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REINTRODUCING INVENTION TO INNOVATION: INVESTIGATING THE WHITE SPACE IN MARKETING INNOVATION

A Dissertation

Submitted to McAnulty College and Graduate School of Liberal Arts

Duquesne University

In partial fulfillment of the requirements for

the degree of Doctor of Philosophy

By

Mandy Elizabeth Dlugos

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By

Mandy Elizabeth Dlugos

Approved August 13, 2015

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ABSTRACT

REINTRODUCING INVENTION TO INNOVATION: INVESTIGATING THE WHITE SPACE IN MARKETING INNOVATION

By

Mandy Elizabeth Dlugos

December 2015

Dissertation supervised by Calvin L. Troup, Ph.D.

This project investigates the relationship between rhetorical theory and marketing innovation as practiced in the consumer packaged goods industry. Marketing innovation, or the development of new products, product features (including packaging and messaging), and services, is a process-heavy practice often resulting in incremental or novelty innovations that do not drive long-term marketplace success for consumer packaged goods companies.

The history of innovation in consumer packaged goods companies is generally rooted in new-to-world innovations that meet a defined consumer audience's need or fill a gap in the marketplace. Over the past seven decades, this included developing packaged products that helped people live their everyday lives a bit more easily, like packaged food products. From post-World War II through the late 1980's, consumer packaged goods

companies, through their marketing innovation efforts, launched thousands of innovations, flooding the marketplace with new products, both new-to-world products and incremental innovations. Beginning in the mid 2000's, the consumer packaged goods industry began to experience significant sales declines that continue today, forcing industry consolidation and a renewed charge for true innovation in the industry.

The primary question driving this project is, "can rhetorical theory provide ground for an alternative approach to marketing innovation, favoring true innovation over novelty? In investigating the consumer packaged goods innovation process, it was discovered that the practice of marketing innovation often emphasizes process over content. Working with the concepts of rhetorical invention as designed by Cicero and Aristotle, it is proposed that key principles within invention may offer a starting point for refocusing the innovation process toward content and away from process.

This study will explore the background of the consumer packaged goods industry and its roots in the American economy and within the communities in which its companies operate. It will review the standard consumer packaged goods innovation process, followed by an exploration of Cicero and Aristotle's concepts of rhetorical invention. It will then offer support via prominent marketplace literature and real world case studies that demonstrate the potential for invention as a grounding principle for the innovation process.

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ABBREVIATIONS

SKU: stock-keeping unit. Refers to a single unit of a product line. For example, a particular flavor of a canned soup brand represents one SKU, e.g. tomato soup. A different flavor, even if similar, of the same soup brand, e.g. low-sodium tomato soup, is a different SKU. Consumer packaged goods companies track their product lines by SKU. A brand may have hundreds of SKUs.

CHAPTER ONE: THE SITUATION, DEFINITIONS AND CONTEXT

Marketing innovation, or new product development, is the primary profit driver in most companies selling products to mass audiences, including the consumer packaged goods industry (CPG). The products themselves, and the delivery system, i.e. product packaging and marketing communications messages, are developed with the sole goal of driving consumer purchase of a given product. Companies invest millions of dollars per year to obtain their target consumers' purchases. New products are introduced to the market frequently, as often as six to ten times per year in some cases, and the message delivery system can matter as much as the message itself (Urban, Weinberg, & Hauser 47).

Coffee cups, grocery bags, gas pumps, and shipping boxes commonly function as vehicles for advertising, and such non-traditional advertising has become so commonplace it is almost a surprise to see a blank coffee cup. Online advertisements have invaded spaces formerly reserved solely for editorial content. Marketers have partnered with cell phone carriers, using GPS tools to understand and predict where their customers will be every moment of every day, and use that information to send targeted offers and messages related to where they are standing at that very moment. Little white space is left in the world of marketing, and while marketers speak of breaking through the clutter, they also create the clutter.

The concept of marketing innovation is broad, and while it describes a particular process within consumer goods companies focused on new product development, the phrase "marketing innovation" causes much discussion among practitioners.[1] Marketing innovation has come to describe a prescriptive process for product development, whether the product is truly new or not is irrelevant. When new products are introduced to the marketplace, the advertising and marketing messages lead audiences to believe the newest, latest, greatest are indeed true innovations. In fact, many innovations in the marketplace are not innovative at all. Marketing messages introducing these innovations to the marketers' audiences focus on the "newness" of the product, but that newness remains undefined (or less than clearly defined) in many cases. Innovation can refer to a product packaging change, or a new product flavor or color (Urban, Weinberg, & Hauser 47). Innovation can also refer to a new product formula, like in the well-known case of New Coke, which we will review in case study form in a later chapter.

Many different product and messaging developments can be considered innovations in consumer packaged goods, and this project is concerned with three key questions: 1) how is marketing innovation defined and practiced by consumer packaged goods companies in the marketplace? 2) What is the impact of marketing innovation in our current historical moment, within the corporations practicing it and to the consumer of the goods? and 3) Operating under the premise that the marketplace has experienced an overwhelming amount of novelty innovation, what may be a rhetorically grounded approach to considering an alternative approach to the current innovation practice in consumer goods companies?

Our premise throughout this study begins with the idea that novelty or incremental innovation has proliferated within the consumer packaged goods industry, and while successful for a number of decades, has more recently proven to be part of the industry's recent decline. Innovation is the lead revenue generator for consumer packaged goods companies, but has become focused on short-term goals rather than the long-term health of the organizations and industry as a whole. In addition, innovation as a part of marketing practice is highly process-driven, sometimes creating a void of meaningful content. In this project, we will investigate innovation in consumer packaged goods with an eye toward seeking opportunities to elevate content over process and praxis over process. We will use invention-based principles developed by Cicero and Aristotle as our guide in considering new ways in which a rhetorical approach to at least a portion of the innovation process can help us to move forward. We will do this while understanding that practical, real world application is critical in order for our ideas to be considered in the marketplace.

Chapter One will provide an overview of the consumer packaged goods industry and the major factors influencing consumer packaged goods companies and their marketing teams. It will provide several brief examples of major industry categories with specific product examples to help illustrate the types of products that are developed as outcomes of practices described in later chapters.

Chapter Two will provide a bit of history and insight into why marketing innovation is important from the perspective of economic theory. Innovation is deeply grounded in the heritage of the U.S., and is the primary source of revenue for consumer packaged goods companies. This combination of history and economic imperative creates intriguing tensions that will be explored in this chapter.

Chapter Three offers insight into how consumer packaged goods companies practice innovation, surveying the prominent marketplace literature in the field to help illustrate the internal perspective of companies practicing innovation every day.

Chapter Four explores the theories of invention developed by Cicero and Aristotle, and explores ways in which thinking about portions of the innovation process through the lens of invention helps us to focus more on meaningful content development than on process for process sake.

Chapter Five provides support for the projects recommendations via demonstration that well-respected marketplace texts point us toward ground in invention-based principles. This chapter also contains four real world case studies illustrating two possible innovation paths and associated outcomes.

In order to understand marketing innovation better, we begin with an overview of the consumer packaged goods industry, the retail industry it both drives and supports, and their critical business considerations. The next section will discuss examples of product categories and types of innovations that have been developed to provide context for our innovation exploration.

