced by various considerations to select a particular brand of product. Besides the availability of various brands of products, it also aggravates and complicates the act of purchasing as it involves the decision of the entire family.

The Pre-purchase analysis covers the three heads.

1. Sources of information for selecting a particular brand.
2. People involved in the buying decision.
3. Purpose of buying a product.

**Table 1 : Sources of information for selecting a particular Brand**

Sources	No. of respondents	%
Advertisements	24	24
Relatives	18	18
Emotional Appeal	44	44
Friends	14	14
Total	100	100

*\*Lecturer, University of Petroleum and Energy Studies, Energy Acres, P.O. Bidholi via-Premnagar, Dehradun-248007.  
E-mail : ranjanrajeev87@rediffmail.com*

Out of the total sample of 100 respondents, emotional appeal was the most important source for selecting a brand followed by advertisements.

***“The biggest misconception in branding strategies is the belief that branding is about market share when it's about mind and emotions shared.”***

*Marc Gobe (Proposed the concept of Emotional Branding)*

Over the past decade, the world has been moving from an industrially driven economy towards a people driven economy that puts the consumer in the seat of power. Consumers around the world are very intelligent and knowledgeable. They are very clear about their needs and benefits they require from the product. As we know that innovative products are engines to growth and profitability, hence practitioners, consultants and academicians have developed a keen interest in product innovation and its management. Out of the box approach and unprecedented performance in product innovation in companies like Reckitt Benckiser, Hindustan Unilever Limited, Perfetti etc is the outcome of adopting a disciplined and systematic approach to product innovation and its development. For e.g. HUL have been able to manage its huge product mix successfully using the emotional marketing. To convince the consumer towards the new product is a tedious work for the product manager. In such a situation, emotions can play a vital role in the brand acceptance and in creating loyalty for the product. By 'emotion' we mean a mental state of readiness that arises from cognitive appraisals of events and thoughts. Using emotions for managing the product globally can help the company to gain competitive advantage because the philosophy and process of managing a product globally has undergone a sea change. New concepts are being implemented to manage the innovative products globally. For gaining competitive advantage in the market, it is not necessary to limit the focus only on traditional marketing but it should have an enlarged scope looking after other effective ways and means. Emotional marketing is one of the means which can be used to gain first mover competitive advantage in the market.

So, in a nutshell, this paper is an attempt to find out the role of emotions in managing a global product and how can an organization gain competitive advantage in the market using emotion as one of the attribute in managing an innovative product.

***“You cannot solve a problem on the same level that it was created. You have to rise above it to the next level”***

*Albert Einstein*

## **EMOTIONS DEFINED (FOUR APPRAISAL CLASSES)**

Emotion, as already discussed, is a mental state of readiness that arises from cognitive appraisal of events and thoughts. Appraisal theorists maintain that the critical determinant of any emotion is the resultant evaluation and interpretation that arises after comparing an actual state with a desired state. Two appraisal theories at the stage of emotion formation are:

- Goal relevance
- Goal congruence. (Lazarus 1991)

A description of appraisal theory is relevant for marketing in the treatment of a goal.

**Outcome desire conflict:** An outcome desire conflict happens when one fails to achieve a goal or when one faces an unpleasant event. The most common emotional reaction is disappointment, anger, shame, guilt, and regret depending on the source of goal failure.

**Outcome desire fulfillment:** It takes place when one achieves a goal, experiences a pleasant situation or avoids unpleasant event. The common emotional reaction may be satisfaction, joy, elation, pride, and relief depending on the source of goal fulfillment.

The remaining two classes go on with the planned outcome.

**Outcome desire avoidance:** It happens in anticipation of unpleasant outcomes or goals. The common emotional reactions are fear, worry, anxiety, and distress. So the consumer wants to avoid undesirable outcomes.

**Outcome desire pursuits:** It happens in anticipation of pleasant goals or outcomes. The emotional response may be to realize or facilitate the outcome attainment and to sustain one's commitment.

So, the above mentioned four theories of appraisal classes help in reducing the cognitive dissonance and also help the management of innovative products as per the prevailing conditions.

## **PRODUCT INNOVATION (KEY TO SUCCESS)**

'Innovation' encompasses the entire process, from idea to implementation, for the development of new products,

services, methods, management practices and policies. The word "innovation" is often synonymous with the outcome of the process, but should not be confused with "invention." A constant attempt at innovation, both in terms of product and service, holds the key for success of business in a competitive world, where consumer satisfaction is the main mantra. Innovation is not only about developing a product or service from scratch, but it is also about adding new features or value to an existing product or service. Innovativeness helps the organization in improving customer responsiveness and leading generally to more market share. Current market conditions have made it compulsory for the organizations to unlearn, learn and relearn new things (either concept, process, techniques) for the survival in turbulent times. Organizations across the world have focused on innovation in order to achieve the competitive advantage required for creating and sustaining growth. Companies soon realized that without innovation, the company can face the possibility of extinction from the market. Innovation means delighting the consumer by offering them extra in the product which the competitor is not offering. It should be noted that the innovations and the risk associated with them are proportional.

