

Member
and friends
of PDMAA



Connecting Innovators Worldwide

PDMAA NEWSLETTER

ISSUE 4

PDMA Australia in conjunction with RMIT University in Melbourne is delighted to sponsor and welcome the visit to Australia of one of the world's leading innovation scholars – Dr. Erik Jan Hultink.



Dr. Erik Jan will be visiting our shores at the end of this month and we provide an exclusive interview with him on page 2 of this document.

Dr. Erik Jan Hultink (1968) is the Professor of New Product Marketing at the Faculty of Industrial Design Engineering, Delft University of Technology, Delft, The Netherlands.

He received his M.Sc. in economics from the University of Amsterdam and his Ph.D. from Delft University of Technology, both in the Netherlands.

His research investigates means for measuring and improving the process of new product development and launch. He has published on these topics in such journals as the Journal of the Academy of Marketing Science, International Journal of Research in Marketing, Journal of High Technology Management Research, Industrial Marketing Management, R&D Management, IEEE Transactions on Engineering Management, and in the Journal of Product Innovation Management.

He was ranked number six in the list of the World's Top Innovation Management Scholars, and selected as the most productive European researcher publishing in the Journal of Product Innovation Management.

He is co-founder and board member of the Dutch chapter of the Product Development and Management Association (PDMA). He regularly consults companies on the topic of new product marketing and portfolio management e.g. KPN Telecom, CSM, Well Design, HAK, KLM, Sara Lee, Syntens, and frequently appears on the Dutch television and radio commenting on the success and failure chances of new products.

PDMA Australia and RMIT event in Melbourne – 2nd October 2009

This breakfast seminar brings together four innovation and branding experts who will challenge you to think about how your brand, technology and design need to be integrated to create customer value, drive customer engagement and promote future product success.

Over the next five years companies that will succeed in driving the market are those that understand their target customers and solve their problems in a better way than competitors, build a brand promise that is delivered by everyone in their business network (employees, distributors, suppliers), and innovate continuously in their products, services and demand chain.

Date: Friday 2 October 2009

Time: 7.00 – 7.15am: Registration
7.15 – 9.00am: Breakfast, presentations,

Q&A: 9.00 – 9.30am: Coffee and networking

Venue: ZINC at Federation Square
www.zincfedsq.com.au

Cost: Business \$70.00
RMIT alumni/staff/PDMA members \$65.00
Students / unwaged \$55.00
efmsa members \$50.00

Bookings: Download the registration form from
www.rmit.edu.au/bus/events/brand

FEATURED SPEAKERS:

Dr. Erik-Jan Hultink – one of the world's Top Innovation Management Scholars

Alban Savage – PDMA Board member and Head of New Product Industrialisation, Cochlear

Erminio Putignano – Managing Director, FutureBrand (IPG), Australia

Michael Beverland – Professor of Marketing, School of Economics, Finance and Marketing, RMIT University

Book early – registration closes 28 September.

Interview with Dr. Erik Jan Hultink

When you look through all your extensive research and practical work with companies, can you distil in a few points the key reasons why some new products/services succeed or fail?

A manager of the Dutch chemical company DSM once said "new product advantage makes marketing easy" and I tend to agree. Success starts with the right product definition. Is there really a demand for this concept? Is it different and relevant? Is the new product compatible with the existing work and behaviour patterns of the customer. Etc. Surely difficult enough to achieve but the rest of the launch game follows from this. I guess that the art of innovation is to provide sufficient, relevant, differentiating new advantages without increasing the complexity of a new product. Arrogance, not really (wanting to) listening to the market, an unclear concept, insufficient resources, and a bad timing are the most important reasons for failure.

What should companies do differently in terms of portfolio management and successful new product commercialisation in this tough economic environment?

Although companies should innovate more in a recession, this is unfortunately hardly ever the case. In most firms NPD is still considered a cost rather than an investment. But in general I think it is safe to say that in the next years the focus will be more and more on developing the right products rather than developing new products per se. In the last decade, most companies have innovated a lot but there has been a trend to develop more and more minor innovations at the neglect of longer term major innovations. The consequence is that many companies are now struggling with unbalanced overloaded product portfolios and that innovation managers are continuously engaged in fire fighting rather than in implementing their long term innovation strategy. Another problem in many firms is the escalation of commitment, which is defined as the continuation in a losing course of action. I have met too many firms in the last decade that still introduced new products to the market while simultaneously knowing that the market was not too excited about the concept. I often hear firms claim that they

will save such a product with a brilliant launch strategy. Unfortunately, this never occurs. Companies can not save a poor product with a brilliant launch strategies but they can surely ruin a great product with a stupid launch strategy.

In your experience do companies really listen enough to their customers when they develop new products/seek to innovate?

I think that there are two relevant issues here. The first one is that many firms confuse being market oriented with being customer oriented. Next to customers there are many other stakeholders that should be excited about the product. Several years ago I did a study in which I found that the acceptance of a new product by the company's own sales force is very critical for making that new product successful. If they do not buy into the product, the chances of success decrease considerably. In a consumer product context, it is equally important to provide retailers with advantage as to satisfy end customers. Another issue is that, in my experience, many firms are polling customers regularly about their problems and wishes but do not act sufficiently on it, especially when the feedback is not too positive. Collecting market information is not that difficult but acting wisely upon is much more difficult.

What are some of the areas of most improvement that exist for companies in terms of new product and service development - in your view?

Most people agree that branding and NPD can not be disentangled but lots of progress should be made on this important interface. Making sure that the different products can truly be identified as a family and translating the brand identity consistently in a convincing design language is difficult but increasingly important if a firm wants to differentiate their product offering. Another important area for improvement is the management of the fuzzy front end in many firms. How can we make this fuzzy stage less fuzzy. Lots of tools, methods and frameworks have been developed in this area lately and the challenge in most firms will be how to implement them adequately.

What has been your most enjoyable piece of research in your career to date and why?

I still look back with lots of pleasure to my PhD research. In the mid 90s I collected data on more than 1000 new products (60% successful; 40% unsuccessful) that had been launched in The Netherlands, the UK and the USA. By collecting such a large dataset I could make all kind of interesting comparisons; between successful and failed products, between consumer and industrial products, and across the countries in which the new products were introduced. I published more than 6 papers on this dataset and it also received a lot of attention from Dutch practitioners and in the media. Especially the finding that the average Dutch company depended for about 50% of its turnover on new products introduced in the last 5 years generated a lot media coverage. That surely was a fun time, and still, when a new product succeeds tremendously or fails miserably, they know how to find me :-))). It was a great project with lots of impact.