THE CONSUMER PACKAGED GOODS INDUSTRY AND INNOVATION

The consumer packaged goods industry is an approximately $2 trillion industry in the United States today ("Insights" 2).[2] Coca-Cola alone, as the leading consumer packaged goods brand by sales in the U.S., has a brand valuation of over $56 billion with annual sales of just under $46 billion annually.[3] Budweiser is a distant second in brand valuation, with $22 billion in brand value and $10 billion in annual sales. PepsiCo is third with a $19 billion brand valuation for the Pepsi brand and $12.6 billion in annual sales ("Forbes Most Valuable"). The consumer packaged goods landscape includes corporate conglomerates with recognizable names like Nestle, Procter & Gamble, Unilever, Coca-

Cola, PepsiCo, Kraft Foods, H.J. Heinz, General Mills, Conagra, Kellogg Company, Anheuser-Busch, Mars Inc. and Hershey Foods ("Forbes Top 100").[4]

Most of these companies produce a larger number of product lines, manufacturing and distributing products on a global scale. Some companies manufacture products that fall into consumer packaged foods categories as well as products in other consumer goods categories like diapers and health and beauty products. For example, Unilever produces Dove personal care products, and Procter & Gamble produces Pantene and Always personal care products (Govindarajan & Trimble 87). These product categories and the marketing communications practices associated with them vary widely, however marketing innovation practices, which we will describe more fully in Chapter Three, are generally the same (Govindarajan & Trimble 40-42). While consumer packaged goods companies' product lines may vary widely, for the purposes of this project, we will remain primarily focused on the packaged food industry products which are sold in the retail grocery and other like-environments for the purpose of maintaining a narrow focus.

Within consumer packaged product categories, products are defined by a number of different industry terms including "emerging versus mature/maintenance," "slow moving" versus "fast moving," "high interest" versus "low interest," and "top" "middle" and "bottom tier" products.[5] Emerging products are new products never seen before in a category and are often purchased by early adopters of a particular category. The chewing gum product category frequently contains emerging products that offer an innovative change to the product in some way. Mature or maintenance product categories are categories with products that have been available for a long time, experiencing slow and steady purchase streams by a predictable audience, or a declining sales stream. Many consumer packaged goods companies manufacture products in both emerging and mature categories, as the mature product lines can provide a reliable steady stream of revenue that can fund innovation expense. However, depending on the product category, mature product categories often also decline in revenue over time, leading companies to need to determine how much longer they can sustain a return on investment for the product line. Many mature product lines run into trouble when rising input costs begin to eat away at already tight profit margins. Canned tuna is an example of a mature product category, a case study of which will be reviewed in Chapter Five. Another example of a mature product category is packaged fruit and vegetable products like canned fruit, of which we will also explore a related case study in Chapter Five.

Slow moving products are products that sell infrequently or products that do not drive frequent repurchase, meaning they remain on store shelves for longer than other products. The goal of grocers and other food retailers is to offer a set of products that move quickly from the shelves, so slow moving products are undesirable though unavoidable in some categories (“Insights” 11). Fast moving products are sold in large quantities on a daily basis and drive frequent repurchase. Soft drinks are an example of a fast moving product line, as is packaged bread.

High interest product categories contain products that draw consumers to brands, and where certain brands may have passionate followers or “brand mavens.” Examples of high interest categories include many snack foods, chips in particular and soft drinks. Low interest categories contain products that do not often have passionate followers, or where consumers will purchase the product with the largest package size or lowest price. Companies that manufacture products in low interest categories often use marketing communications messages in an attempt to drive interest to low interest product lines like paper towels and other paper goods.

Retailers and CPG companies define product lines as “top, middle and bottom” tier product lines by where they sit on store shelves. Fast moving products sit at eye and arm levels. Middle tier products sit immediately below top tier products, and third tier products sit on bottom or top shelves. A product’s tier is determined by two primary factors: 1) within a product category with a lot of individual brands and product variations, like dog food, the products are arranged by brand and by how fast those products sell, with the largest “economy” bags always being on the bottom for practical reasons; and 2) within a product category with fewer brands, or in a multi-product section, like “baking supplies,” products are arranged by value to the store and interest to the consumer. In most retailers’ “baking supplies” aisle, chocolate chips are shelved at eye level, and flour is shelved near or at the bottom.

Some product categories, those considered to be fast-moving impulse purchases, are driven by perception that there is a constant need to innovate in the marketplace in order to maintain the brand interest of the purchasing consumer. Examples of this phenomenon can be found in the chewing gum and soft drink product categories. Both segments heavily target teen and pre-teen consumers, though exact targets vary by individual product SKU (Welsh).[6] It is generally accepted among marketers based on quantitative and qualitative consumer research that teens have a short attention span and constantly desire new products in order to stay interested in a company's products. Therefore, the chewing gum and soft drink companies introduce multiple new flavors, colors, and product formulations per year, often in limited edition or short-term only

SKUs. Most chewing gum brands' primary marketing goal is to ensure that ensuring gum-chewing teens continue to buy from its brand, preferably their highly marketed sugarless brands with a wider profit margin than traditional, "maintenance" brands that are preferred by generally older consumers. Most consumer packaged goods companies with a mixed portfolio, focuses on its emerging and fast-moving "advertising-worthy" brands to receive advertising and other marketing communications support (Welsh). This practice is common across consumer packaged goods companies where mature brands drive steady revenue with little investment, but also do not drive new or dramatically increased revenue outside of special seasonality where the product sales may spike once or twice per year.

For example, chewing gum manufacturers do not deeply invest in their mature brands most of the year, during which time their products are sold in individual packages near grocery registers and in multi-packs in the gum and candy aisle. However during the holiday season, the companies may release special edition canisters marketed as gifts and stocking stuffers. During this timeframe, the companies make a deeper investment in the product set and receive in return a significant annual bump in sales. The sales generally drive revenue that is then invested into innovation development for new chewing gum products in the sugarless category. Innovations in the competitive chewing gum category over the past five years include layered flavors and colors, gum that changes flavor after several minutes of chewing, gum that holds its flavors longer than ever before, and packs containing multiple flavors (Welsh).

Companies in the chewing gum category, like other consumer packaged foods categories, are focused on creating consumer desire for repeated purchase of a given product, even if also understood that their target audience may move on to the latest novel product when introduced. This factor, combined with companies' focus on quarterly profits and retailers' constant desire for "news" in consumer goods product categories, motivates consumer packaged goods companies' to constantly innovate in order to stay competitive. In addition, chewing gum, like many other food product categories, is a relatively inexpensive purchase on an individual basis, so a high volume of sales on a monthly basis is critical in order to maintain product line profitability.

Further complicating what may seem like a simple product category, chewing gum is also not an essential purchase; it is a novelty purchase, often made as a consumer is in the checkout line at the grocery store. Many studies have demonstrated that consumers will purchase products on impulse while in the grocery checkout line (Kollatt & Willett 21). It is often the "newness" of a product that drives interest and the last-second purchase. Because of the impulse factor, low price point and broad appeal of the category, chewing gum also attracts a broad consumer base. Though chewing gum manufacturers may target teens and pre-teens, it is likely that their products are frequently purchased by individuals representing a broad demographic and economic spectrum. In a product category like chewing gum, consumers will purchase one pack to "give it a try." Driving trial is often a key objective of marketers in the chewing gum industry, as is the case with most consumer packaged food products categories, where marketing communication tactics are designed to drive trial first and repeat purchase second (Welsh).

In another example of a prominent food product category, soft drink companies practice frequent new product innovation targeting teens and pre-teens for purchase of new and novel flavors, formulations and new promotional product packaging. Teens are the predominant consumers of soft drinks in the U.S. and driven by the same research as the chewing gum industry, soft drink makers believe it is necessary to constantly innovate in order to maintain target audience interest (Stewart).

Innovations in the soft drink category can include new flavors, new package sizes, new formulations and limited edition products. The concept of limited editions is popular in marketing innovation as limited editions combine the exciting idea of “new” with the desirable concept of “exclusive.” Consumers often believe they must try the limited edition product now before it disappears from store shelves, and the marketing messages for the products create that urgency with messages that communicate “Limited Time Only!” Examples of limited edition product innovations include seasonal and other intentional short-run product flavors and formulations. Oreos brand cookies has recently found success via the introduction of rotating, short-term limited edition flavors (Kelly).