### **INNOVATION & RISKS INVOLVED**

Increasing the level of effective risk-taking, initiative and innovation in an organization is not a short-term process. Risk inclination and risk tolerance are core elements of an organization's culture. It is part of what defines the organization. But it can be gradually changed by implementing the certain steps, being consistent in emphasizing the importance to the organization of taking thoughtful risks and by rewarding initiative, innovation can be fruitful.

Scott Bedbury, who was the head of advertising at Nike for seven years, in the 1990s said that the key to Nike's success was its willingness to embrace "a culture of screw-ups. It really does learn from its mistakes." An insightful comment about Nike, which is one of the most successful and innovative companies of our time.

### **EMOTIONS IN INNOVATIONS (THE WAY AHEAD)**

Innovation is about emotions as it is about logic. It is about intuition as much as it is about analysis. The paper tries to demystify the belief that innovation is an elitist activity that involves serious analysis and logic. "Creativity is not the domain of marketers alone. It is embedded in each of us. Democratize innovation this is the challenge of leaders." The company should begin by understanding that people are emotional creature's first, rational beings second. While the competitors are busy pumping out boring and rational, or over-the-top self-focused marketing, one can be touching to prospects where it counts. When people realize that you "get it" about their pain or passion, you've created an emotional connection that goes beyond mere words. How you determine what that emotional connection is, and how and why it works, is at the heart of this lively and informative paper. Armed with an understanding of emotional marketing, simple tactics and some down-to-earth truths, you'll make wiser and less painful marketing choices. Feelings play a predominant role here. Here, the utility is derived from the feelings or affective states that a product generates. A consumer brushes his teeth with Colgate everyday, not only because he gets good value for money, is sure that his teeth are well-protected, but primarily because, he has literally grown up using that brand and thus is emotionally tied to the brand.

In a mad world, marketers are often caught in a frenzy to deliver today. That makes the entire marketing process "clinical." "It is not enough to capture the heads and minds of people; the company needs to get people's hearts as well. Add intuition to logic and analysis. And fill the brim with emotions! Marketers must be emotional. That's the heart of marketing." Involvement and emotions also help an organization to understand the consumer better; consumer insight as it is called. It also awakens the old and the known. Generally, most researchers regard TV as the perfect vehicle to showcase the factual benefits of products and services as long as that is the intention of the advertiser, which is not always the case. Kay (1997) states "Advertising is about managing the gap in information". On the basis of the explored literature, the following propositions are proposed:

P1: TV is the best medium to reach the market.

P2: Consumers are generally dissatisfied from TV advertisements.

P3: Consumers expect more information from advertisements and clearer to the point, rational messages.

P4: There are some common emotional patterns in the market in watching and reaching to TV advertisements.

P5: There is no need for TV advertisements to treat emotions separately but it is essential to acknowledge their importance.

Emotions are more closely associated with temporary and instinctual physiological reactions and emotional benefits are usually attached to specific elements of a brand and to the brand itself as a whole. Therefore,

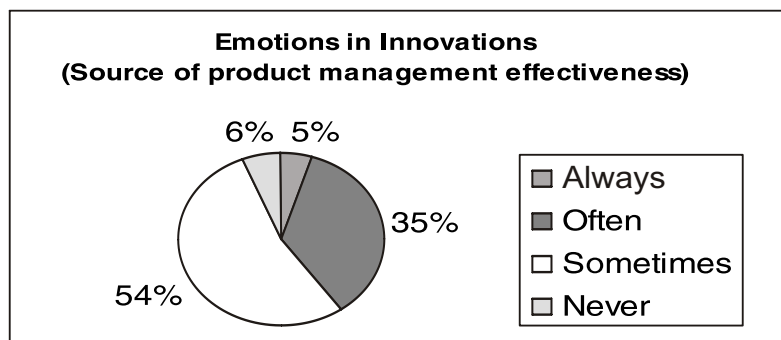
companies must constantly be on the lookout for customer's expectations, feelings and customer ideas.

***"Citizens are demanding greater accountability, improved service, greater openness, enhanced accomplishments and, above all, results."***

These demands have heightened the pressures on managers in the government to be more innovative personally, and to promote innovation and risk-taking behavior across their organizations. Product innovativeness and its management depend heavily on advertisements as the features have to be communicated to the end consumers. For this, the use of emotions can prove to be a potent tool in product management.

