

# Beyond product innovation

Commercial innovation in brand communication, promotion, packaging or product reworking can be more effective than new product development

By Adam French, *Antedote*

**T**he first response for a brand challenged with growth is to develop new products or services. This has led to many success stories and is an important part of any innovation strategy, however this approach comes at a cost. Launching new products is expensive, can dilute or damage your brand proposition, can cannibalise existing SKUs, and does not always result in a stronger trade or consumer story. By only responding to a growth challenge with NPD, you risk creating a marketplace that is messy, complex and difficult to navigate for the consumer and the trade.

But if we think about innovation in the broader sense of the word, we create opportunities and open ourselves up to finding alternate paths and other places to unearth bigger, stronger and impactful solutions through 'commercial innovation'.

So what then is commercial innovation? It is innovation that focuses inwards and on what already exists within the product itself, including how the product is made. The impact of commercial innovation, when done well, is as game changing as product innovation and can deliver step change growth for brands. One of the key benefits of commercial innovation is that it gives consumers a reason to reappraise

or engage with the product or brand. It also maximises the opportunity for existing products rather than risking cannibalisation through launching new products. It creates a genuine point of difference for the product or brand versus the competition. It increases the ROI on R&D and integrates the team more closely with the business. It builds the brand by creating new ways to communicate the positioning and benefits to consumers. It does not generally require high levels of capital expenditure and in many cases requires none. And it increases the long-term success of NPD through creating new news in the years that follow a launch. The following three defining principles help guide commercial innovation.

First, Discipline. Respect what you are doing and resist the temptation to jump straight into a brainstorm or start creating ideas. Use the existing structures and product knowledge as a framework for grounding creative practices. This will help ground you in the reality of your business, while also giving you the freedom to dream big and be innovative.

Second is Diversity. Honour the different disciplines in the business and allow them to excel at what they are good at. The kernel of an idea can exist in anybody's head, however, a complete idea is only realised when brand, R&D/technical, operations and consumer insight can co-exist comfortably and have a conversation that focuses them on their area

of expertise and empowers them to execute the idea from their own perspective.

Third is Depth. Embrace all the tools at your disposal and know how to combine them in effective ways. Great commercial innovation will employ the right balance of well chosen method/approach, tools/techniques and real analysis. It will bridge the technical and consumer worlds and transform what may initially seem to be a dry or uninteresting fact into a game-changing story that is compelling and inspiring for consumers.

In addition to the guiding principles, there are some basic steps to follow. Exhaust your existing sources of information by gathering as much data as possible about your brand and products and then being relentless in your quest for knowledge. Recognise where the nuggets lie by actively sifting through the data and considering which pieces of information could provide new news that is different and interesting to consumers. Understand what ideas your data can and cannot support and determine if it requires supporting evidence e.g. clinical trial or consumer data. Determine if this supporting evidence exists or needs to be generated. And, finally, communicate the new news in the most relevant way. This could be, for example, advertising, front-of-pack or in-store.

There are four dimensions to commercial innovation. The following are some examples



All without changing the formulation of the product, or investing in a new product line.

To create great claims on which to base your communication use the following steps. Understand your market: what claims are your competitors making and how can they be classified? What claims is your brand currently making and how are these different? Consider your objectives: what is the purpose of the claim? For example, is it to address declining sales, or to create a point of difference versus the competition? Understand your brand and product: what are the claims that you can make? How are these different? How can you own them?

One of the challenges we often hear from clients is that they operate in a highly competitive category, or that there is little new about their product. We

believe that it is possible to find a powerful claim in any category, take for example the soap category. Soap is a highly commoditised category with little new product innovation in the last few decades, but the following example shows how it is still possible to uncover a compelling claim.

Brand: Dove

Challenge: Dove's market share was dropping and there was increasing pressure on price.

Solution: The 'Soap Scum' campaign that highlighted the difference between Dove and other soaps, that soap left a film on skin after washing whereas Dove did not.

Key hook: Dove understood that the primary driver for soap consumption is cleanliness and that consumers were concerned that a beauty bar, like Dove, could not clean as well as regular soap.

of how they might be tackled in a robust innovation strategy.

## DEVELOPING PRODUCT-FOCUSED COMMUNICATIONS

The communications that are developed from commercial innovation are specific to the product or packaging; these are often based on claims related to the product. A claim is a truth about the product or service that can be proven. It does not necessarily have to be unique to the brand or product, but it should be different from what the competitors are saying. Claims can be uncovered from any part of the business, for example, there could be a compelling communication based on the product. One such brand that took this route is Cheerio.

Brand: Cheerio.

Challenge: The cereal category was

experiencing declining consumption combined with increasing pressure on prices. Solution: The Heart Conversation campaign that focused on the cholesterol-lowering properties of oats, a key ingredient of Cheerio. The focus changed to Boomers and tapped into a key need that they were looking for, which was ways to lower cholesterol.