An example of a packaging innovation in the soft drink industry occurred when soft drink companies began selling six-ounce cans of soda in grocery stores. These are the “half-can” sizes that were previously only available around Halloween, marketed as Halloween party treats. Given the rise over the past decade of soft drink manufacturers being publicly called out as key contributors of the growing obesity problem in the United States, one solution offered by a leading soft drink company was to sell smaller package sizes. The half can sizes were successful sellers in test markets, and were launched across the U.S. as an all-year offering. This can size is now available in most grocery stories for the most popular soft drink products, sold in six-packs that cost nearly as much as a six-pack of twelve-ounce cans. Consumers still purchase them even though it does not seem to make fiscal sense given the difference in product quantity for the price. Available research demonstrates that consumers purchase the smaller cans because they can still have their favorite soft drink, but are satisfied to drink less of it. Ultimately, this approach offers soft drink companies additional revenue while offering lower quantity per ounce to gain the same amount of profit (Tuttle). This is just one example of how a packaging change can be considered innovation within consumer packaged goods. More examples are offered throughout this project. We will read more in Chapter Two about how packaging is an important economic driver of many important consumer packaged goods categories and therefore cannot be dismissed as solely novelty innovation.

Our final background example of a consumer packaged goods category focused on constant product innovation is the laundry detergent and associated products category. Laundry detergent and fabric softener are highly competitive product categories within their respective product sets, and companies that manufacture them generally introduce product innovations twice per year that can include packaging changes, new formulations for improved product performance, and new scents.

Package innovations within the detergent category can include examples such as non-spill caps for liquid detergent, or better pouring spouts. Examples of recent new formulations include environmentally-friendly “green formulas,” concentrated formulas that require less detergent per load of laundry, and detergent pods that can be dropped into the washing machine mess-free. New scents are introduced regularly and can reflect seasonal interests, promoting scent like “Spring Fresh,” or “Tropical Breeze.” Much like the chewing gum and soft drink categories, these innovations are not often meant to last, and are even sometimes intended to be short-term SKUs. If a new scent becomes a best-seller, the company can always decide to leave it in the marketplace longer than originally intended, especially if its profitability is favorable when compared to other products in the market. It may even then become a long-term member of the product mix.

These three broad examples are used to illustrate the diversity of product sets within the consumer packaged goods industry. With a total industry size of $2 trillion, we can expect a wide variety of products and diversity of companies manufacturing these products. However, when it comes to the marketing innovation practice that develops these innovations, we find that the practices are similar in most companies, and are driven by the same marketplace factors.

THE ROLE OF THE RETAILER

The retailer, be it grocery store, big box chain, discount store or web site, plays a significant role in the success or failure of an innovation once it launches to the marketplace. Retailers play a larger role than one may realize at first glance, and in fact have a heavy influence on consumer packaged goods innovation. We discussed earlier that several factors can influence how a company approaches innovation, including consumer needs and a company's financial drivers. Retailers' desire to provide new products to their consumers is a third factor that plays a role in what products ultimately make it to market.

Though consumer packaged goods companies manufacture products to be sold to consumers, they typically do not sell the product directly to the consumer. They rely on a number of retail channels to sell their products for them. Thus the primary relationship of concern to the consumer goods company is not with the consumer, it is with the retailer, whom they consider their customer. The relationship between consumer goods companies and their customers can be challenging in regard to marketing innovation. The company must concern itself not only with what the consumer wants and its own fiscal goals; it must also be concerned with the interests of the retailer, which owns the consumer relationship in the marketplace (Fishman 68).

Retailers position themselves as the expert about consumer interests. When we think about how consumers purchase consumer packaged goods, the primary channels remain the grocery store and big box retailers like Wal-Mart and Target (Conroy, Narula, & Ramalingan 3).[7] Even with the increase in online packaged goods sales via e-commerce retailers like Amazon.com, brick-and-mortar retail stores remain the primary channel for consumer purchases of packaged food products.

Grocery chains attempt to engage consumers in a number of different ways that allows them to gather information about the consumer and his or her purchases, the most prevalent of which is the loyalty card. In most grocery chains, those who shop the chain frequently can sign up for a free loyalty card that offers rewards including discounts, points toward future purchases, and programs like discounts at retailer-owned gas stations. These cards allow the retailer to gather significant amounts of information about the shopper, including when he shops, what he buys, and what discount offers to which he responds. The amount of information gathered by any one chain is staggering, and the data (part of what is often referred to as “big data”) can be cut and analyzed any number of ways. One of the most common ways the data is used is to predict future purchase intent. The retailer also owns the data they collect about their shoppers. This offers them and advantage with consumer packaged goods companies when determining what products will be sold in their stores.[8]

Retailers use the data they collect to collect to create their stores' product sets and shelf sets. They negotiate with consumer packaged goods companies several times per year to determine which products will continue to be sold after pre-set "shelf resets" which occur generally either once or twice per year depending on the retailer. At that time, new products can be added to the product mix, and some products can be removed. Given that store shelf space can only hold a finite number of products, when a new product comes in, it typically means another product must be removed. Sales and loyalty card data helps retailers make these decisions (Fishman 75-76).

Consumer packaged goods companies schedule their innovation launches in order to make new products available for shelf reset timing of their largest customers.[9] It is typical to work up to eighteen months in advance in order to plan for a product's launch and inclusion in a retailer's shelf set. Consumer packaged goods marketers meet with buyers from the retailer and pitch their new products, hoping to ensure their inclusion at that retailer for reset time. If the product is accepted, the company can begin to plan the product's marketing launch. Most consumer packaged goods companies need a certain percentage of its retail customers to accept a new product in order launch it. Sometimes a product will be widely passed over by retailers, and large dollars that have been invested in the innovation may be lost when the product must be cancelled. New products represent both opportunity and risk; retailers must assess the risk of removing a current product in favor of a new and untested innovation (Fishman 79).

Retailers also play a large role in determining what those new innovations may be. When consumer packaged goods companies and retailers have strong relationships, new product innovations are vetted early, and many times retailers request products that they wish to see on the shelves. These requests can often represent products that the companies do not wish to sell at that retailer or that they know will represent little to no profit.

An example of this phenomenon can be found in the published case study of Vlasic Pickles and Wal-Mart. Wal-Mart was Vlasic's largest customer, as it is for most consumer goods companies. When Wal-Mart requested that Vlasic begin to sell gallon jars of whole pickles for less than $3 in Wal-Marts in the late 1990's, Vlasic balked, noting that the profit margin for both companies would amount to cents on the dollar. Wal-Mart persisted, and Vlasic relented. The pickles were launched in Wal-Marts nationwide and sold in high volumes. Vlasic soon realized that the gallon jars were cannibalizing their more profitable product lines, both within and outside of Wal-Mart. However they could not risk damaging their Wal-Mart relationships, so they continued selling the product as they continued to watch profits decline. Two-and-a-half years later, Wal-Mart agreed to discontinue the product, and by that time significant damage had been done to Vlasic's bottom line. For that among other reasons, Vlasic filed for bankruptcy shortly thereafter (Fishman 79-84).

A healthy consumer goods manufacturer-retail customer relationship means that both companies must realize the revenue and profit projections needed to make the innovation successful in the marketplace. When agreement is not aligned in these negotiations, the company can often find itself in a situation where it believes it cannot say no, and must develop a product specifically for that retailer, at lower than desired margins. However the company has no choice in many cases. The retailer holds most if not all the cards. Retailers own the shopper data and if they do not accept a new product, the company has nowhere to sell it. This situation has begun to change slightly with the continued rise of online shopping, but in the grocery industry, brick-and-mortar stores remain the primary selling channel to consumers, therefore retail customers continue to play the most significant role in determining whether a company's innovation will make it to market (Fishman 9).