As per a survey, it was found that 54% of the respondents found emotions in advertisements sometimes a source of product management effectiveness. 35% of the respondents found emotions in advertisements often a source of product management effectiveness. 6% responded that emotions are not at all effective in product management effectiveness.

A majority of the respondents agreed that the companies tend to overspend on advertisements rather than adding or improving the innovativeness of the product.



The modern marketing is customer focused which has developed the modern customer not only as a user, but also has offered him an opportunity to convey his needs and expectations from the products. This helped the innovators visualize and build a product which meets customer needs. Moreover, with the globalization and liberalization in the Indian economy, emotions in innovation has come as an icing on the cake.

***"Anyone who wants to build a great brand first has to understand who they are. The real starting point is to go out to the customers and find out what they like or dislike about the brand and what they associate as the core of the brand concept."***

*Scott Bedbury (Head Advertising, Nike)*

During the innovation process, customer information becomes crucial as the information can be adopted by the company, which can be used in three different ways:

- The product is designed for users meeting their expectations.
- The users are involved in the innovation process.
- In the third method, the company asks the user's questions like what the product should look like and how they would use it.

After the innovation, the management of the product becomes essential so that the brand is accepted in the market. Since the product is made keeping in mind the customer expectations, so the delivery of the changes and brand association becomes very important. In such a scenario, emotional marketing calls for a long term commitment to a customer's relationship, which needs top to bottom support. The goal of emotional marketing is to develop an enduring connection with each customer that nurtures loyalty and results in repeat purchases. Emotion based marketing principle provides a powerful tool for competitive advantage and incorporating strategies that are almost impossible to replicate. As marketers, the organizations have gone from marketing products to building a total customer experience. To remain competitive, marketing must try to win the heart of potential buyers. In business, we have heard over and over again that people make buying decisions emotionally. If the companies wish that consumers should buy from them, then the consumers should be persuaded into action through appeals.

So, the marketing communications must assure two things:

- Get the attention of the consumer.
- Make the prospect curious enough to respond.

### **INNOVATIVE PRODUCT FAILURES**

It's hard for any new product to gain marketplace acceptance. Most studies estimate new product failure rates at

50% or more. But it's particularly challenging if a product is highly innovative—a “really new product” that revolutionizes an existing product category or defines a new category. Although such products may suffer from a firm's lack of resources, expertise, or commitment, even those that are well supported and that offer consumers significant gains over existing alternatives are far from certain to succeed. However, many firms' ultimate success or failure depends on the successful development and adoption of innovative products. Author John Gourville offers a behavioral framework—called the “curse of innovation”—to explain such failures, starting with the simple fact that highly innovative new products tend to require consumers to change their behavior in some way. Consumers see these changes as losses, and due to “status quo bias,” these losses loom larger in consumers' minds than do the benefits offered by the new innovation. Developers of new products, on the other hand, are biased in the other direction—they come to regard the product they are developing as the status quo, and they subsequently undervalue the losses consumers must experience to adopt the innovation, leading them to overestimate the likelihood of marketplace success. Managers can help innovative new products to succeed in the marketplace by understanding the degree of behavior change the innovation requires and planning for it, anticipating the rate of product adoption and tailoring marketing efforts accordingly. Alternatively, the product itself can be tailored to minimize the behavior changes consumers will have to make.

In such a scenario, emotional marketing can help in breaking the status quo and can result in acceptance in the market. The main reason is the fundamental customer bias to overvalue the benefits of existing alternatives to a new alternative. There are gaps between the new product and prospective customers which is to be filled for effective product management. Due to these gaps, developers fail to understand the customer's perspective in adopting innovation, thus increasing the rate of product failures. For example: Nestle upbeat with their success with Maggie Noodles went to brand extension with Maggie pickle. However, they failed to impress Indian consumers with their innovative product. Pickle being an Indian ethnic food supplement, has a distinct place in consumer's mind. A typical Indian customer will prefer homemade pickle. There was an inert reluctance to taste the pickle and the positioning was completely wrong.

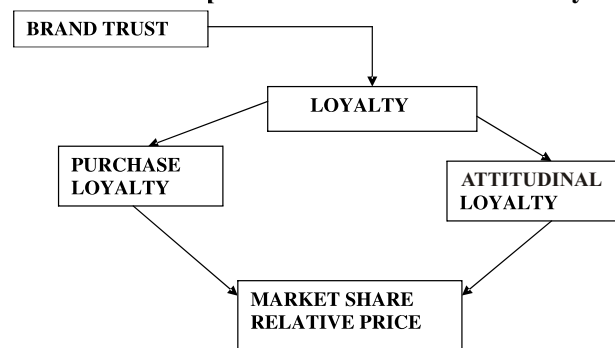
### MANAGING CHALLENGES:

For a very long time, McCarthy's 4Ps of marketing and the principle of STP were dominant. But in the current scenario, the whole marketing form is undergoing a metamorphosis. Marketers are increasingly giving more and more importance to the customer by offering him distinct value. Marketing is changing its face from segment based marketing to relationship marketing to one to one marketing. The successful launch of the innovative product requires a distinct approach for implementation. The process involves using a standard process to drive product development forward using structured product and raw material specifications.

