

Hidden market forces cause new products to flop

Issued by [GfK – An NIQ Company](#)

7 Jul 2015

Great products are floundering because suppliers don't know enough about their markets. As many as 75% to 80% of new products and services flop, according to research firm GfK. A lot of these innovations fail because suppliers lack vital knowledge about their markets.

"Suppliers often pay too little attention to the complexities of the marketplace," says Rachel Thompson, innovation and brand experience expert at GfK South Africa. "It's not enough to test a new product during the innovation process and then believe consumers will be willing to buy it. The realities of the marketplace, which will affect the success of the product, also need to be understood and managed," she says.

Thompson says there are powerful but often hidden market forces that act as "innovation levers". They comprise both consumer mindset and market levers. Typical consumer mindset levers are online internet discussions about a product or service, and recommendations and advice from friends. Market levers include the attitudes of salespeople at key retailers, and the extent and efficiency of marketing and support infrastructure behind a newly launched product.

These innovation levers shape shoppers' perceptions and attitudes to new products. Speaking during a recent GfK marketing webinar, Thompson warned that if suppliers ignore innovation levers, or interpret them incorrectly, their new products have a high chance of failure. "The marketplace is often an unwelcome place for new ideas," she says.

The recording and transcript of this webinar can be downloaded [here](#).

Thompson points out that a deep understanding of the complexities of the market is especially important in Africa, where consumers are influenced strongly by social mindset levers. "The community plays a very important role in the lives of African consumers. Although many seek individualism - more than the global norm - they also tend to conform to the social convention that requires a person to be an integral part of the community," she says.

Thompson adds that a consumer may be drawn to an attractive innovation but might resist buying the product for fear of being perceived as someone who believes they are better than their peers - a tall poppy standing above others. "There is a constant tension between traditional and modern attitudes that affects many African consumers. Companies addressing African markets need to understand this tension and measure its influence. It's a big factor in the consumer acceptance of new products and services.

"A company may develop and launch a great product but neglect the social mindset levers at work in the market. It is likely to end up paying a heavy price for this mistake," she says.

GfK helps its clients increase the likely success of their new products and services by enabling them to identify and capitalise on critical innovation levers at work in their markets. "We consider all these push- and pull-factors in each marketplace. We determine their likely effect on a client's innovation process, and the probable success of a new product," says Thompson.

Another important factor in the success of new products and services is the evolution of the marketplace, adds Thompson. GfK believes markets evolve through five waves.

"The first wave occurs when a market is birthed. This usually happens with the introduction of a product that offers a functional core benefit to consumers," she says. During the second wave, further core benefits are introduced and in the third wave, some of these benefits are fused in products that offer a combination of benefits, causing disruption. "In the

fourth wave, consumers no longer have to make trade-offs between one core benefit and another. They start looking for secondary benefits. This is a sign of a mature market." The fifth wave is highly disruptive, with new products being introduced that change consumer behavior and create new market categories.

"This is the most disruptive wave of all. It is a game-changer," adds Thompson. Through understanding the waves of change within their category, marketers can predict how the category will evolve and can innovate accordingly; this ensures that they own the disruptions and consequent market share gains.

During the recent GfK webinar, Thompson outlined ten key steps for successful strategic innovation. They include determining the real value of a brand; harnessing the power of market dynamics; mapping the evolution of the market; building a platform for sustainable growth; and designing experiences that deliver promised benefits.

The three webinars in GfK's Brand Loyalty series are [Welcome to the Experience Economy](#), [Where Does Brand Loyalty Begin and How Does It Evolve](#), and [Ten Steps for Strategic Innovation Success](#). For more information about the series, or about brand loyalty in general, please contact Rachel Thompson at rachel.thompson@gfk.com.

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