SETTING THE STAGE: POPULAR MARKETING LITERATURE

These examples among others in the consumer packaged goods industry seem to raise the question, what consumer need or gap in the marketplace drives the need for constant innovation in consumer packaged goods? Do we need a new laundry detergent scent every six months? These questions then raise the larger question, "Is marketing innovation really driven by true consumer needs? Several key marketplace authors, publishing over a number of decades, help us understand a broad and diverse perspective about marketing in general in the marketplace. This perspective ranges from substantive and content-driven to primarily being focused on message positioning.

In *Made to Stick*, a popular marketing text among consumer packaged goods marketers,[10] Heath and Heath define innovation as "stickiness," that is, the creation of ideas that "stick" in our memories and drive us to act on those memories. They go on to define exactly what creates stickiness, and how to accomplish stickiness in one's marketing by presenting unexpected creative applications to communicate about the product or service being sold. (10). However, because an idea sticks, that does not necessary mean it's meaningful and necessary in the marketplace. Heath and Heath's text can be interpreted as offering a way to consider innovation as "spin," which is the perspective we wish to challenge in this project. However, if read more carefully, Heath and Heath are focused on both message and content and within marketing innovation, the message supports and describes the new product that's been developed. At its core, *Made to Stick* advocates an appeal to the emotions through messaging, which can work in the short term, and is an approach recognized as beginning with Ancient Greek rhetoricians. They also advocate for supporting appeals with credible content in order to win over an audience (134). It is difficult to discern, though, whether a sticky idea results in a new product really being successful in the marketplace, and it does not address whether the need for that product really exists at a level that can sustain its longevity. We must ask whether the emphasis is in the right area, and in this study's future chapters, we will investigate more deeply with an eye toward considering how to drive meaningful innovation from the beginning of the innovation process.

Theodore Levitt's literature, including *Innovation in Marketing*, provides a foundation to help us understand the importance of bringing in new customers and maintaining an existing customer base to consumer goods companies (6-8). Levitt also tightly connects marketing to a company's overall business strategy, acknowledging that companies must recognize that change is inevitable in business, and an appreciation and understanding of marketing helps companies both prepare for and communicate within that ever-changing environment. Innovation is fundamental part of driving change within consumer packaged goods companies (15-17).[11]

Levitt discusses the differences between high level strategy and tactics, and between long and short-term thinking in marketing, laying the foundation for the targeted marketing efforts that are practiced in the marketplace today, which we will discuss in more detail later in this project. He also stresses the idea that marketing needs to go beyond creativity to the substance of the message, offering us a more content-driven perspective than delivered by Heath and Heath (100-101). Levitt also offers a critique of commercial marketing research, stating that it lacks "imaginative audacity," and "…has become too formalized with statistical method and too ritualized with scientific pretenses." (183). He even provides a glimpse into the future with a discussion of integrated communications, speaking to the need for the "total marketing package" that provides continuity across lines of marketing specialties (242-243). Much of what Levitt predicted has come to pass in the practice of consumer packaged goods innovation today. The industry is indeed heavily focused on predictive marketing research practice. Product launches are supported by integrated marketing launches that run into the millions of dollars for a single new marketplace launch.

The ideas Levitt introduced provide ground for this study's key questions. As we explore the key learnings of this project, Levitt's concerns will resonate through the grounding questions that drive our inquiry. The consumer packaged goods industry is now driven by the short-term thinking that Levitt cautioned against, and its current situation tell a tale of an industry attempting to react to a paradigm shift. Another key author concerned with similar questions as Levitt's is Peter Drucker. Peter Drucker writes about corporate innovation and makes substantive connection to the corporation's customers as a particular point of focus. Like Levitt, Drucker also makes explicit the need for companies to accept and become facilitators of change as a component of their overall business innovation considerations, lest they be left behind (Drucker, *Innovation* 85). We will explore Drucker's direct contribution to marketing innovation practices more deeply in Chapter Three, as his works provide significant ground for process-driven innovation practices and later authors publishing in the marketplace.

With the increased proliferation of short-lived innovations introduced to the marketplace, companies seek to drive a high volume of sales in a short period of time and move on, claiming to be in response to consumer needs and their short attention spans. This short-term focus has evolved over time as new-to-world product innovation becomes more challenging to develop given the large quantity of products in the marketplace at this time. Everett Rogers' literature, particularly *Diffusion of Innovations*, demonstrates that innovation practice was not always focused on such short-term goals.

In *Diffusion of Innovations*, Rogers explains the accepted process and necessary components for innovation. He details the specific steps that one should take in order to "achieve innovation." Rogers almost guarantees success if the recommended steps are followed, and the work is grounded in a social science approach (137-158). Rogers work paves the way for much of the process-focused, prescriptive innovation literature we will discuss in Chapter Three, as much of the process-driven literature today stems from Rogers's theory, following a predictive, "if this then that," social science-based process.

We can see here a split between a content-focused approach in Levitt and a process-focused approach in Rogers. We will continue to note this dichotomy through the marketplace literature explored in this project, leading to a discussion about ground we can find in rhetorical invention to help ground us in a meaningful path for a new innovation approach.

A number of other marketplace authors play a significant role in providing both background and prescriptive approach for practicing marketing innovation. We will discuss authors focused specifically on innovation practices more deeply in Chapter Three, as they will help us to understand the actual innovation practice within consumer packaged goods companies. Their contributions are among the most significant in popular marketplace texts, so we find it important to also briefly acknowledge their contributions in this introductory chapter. Clayton Christensen has written many of the most prominent prescriptive innovation texts about business innovation in the past decade. His works are followed in practice in consumer packaged companies and include *The Innovator's Dilemma* (2003), *The Innovator's Solution* (2003), and *The Innovator's Prescription* (2008). All provide a prescriptive step-by-step social-science based approach to innovation practices in a corporation, predicting a high level of success if the steps are followed. We will discuss *The Innovator's Dilemma* as part of our marketing innovation practice exploration in Chapter Three.

The works of Robert Cooper will also be further explored in Chapter Three. Cooper developed the Stage-Gate method[12] for innovation practice, based on a number of earlier approaches, including those of Everett and Drucker. Cooper, Christensen and Drucker offer the primary ground for marketing innovation practice as it is being conducted in the largest consumer packaged goods companies, many of which have honed and developed their innovation approach to a proprietary level. We will review an example of this customization by a published case study featuring Procter & Gamble in Chapter Three.

The prevailing marketplace literature is important for a number of reasons, and we will continue to explore important marketplace literature throughout this project. It is important for several reasons: 1) it helps us to understand the broad range of published perspectives about marketing innovation and its value to the marketplace; 2) it is followed by marketers practicing innovation in the marketplace; and 3) we can see through this literature that there is little agreement as to the meaning of innovation and the causes of its successes and failures.

Those publishing from the perspectives of the companies practicing innovation tend to lean toward a process-driven directive for developing innovation, though as we noted earlier, a few have focused on the importance of meaningful innovation. Others publishing from a marketplace perspective favor messaging positioning as a form of innovation, which raises questions about the nature of ideas and how they resonate with their intended audiences. As mentioned earlier, *Made to Stick* is currently popular in the marketing industry and attempts explain the key reasons why some business and marketing ideas succeed and others fail as being due to poor message positioning.

Schneider and Hall determine that most product launches fail because companies do not invest enough research up front, but at the same time, they note that due to consumer's habitual shopping preferences, there is such a limited opportunity to win a new purchase, it's nearly impossible to influence a new buying decision (3-4). We will learn later in this project that other marketplace authors, like Jim Collins disagree with Schneider and Hall.

Seth Godin has been a popular marketing marketplace author for nearly a decade, and he is also a popular speaker among marketing innovators. In *All Marketers are Liars*, Godin speaks to the issue of authenticity in marketing, currently considered a hot topic in the marketing and advertising industry. With the rise of social media, consumer-generated and social media interaction have raised the issue of authenticity for any marketer trying to sell a product to consumers (3-5).