Key hook: An FDA study showing that Cheerio was one of the most accessible forms of oats that have heart benefits.

Result: Cheerio maintained its price premium versus the competition and became one of the top-selling cereal brands in the US.

This example demonstrates the power of commercial innovation. By uncovering a new claim based on the existing product, General Mills was able to maintain the price point and tap into a new consumer target.

Result: The Dove team was able to achieve a 16% market share increase in the US and a record high share of 38.4 in the first six months after campaign launched.

This type of commercial innovation also provides the opportunity to hero specific elements of a product or service so that the consumer will reconnect with the brand. So, before you start creating new product ideas for your brand, take a step back and think about how you could maximise your current product first.

## INNOVATING THROUGH PACKAGING

Another key part of commercial innovation is packaging innovation. This is focused on how to create new benefits by modifying or changing the pack. As with developing product communications, it is important to understand how the packaging innovation is going to create new news for the brand and help engage consumers. There are a number of different starting points for packaging innovation: new technology – either from R&D or from open innovation, enabling the packaging to deliver a new benefit; pack engineering – to help reduce costs or to deliver a new benefit to consumers; and corporate initiatives – to meet either corporate, retailer or governmental commitments. A good example of packaging innovation is Nestle Waters, in particular Poland Spring in the US:

Brand: Poland Spring.

Challenge: Reduce the amount of plastic used in the packaging as part of a company-wide commitment.

Solution: The Eco-shape bottle that reduced the amount of plastic used by 25% over the previous bottle.

Key hook: Nestle Waters understood that there were increasing concerns around the amount of plastic used in the water category and that established brands such as Poland Spring needed a unique point of difference to stand out in a commoditised category. The packaging redesign provided the foundation for communications in a number of channels. Result: Poland Spring maintained its number one share in its region and reduced carbon emissions by up to 356,000 tons.

Packaging can also help re-engage consumers through the delivery of new or

enhanced benefits. One such example is Birds Eye Steam Fresh.

Brand: Birds Eye Steam Fresh.

Challenge: To make consumers reconsider frozen vegetables over fresh or pre-packed fresh vegetables.

Solution: New packaging that allowed consumers to microwave their vegetables in the pack, using steam technology.

Key hook: Birds Eye understood that consumers perceived steam cooked vegetables to be the healthiest (through the retention of vitamins). Consumers were unsure about how to steam frozen vegetables.

Result: A rapidly expanding range including the introduction of prepared dishes.

Packaging innovation can be a powerful way to create new news around your brand, either in combination with the other types of commercial innovation or on its own.

## RENOVATING EXISTING PRODUCTS

We include product renovation as part of commercial innovation as it can be a low-cost way of creating new news and reconnecting with consumers. Product renovation also offers a way to deliver against future communications ideas that have potential but that the product cannot currently deliver against. Product renovation can be for one particular product or span an entire category as in the case of Nestle Cereals.

Brand: Nestle Cereals.

Challenge: To improve the nutritional content of the cereals.

Solution: Making the cereals with whole grains.

Key hook: Nestle understood that for many consumers including whole grains in their cereal was a simple way for them to add whole grain to their diet.

Result: Based on sales estimates there has been an increase of two billion servings of whole grain in the diets of Europeans.

## PROMOTING EXISTING PRODUCTS IN NEW WAYS

As with the other types of commercial innovation, promotions can be a way of delivering against a communications or packaging innovation or can be standalone.

Good promotions can be created using the principles and steps that we outlined at the start of this article and will deliver new news that offers the consumer the opportunity to reconnect with the brand or product.

Promotions can be delivered in a number of ways in-store, on-pack or online to name but a few ways. A good example of a successful promotion is Tide.

Brand: Tide.

Challenge: To help consumers around the world in a way that was relevant to the brand and laundry category.

Solution: Loads of Hope, a mobile laundry service that helped people affected by disaster. Key hook: P&G understood that consumers needed the option to participate in the cause, so the yellow cap Tide bottle was introduced alongside the existing product so that consumers could opt in.

Result: A promotion grounded in the product with a positive halo' back to the brand and over 30,000 loads of laundry done.

## CONCLUSION

One of the challenges and benefits of commercial innovation is that it reaches into many different parts of the business, and agency partners can be numerous and varied. Key to a successful commercial innovation strategy is tapping into the knowledge held by internal functions, such as brand and R&D, as well as external agency partners, such as advertising, promotions and packaging agencies. When done well, commercial innovation will unite and harmonise many different elements into a robust strategy.

Commercial innovation is not the easy route and it can be far more challenging than product innovation, it takes expertise and experience but the upside is huge. For teams not used to working in this way, it can feel scary and uncomfortable but, given the business realities of today and the demands of the contemporary consumer, you may not have a choice but to give commercial innovation a go and make it a fundamental part of your innovation strategy.

 more on innovation at [www.warc.com](http://www.warc.com)