Building an emotional connection through branding process calls for:

- Brand analysis.
- Brand printing
- Brand face
- Brand culture
- Brand check

**Fig: Relationship between Brand trust and loyalty**



If an organization wants to improve their relations with the customers, advertisers and agencies need to internalize a new set of principles that enlightened marketers and agencies. This proper management of challenges requires the following steps which are to be followed:



- Shed the paradigm that advertising is either "emotional" or "functional." Business-building advertising is in most cases a blend of the two. Integrate product information in new, more creative ways. The traditional package shot may register the brand but it may not stimulate a positive emotional response. In contrast, advertising that romances the product, includes an exaggerated demonstration or creates a virtual usage experience, gives consumers the product information they need while appealing to their emotions. That mundane "product" may be much more exciting than an organization assumes.
  - Tell a good story, a tale in which the product is the hero. The product must be essential to this story-not an afterthought.
  - Emotional Marketing: In the globalized world, where customers are bombarded with thousands of advertising messages, the company can gain a competitive advantage with advertisements that tap into the incandescent power of human emotions. Chandler, the creator of communication strategy known as dream weaving, says that advertising messages must focus on customers dream first and then on how the company's products and services will help the customer fulfill that dream. Some successful companies are Harley Davidson, Hallmark, Bron shoe etc.
  - Smart idea management and integrated concept development through stages and gates to respond to market trends effectively creating a central hub for product management which will improve visibility across the product development and distribution channel to the market. Most research is limited to cognitive impact of marketing and does not generally address the affective dimension of positioning when emotional based marketing principles are used as the lead strategies that are almost impossible to replicate.
  - If we look at the product life cycle, the innovations in product should take place at the growth or maturity stage .If a company is implementing innovation in the decline stage, then the organization is taking a calculated risk. So the product innovation should take place at the growth or maturity stage.
- In short, agencies and advertisers need to move away from extreme either/or positions and seek more balanced solutions. Such advertising actually helps build market share-and that, after all, is the best way to build better relations.

## CONCLUDING REMARKS

A better knowledge of the influence of emotion is not only necessary for researchers but also for managers who want to use emotion as a marketing tools (e.g., some companies send a small gift on their client's birthday, or give them once in a while tickets to attend a match of their favorite sport). Some studies show that companies using emotion follow their gut feeling-without knowing anything about this emotion and it's effects-sometimes face disastrous consequences. A major contribution of this paper thus concerns the place of emotions in models of satisfaction formation. The paper concluded that emotion is worth studying on its own and that its influence on satisfaction is not fully captured by disconfirmation. In a globalized and industrialized world, innovation is the key to enter or expand in a market. It's seen that the market leaders are always the greatest innovators so as to maintain market share because they keep a certain specified budget for R &D so the bigger challenge is for small companies with limited budget to make innovative products for the market and also earn trust of the customer. The goal of emotional marketing is to develop an enduring connection with each customer that nurtures loyalty and results in repeat purchases appealing to the audiences in terms of emotional engagements that will comprise a growing proportion of the value being exchanged between you and your customers.

Market and customer needs are constantly changing and companies' ability to change and lead the change as the market leader must be ongoing. The company must constantly work to improve the product, service, as the prospects require. The only challenge is to have the right kind of people, promotion, process and environment to foster a culture of innovation and emotion.

***“Unless commitment is made, there are only promises and hopes; but no plans”***

***-Peter Drucker.***

## BIBLIOGRAPHY

- Celci L. Richard and Jerry C. Olsen, “The Role of Involvement in Attention and Comprehension Processes”, *Journal of Consumer Research*, 1988, 15 (Sep), (210224).
- Greenwald, Anthony A. and Clark Leavitt, “Audience Involvement in Advertising: Four Levels” *Journal of Consumer Research*, 1984, 1i (June), (581592).
- Raju K.A., (December 2002). Title of article: Social Marketing of Rural Development Information: A Case Study, Kurukshetra, A monthly journal of Ministry of Rural Development, 10, (4).
- Sen. A. 2000. *Development as freedom*, Oxford: Oxford University Press.
- Marketing Mastermind (August 2007).
- Petty, (1986), *Communication and persuasion*: New York, Verlag.