Authenticity in marketing as a concept creates a fairly recent concern for the marketing world, as marketing has always been about generating the right message, be it authentic or not, to reach the target audience most effectively. But again, even with the authenticity approach, a limited window of opportunity exists to become a part of a consumer's share of wallet and ultimately share of mind. Many marketing “how-to” manuals simply reformulate a rhetorical approach rooted in Ancient Greek theory, but complications arise by adding to the discussion ideas rooted in psychological research that ultimately does not result in moving the needle. In Chapter Three, we will discuss the increasing influence of social media in this area and its impacts on the ways that innovation marketers gather information from consumers about their new product innovations.

APPROACH TO INVESTIGATING AN ALTERNATIVE

Having reviewed the prevailing literature and background of the industry and its approach to innovation, we begin to consider how we approach an exploration of alternatives. The prevailing approach and constant innovation churn is a machine unto itself, and as noted earlier, one that is failing. More than 50% of product launches are unsuccessful (Schneider & Hall 2). Those that do not innovate, especially in fast-moving markets, lose market share to their competitors bit by bit, year-over-year, experiencing slow sales erosion. We will explore case studies demonstrating what happens when a company does not innovate in Chapter Five.

As noted earlier, many popular press books provide process-focus how-to guides, psychology-driven predictive research methods, or texts focused on marketplace “spin.” The challenge with psychological prediction or attitudinal research is simply that it does not work with 100% accuracy. By nature human beings are unpredictable. We say one thing and do another by virtue of free will. Thus the approach tied to predictive modeling can never be fully successful. So the opportunity exists to explore a different approach to truly useful innovation, as predictive research is not a strong indicator of consumer need or potential marketplace success.

This leads us to consider what possible alternatives could look like from a rhetorical perspective, which is the driving purpose of this project. An unannounced rhetorical thread pointing us toward support for the concept of rhetorical invention in marketplace practice is woven through a number of popular press marketing texts. The concept of a rhetorical approach to marketing innovation creates ground for innovation rooted in meaningful interaction between a consumer packaged goods company and its publics in order to determine the unmet needs in the marketplace that match with the company’s capabilities and areas of expertise.

For more explicit ties to a rhetorical approach in marketing innovation practice, we will explore the connection between innovation and rhetorical invention as developed by Cicero and Aristotle, connecting the ancient theory to contemporary articles that with marketplace practice. We will explore this idea in Chapter Four, where we will review the ancient theories and connect them with the contemporary publications which make connections relevant for marketing practice. For example, Charles Marsh makes connections between marketing practice and Aristotle's concept of rhetorical invention in his 2007 article, "Aristotelian Causal Analysis and Creativity in Copywriting," and Moss makes explicit connections between contemporary practice and Aristotle's Rhetoric in her 1987 article, "Aristotle's Four Causes, Forgotten Topos of Renaissance Rhetoric."

While examples are few, the work of Marsh and others make meaningful connections between marketing practice and rhetorical theory. Marsh specifically states that while advertising and rhetorical studies are tied closely together, there is very little written about advertising within rhetorical studies and the opportunity exists to explore this gap further. Eight years later, we have still found this to be an accurate assessment. This project will connect a significant amount of marketplace work with a tight group of directly connected theoretical work. There is much room for additional contribution in this area. We find a starting point in the several theorists demonstrating the intrinsic value of Aristotle's ideas to postmodern marketing communications, and in the cases of Marsh, are beckoning for additional contributions demonstrating such connections.

We will find that both Cicero's and Aristotle's ideas are not too ancient or abstract, and that they stand the test of time. How we might introduce those ideas into the marketplace will need to be approached carefully in order to offer effective impact. We likely could not expect Cicero or Aristotle to depend on psychologically targeted research studies in order to determine how to reach their desired customers if they were marketers in today's marketplace. One of the first tenets of any good creative brief is to "define your target audience." Defining one's target audience is the act of acknowledging that the marketer knows to whom he is speaking, but not on a one-to-one basis. The audience may be broad or narrow but at this stage, demographics are not necessarily defined. With that as a starting point, we should acknowledge that both Cicero and Aristotle are indeed already intrinsic to current, meaningful marketing practice.

Opportunities exist within the current literature for alternative approaches, as long as the alternative takes a number of factors into consideration: historical and social context, the economic impact and consequences of marketing innovation practices, and an acknowledgement that the social scientific, process-driven approach will not disappear. In order to be considered within the marketplace, we must ensure any alternative we suggest must be practical and fit within corporate practice. Therefore how we may connect the art of rhetoric with the practice of marketing in a more explicit manner is worthy of discussion within this project.

Chapter One provided consumer packaged goods industry background and popular literature overview, with the purpose of setting the stage for the remainder of the project. Chapter Two will explore the connection between innovation and the socio-economics of the marketplace. Business innovation literature leads to an obvious link with literature that connects concepts of innovation with economic theory. Generated by authors including Smith, Tocqueville, Hegel, and Schumpeter, published socio-economic theory includes ideas about innovation as intrinsic to the growth of a nation and its businesses.

These intertwined ideas continued with the thought of Hegel's *Philosophy of Right*, where he was concerned with the concepts of grounding ideas historically and socially. Deirdre McCloskey in *The Rhetoric of Economics*, reminds us that the concept of economics as well as the ideas communicated by economists are not strictly scientific, but indeed are highly rhetorical (3-7). While McCloskey does not make an explicit link between economics and marketing, her text makes a strong connection between rhetoric *as an art* and economics as a discipline. A discussion of marketing innovation seems to be closely linked with an acknowledgement of the societal economic consequences that emerge from marketing practices and is worthy of exploration in order to continue setting the groundwork for a possible opening in the conversation around marketing innovation.

CHAPTER ONE END NOTES

1. While the definition of marketing innovation in the marketplace can vary, for the purpose of this study, marketing innovation is defined as the effort of developing new products within consumer packaged goods companies. We will discuss other related and supporting aspects of new product development including packaging and messaging development.
2. Some references used in this study are industry-specific studies or reports published as analysis of the consumer packaged goods industry. Such studies are typically published by three sources: 1) industry consultants; 2) industry trade associations; 3) data monitoring companies. Sources 1 and 3 can be employed by consumer packaged goods companies to analyze data and help develop strategies. We will see an example of when in Chapter Three with the Booz Allen study. However these organizations also operate independently, publishing studies that reflect industries trends and implications. It is important to recognize that such associations may include bias toward the industry or specific industry companies. For the purposes of this study, I have only referenced industry reports that are publicly available and have refrained from using them as references in matters related to prediction. It is important to include them because they offer important industry insights and analysis that cannot be found in academic studies or other published sources. I have limited their use to instances where they provide specific industry information helpful to providing ground and context, and that cannot be obtained via other sources.

3. Brand valuation is a measure of value that companies place on their product brands or overall company brand names. In many cases, brand valuation is listed as an asset in the companies' financial statements, which, if part of a publicly-traded company, is public information. Forbes consolidates and reports this information annually. It is referenced here to help illustrate the scale of the companies referenced.
4. The companies listed are meant as examples and not to be considered an exhaustive or exclusive list.
5. These terms are not exclusive but are the most commonly used industry terms to describe the phenomenon described in the following paragraph.
6. Several personal interviews with current and former employees of consumer packaged goods companies were conducted for study background. Cited interviews are included if the content is additive, necessary to support the argument, and if the information could not be found elsewhere.
7. In the consumer packaged goods industry, "channels" refer to selling channels, meaning how the companies ultimately sell its products to the end user, consumers. Retailers or stores are not considered one channel; they are sub-divided into several channels based on studies of how consumers shop. Grocery stores, "Big Box" chains like Wal-Mart, Dollar Stores, and warehouse clubs are all considered different channels even though they are all retail stores. E-commerce is also considered a separate channel.
8. This study contains insights derived from the author's tenure as a marketing professional within a large consumer packaged goods company. I have included

insights considered to be common industry knowledge and will reference as such in end notes throughout the study. I have refrained from including proprietary information and from naming companies.

9. Shelf resets are undertaken by grocery and big box retailers at set intervals every year. Each retailer determines its own shelf reset timing. CPG companies are generally limited to launching new products based on when a retailer will allow them to be added to their store shelves. This is a process that requires a long lead time to plan, and includes a detailed project plan to ensure the products are in all stores, and the marketing communications efforts launch on-schedule. Poor execution of a market launch impacts not only the company itself, but also creates significant issues for the retailer, which may result in future negative implications for the company. This is common industry knowledge.
10. Popular industry marketing books are frequently used as teaching tools within consumer packaged goods companies, and their authors are frequently featured as speakers at annual conventions and marketing retreats. This author experienced these activities while working in the industry, attending speaking engagements by Seth Godin and Heath & Heath.
11. Levitt's perspective regarding innovation is focused on company success and profitability.
12. Stage-Gate is a registered trademark of Robert G. Cooper.

CHAPTER TWO: INNOVATION AS PART OF THE ECONOMIC COMMUNITY

As discussed in Chapter One, innovation in consumer packaged goods industry is currently driven by the desire of the marketplace for a constant introduction of “new” and results in some key tensions that will be articulated in this chapter. This chapter will explore the overall economic importance of the consumer packaged goods as an industry within the United States, and will also explore several themes within economic theory that underpin some of the driving themes of this project. We will also endeavor to separate novelty innovation from true innovation from a content perspective. This will lay the groundwork for helping us to better understand the details of the innovation process as explained in Chapter Three, and the investigation of an alternative approach in Chapter Four.

While the presumption is that consumers in the marketplace desire new products on a regular basis, what really drives consumer goods innovation considerations combines a balance of external market factors like consumer desires and customer desires with internal economic factors like profit expectations and expense management concerns. We must acknowledge the importance of the economic considerations of innovation, the practice of which is the driver of the consumer packaged goods industry through the development of new products and services which in turn drive a continuous cycle of purchase in the marketplace. This chapter’s intent is to highlight important contributions that connect socio-economic theory to innovation in the marketplace, but we do not intend to support or focus on any single economic perspective. A range of perspectives has been included intentionally, with the purpose of attempting to demonstrate that the diverse perspectives discussed contribute to our argument that innovation practice is meaningful and within a community, and therefore worthy of continued study. As one of America's largest industries, the consumer packaged goods industry is a significant group practitioner of innovation, and consumer goods companies' innovations are drivers of economic success or failure for other industries including retailers like grocery stores, big box chains and discount food retailers ("Insights" 1-5).

UNDERSTANDING INDUSTRY IMPACT

From mid-century through the early 2000's, the consumer packaged goods industry experienced continual growth, outpacing the S&P index and with a total industry size of around $2 trillion in the mid-2000's ("The Decade Ahead" 2). Part of the industry's growth was attributed to new product innovation, accounting for 50% SKU expansion on grocery shelves between the mid-1980's through the mid 2000's ("The Decade Ahead" 3). From the 1950's through early 2000's, center aisle packaged food products[1] grew significantly, including products like pet foods and snacks, baby products and packaged frozen foods like fish sticks and frozen pizza. Marketing innovation in consumer packaged goods was primarily focused on packaged products that made meal time easy or on products that helped consumers create larger recipes like canned soups, canned vegetables and fruit, and frozen packaged convenience food ("The Decade Ahead" 3).

As the Baby Boomers aged and their children grew and became shoppers themselves, the market began to change. This marketplace shift included a more pronounced focus on health and wellness and social issues like concern for the environment ("Insights" 27). These shifts, and consumer goods' companies' slowness to react, began to cause significant revenue declines leading to industry cutbacks and consolidation. This in turn has contributed to companies' focus on innovation that can be developed in the short-term, with a focus on driving revenue on a quarter-by-quarter basis. The presumed desire for new in the marketplace combined with companies' financial considerations that drive the innovation process is rooted in American history that highly values process-driven progress, through the creation of new products, and ways to package and market those products. We understand this through the lens of the advent of the assembly line and vast expansion thereafter of industrial, process-driven manufacturing.

According to a joint study published by Cognizant and *Forbes Insights* in April 2012,[2] the primary factors companies consider when moving from an idea to a commercial product are as follows: 1) return on investment (32%); 2) ability to enter new markets (24%); add value to a current product (23%); and 4) ability to increase share in established markets (21%) ("Innovation" 3). Often, the main challenge lies in measuring the return. "There are many unknowns as to whether or when you might get a payoff from innovation initiatives," notes E-Trade's CEO, "That can be problematic, especially for a publicly traded company that has to report earnings each quarter, innovation is part of serving the customer, but at the same time you have to maintain a healthy business ("Innovation" 4)." This is the primary tension we will revisit throughout this project, as we focus our discussion on the value of true innovation versus novelty innovation in a way that maintains focus on real world issues and practical application in a business environment, while also recommending that innovation be based in meaningful interaction with the end product user.

While a heavy focus on data-driven management of innovation initiatives may be a relatively recent phenomenon (last three decades) in a quantitatively-driven business market, the economic tensions that drive innovation are not new. There are four significant theoretical discussions related to economics and innovation in the market: 1) The tension between the individual and the larger society; 2) the tension between tradition and progress; 3) the role of the entrepreneur or entrepreneurial approach in innovation; and 4) a distinction between true innovation and novelty. We will explore these ideas as important ground within American society related to innovation both in general and specifically within the consumer packaged goods industry.

TENSION BETWEEN THE INDIVIDUAL AND SOCIETY

The roots highly valuing innovation in America is noted early in its history and was considered to be a prized foundation of the new Country. Tocqueville references the idea of innovation several times throughout *Democracy in America*. He writes of Americans' desire for worldly goods and an individual's tendency to "cling to this world's goods as if he were certain never to die; and he is so hasty in grasping at all within his reach, that one would suppose that he is constantly afraid of not living long enough to enjoy them. He clutches everything, holding nothing fast, but soon loosens his grip to pursue fresh gratifications" (661). In Chapter XIX, he writes of the immense desire in America of all citizens to drive to toward industrial production with the same goals of progress and achieving more, noting that Americans have a "taste for commerce and manufactures" (685).

Tocqueville provides the perspective that Americans are predisposed as a society to advancement through progress via industrialization and that this is quite amazing to other nations around the world. He notes that this progress is indeed making some men richer than others, and therefore separating them from the political process, but that overall it is a good thing for the society. However Tocqueville is always cautious. He notes that the very same attraction to progress and innovation that drives America can lead to the dangers of individualism (625-626).

At the heart of the innovation story in America, we see a tension between the individual and the larger society, and individuals' desires to consume more goods. It is noted by Tocqueville and by other philosophers and authors as they attempt to resolve the desire for progress and financial success with the societal greater good. Questions about how much "new" we need, whether progress in its historical moment is too much, too fast are all questions at resurface at least generationally through the history of our country. Philosophers including Rousseau, Ferguson and Schiller claimed that commercial society damages people by increasing their wants faster than they may satisfy them; causing a decline in meaningful values (Muller 142).

Philosophers and economists have expressed concerns over the history of capitalist-driven societies that economic growth may depend on unequal contributions of a few gifted, innovative, creative individuals, leading to an unequal society, although societal cycles in equality/inequality are noted throughout history (Muller 403). We can see this tension directly in consumer goods innovation, where for decades it was believed that a gifted creative individual was necessary to drive the innovation process. We will discuss this concept more in Chapter Three, but it should be noted here that the tension between individual contribution and the larger community supporting the innovation process has direct implication for marketing innovation.

Hegel's *Philosophy of Right* positions his perspective about the proper place of the market and notes its impact for society-at-large. Hegel believes the marketplace holds significance, and draws from his predecessors to position the market's critical place in history (Muller 139). Hegel's approach to the market is primarily positive, drawing heavily from Smith's approach to economic theory. For Hegel, capitalism is positioned positively, and he adds an ethical component speaking to the tension between individuals and societal good, noting that it is a mistake to equate a market-driven society with freedom (37). To value choice above all else is a damaging mistake in a democratic society, as it promotes the individual without any grounding of one's place in family and community (Hegel 110-116). We can begin to note here a glimpse into a perspective that connects to a contemporary concern about proliferation of too much choice in the marketplace. Hegel did not agree with other philosophers who draw a clear distinction between capitalist democratic society and human ethics, instead emphasizing drawing individuals back to a grounding in the larger society, cautioning that societal limitations should not always be viewed as negative (Muller 141-142, 151).

Hegel's ideas are particularly helpful as we consider the implications for marketing innovation. Earlier in this project, we acknowledged the proliferation of new products introduced to the marketplace over the past several decades. However the consumer goods industry is suffering from revenue declines over the past decade. Part of our consideration of the value of true innovation versus novelty innovation rests with concern over the value of continuing to release more products into the marketplace but offer questionable value in terms of return to the company.

In *Anthropology of Economy*, Gudeman states that the creation of profit must begin with innovation but that the creation of value is dependent on that value being created within a community. He presents a clear distinction that in order for value to be derived from innovation, it must be made "in relation to others." For Gudeman, the innovator does not work in a vacuum, but is influenced by his particular situation, working from the history of his community to create his innovation for others. Gudeman further claims that innovation is the foundation for all economy (21). We see this model in practice in consumer packaged goods companies today. Innovation is the sole driver of new revenue to consumer packaged goods companies, which derive revenue from two primary sources: innovation and ongoing sales of existing products. Consumer packaged goods companies invest more in innovation with the understanding that larger investments should driver larger revenue streams.

Little is invested in "maintenance products," which are known as products where sales are stable, the product category is mature, and future investment in the product category is of little interest to the company.[3] In Chapter Five, we will review a case study focused on a novelty innovation attempt within a mature industry that will help illustrate this concept a bit more clearly. Investing in innovation in mature product categories is challenging for consumer packaged goods companies, who must demonstrate growth across their product categories, but struggle when large amounts of revenue are tied to products with declining consumer interest.

Gudeman and the other theorists discussed in this chapter help reground our thinking regarding the marketer's role in the larger marketplace, and from where he may draw inspiration for innovation to grow mature product categories. Gudeman notes that innovation is “learning by doing” and is grounded in experiences that individuals conduct within a context grounded in their larger surroundings (113). He sees the innovator as creating tools in the broadest possible sense; changing those around him permanently with every innovation. He likens innovation as leaving “cultural traces” that forever change our world (146).

Again, this conversation is helpful when we think about consumer goods innovation. Gudeman places innovation squarely within the community, which helps us to consider innovation as an integral part of the marketing process, managed as real work by people doing business within the marketplace. It is just being done on a larger scale than ever before. We can see in this discussion an opportunity to consider how consumer packaged goods innovation affects our society at a deeper level than we may initially believe. In regard to the consumer packaged goods corporation, innovation is both a function and outcome that touches all aspects of the organization as its primary driver of revenue and profit.

Another area within marketing innovation where we can see the tension between individuals and society is in the attempt by innovation marketers and their consumer goods companies to understand both what many individuals wish to purchase and what one individual wishes to purchase. Through multiple processes of marketing research, consumer goods marketers create a persona of a target consumer for their innovation and then attempt to discern how many of these target consumers exist, where they live, how much money they have, and how they spend that money.

Part of that research determines how likely that target consumer is to purchase the company’s innovation, usually how likely the consumer is to switch their purchase from an existing competitor's product to the innovation being developed by another company. Many different streams of data are used to create both the picture of the target consumer and the data that drives the predictive purchase model, including data from store loyalty cards, credit card purchases, coupons redeemed and online offers accepted (Wdowiak).

THE TENSION BETWEEN TRADITION AND PROGRESS

Another tension central to the innovation discussion is the tension between the old and the new, or tradition versus change. That which is considered traditional or established is often at odds with new invention in the marketplace. This leads us to question whether innovation must constitute a complete break with tradition (Muckelbauer 145). Must innovation be entirely new in order to be innovation? This becomes a central question in later chapters of this project. Scholars have considered this tension through various lenses, including the connection between innovation and capitalism, placing ethical considerations and judgments on the drivers behind both.

Ideas about innovation and capitalism are often discussed hand-in-hand given that the assumed driver of innovation was indeed to successfully create more, new revenue streams for America's rapidly growing industrial companies, and individual wealth created an ability of individuals to consume more than ever before. As products became more readily available via shop fronts in both Britain and early America, Adam Smith noted that Britain had become a "nation of shop keepers – at the convenience of their customers."

This trend carried over to America and availability of goods to those who had means increased as Americans formulated companies to produce products and services in need. Smith noted that what was new was not the "desire to consume: it was the ability to consume that was unprecedented, made possible by the increase in national wealth and the declining cost of goods" (27). Smith further noted that the foundation of his economic principle as outlined in his writings was the "uniquely human propensity to exchange goods in search of self-interest" (26).

Smith was writing specifically of Britain in its historical moment of great change, but it is arguable that the implication is transferrable to the burgeoning United States, as he was writing in the mid to late 1700's when America was shifting from British colonial rule to independence. Smith also attributes the self-interest and the division of labor and the ability to exchange labor for goods as a prime driver behind the expansion of the market, noting "Self-interest leads to market exchange, leading to the greater division of labor, leading in turn to specialization, expertise, dexterity, and invention, and, as a result, to greater wealth" (11).

It is clear that Smith valued innovation within the larger society for the benefit of society, and was not concerned with breaking tradition if innovation and the resulting progress drove a society in that direction. Enlightenment considerations favored progress and rationality based in scientific fact and theories, which favored Smith's position. We can again see here a corollary to our discussions about the value of innovation as tied to consideration of the audience and surrounding community that we will explore in Chapter Four.

As America began to rapidly increase industrialization in the late 1800's through the early 1900's, capitalist development changed from small family-owned companies to organizations owned by those different from those who managed, who were different from the front line workers. Division of labor expanded from the factory lines to various departments throughout rapidly growing organizations (Muller 231-232). Weber published *The Protestant Ethic and the Spirit of Capitalism* in 1906, during the beginning of America's rapid industrial growth. While Weber found capitalism to be a rational approach to an economically-driven society, he cautioned that at an individual level, "Man becomes dominated by the making of money, by acquisition as the ultimate purpose of life. Economic acquisition is no longer subordinated to man as the means for the satisfaction of his materials needs" (18).

Weber also equated the desire to grow wealth with the desire to succeed in one's vocation, noting that as with the pursuit of wealth, it is possible in for the ends to not justify the means if the sole focus is empty ambition (Muller 241). It is possible to interpret Weber as articulating the tension between tradition and innovation. He favors capitalism but in a cautious way and wants to ensure the connection to one's locality, family and close-in community remains intact. Again, we see here a connection to using one's labor to benefit the larger society, which we can equate to embedded-ness in one's community in order for the labor to have value. We will more directly articulate this connection to this discussion in Chapter Four as part of our discussion connecting theoretical ground to marketing practice.

What was occurring in reality at this time, though, was the move of families away from their individual businesses, often in the countries, and into the cities, working for larger companies owned by others. People began to perform work based on division of labor to drive efficiency, and spent their hard-earned dollars in establishments in their new urban communities. The increase in spending power driven by wages earned from growing companies allowed people to purchase products and services they never could have considered before. They began to be exposed to more and more new products and the marketing associated with those products.

The idea of “new” was associated with progress and becoming upwardly mobile, a desirable attribute, which was fueled by marketing messages. Consumption became a symbol of wealth and progress rather than a process of necessity and the marketplace was growing to support more and more consumption, driving a new “consumer culture,” with a value placed more heavily on purchased things rather than traditional items of necessity including land, agricultural animals and tools. Gudeman points out focus shifted from pursuit of economic gains to demonstrate one’s commitment to supporting his community and faith, to the pursuit of goods or for the sake of goods (Gudeman 36-37).

Ultimately this leads us to consider how much innovation is needed in the marketplace, and how much innovation can actually be sustained within a given marketplace. In the following chapters we will explore the recent and significant revenue declines experienced by some of the largest global consumer packaged goods companies, which have struggled in the last decade to innovate within packaged goods foods categories.

As we begin to consider the impact of innovation in the marketplace in the context of true innovation versus novelty, we will review several case studies in the final chapter of this project, where we will note the tension between progress and tradition as an important relationship, one that sometimes produces unexpected consequences for consumer goods companies and their innovation launches.

THE ROLE OF THE ENTREPRENEUR

The role of the entrepreneur is important as background when discussing the value of innovation in consumer goods. While this study does not focus on entrepreneurship, the entrepreneur and the "entrepreneurial approach" is tied closely to ideas about innovation throughout American history. This idea of an entrepreneurial approach is intrinsic to the way in which consumer packaged goods companies approach new product development. Consumer packaged companies generally want to see their innovation-focused marketers approach new product development as if they were developing a product for their own businesses. This approach is important to companies because ensuring that a marketer is invested in the outcome of his project as if he owned it himself drives the belief that the marketer will ultimately be invested in the marketing product launch for the good of the company. We will examine a brief background of the importance of the connection between the entrepreneur and innovation.

Joseph Schumpeter published *Capitalism, Socialism, and Democracy* in 1942 in the midst of World War II. He does not believe capitalism will succeed, however he articulates many aspects of capitalism that are beneficial to society (Muller 288). He is included in this project for his important perspective regarding the entrepreneur.

He makes a turn from others writing from the same perspective in that he broadly defines innovation as introducing new commodities or improved versions of existing commodities, entering new markets with existing commodities, new methods of production or distribution, new sources of production, or new forms of organizing the ways to gain financially from existing products or services and describes the potential for profits to be gained by the entrepreneur, noting that the majority of the profit gain will occur when the innovation is new to the marketplace and can only be obtained through the single entrepreneur. As copies enter the market, the value goes down to the original creator, but expands then into the larger marketplace. Schumpeter sought to extend his theory beyond economic life and noted that entrepreneurs as innovators were leaders and those who could not innovate were merely followers (Schumpeter 132; Muller 292). We will explore these distinctions in more depth in the later part of this chapter as we work through an attempt to separate true innovation from novelty.

Schumpeter also considers the entrepreneur innovator to be a single gifted individual. Gudeman disputes this idea, arguing that the entrepreneur is part of a community in which innovation flourishes as part of a greater whole, driving first local economies and widening to larger and larger economies globally (146). Gudeman's perspective supports an invention-focused approach to viewing innovation as part of a larger marketing process, which in turn is part of a larger, embedded communication process within a community.

Gudeman views the entrepreneur as acting in a way of "fashioning something and distributing it to others. His field of effects makes up a new base" (146). Gudeman argues that the entrepreneur's role is to impact the larger world around him and is therefore invested in the larger world. He is embedded, not acting as an individual agent. It is this concept of important individual contribution as an embedded agent that helps to formulate the way that consumer packaged goods companies encourage their marketers to view their roles in innovation development. While entrepreneurs do not literally operate within large corporations, it is the essence of this entrepreneurial spirit that the companies want their marketers to embody in their approach to innovation.

Gudeman further argues that innovation creates a base for economies, and within communities those innovations can be copied and repeated. The act of distribution and growth must include some level of copying and repetition (147). It could be argued that this discussion leads us to considering the role of novelty in innovation. Gudeman argues that through time and distribution chains of goods, we tend to forget the connections between the goods and how they link to real people and the real world decisions that brought us to this collective point (148). For example, most people do not think about where their hamburger meat came from when purchasing their burger patties, or reflect upon why there are so many peanut butter options in the grocery store aisle.

Gudeman also cautions us to consider whether entrepreneurship and innovation, and the proliferation of both, really offer us the freedom of more choice, as we presume, or if the continued proliferation of new businesses and new innovation in the marketplace really leave us handicapped by too many choices (148). If we consider the entrepreneur as embedded in the larger community and economy and as investing in innovation development for the good of that community, we can find some ground for considering how the impact can be focused for that greater good and away from meaningless copying. Gudeman also helps us to think about innovation as creating value through doing, grounded in the community, even if produced by an entrepreneur.

This idea is powerful, and connects to important concepts in Ciceronian and Aristotelian invention. We can consider the example of A&P grocery stores, formed by John and George Hartford in 1912 as America's first grocery store that introduced some level of store layout standard and offered a wide variety of products in one location. Not only did A&P revolutionize the store format, they also produced their own products, which would later continue as private label product development, but they also weaned consumers from previously widespread standard practices like grocery delivery and the availability of store credit (Tedlow 191-193).

The chain quickly realized economies of scale and continued to improve their efficient operations, growing A&P quickly to become a national chain with several thousand locations by 1919. In fact, A&P grew so much so quickly that the chain induced part of what are known today as the Federal Trade Commission's anti-trust laws affecting all industries that sell products to consumers in the U.S. marketplace (Tedlow 217). The objective of A&P, as is the same with today's larger retailers including Wal-Mart, was to bring the most product variety to consumers as possible at the lowest prices possible (Ellickson 3). In so doing, the chain's innovations included the introduction of the pay-as-you-buy model, standard layouts and products offered from store to store, and operating its own product manufacturing and distribution (Ellickson 4).

A&P innovated a "corner store" convenience grocery format that was quickly followed by others including Kroger and Safeway, and that has operated for over 100 years (though A&P no longer exists, and most other have converted to the later supermarket format). While the "grocery on every corner" format was trumped by the introduction of the supermarket in the early 1930's, the experience of the grocery format as introduced by A&P has changed only nominally (Levitt 44-45; Ellickson 4). In today's market, we can see examples of A&P's original innovation in grocery approach through Walgreen's, which takes the same strategic approach of being located at busy intersections, and while priced above groceries and chain stores for many products, thrives via its prominent convenience locations and frequent consumer promotions promoted via Sunday circulars.

The A&P example helps us to understand the value of the entrepreneur and importance of innovation when embedded in the community and shaped to meet community needs. The Hartmans developed A&P because they noted a true need in the marketplace to reduce the complexity of the market experience. Before A&P, stores did not have consistent products. Products were not always stored in ways to keep them fresh. Prices varied from store to store because products were sold to the markets by many different vendors and brokers, sometimes through multiple layers, causing multiple markups by the time the product made it to the store shelves. The Hartmans were originally tea purveyors, providing products to stores themselves. Through their work as vendors, they noticed the consumer need to develop a better grocery store, and A&P was developed from that need (Tedlow 189; Ellickson 3-5).

Many of A&P's innovations spawned other innovations within the retail industry, the outgrowth of which continue in consumer packaged goods companies today. A&P developed and manufactured its own products, and this practice was the precursor for a common practice today defined in the industry as private label product development. Most large grocery chains and big box chains today offer their own branded product lines, and in fact many offer more than one branded product line. Unlike A&P however, most grocery chains no longer manufacture their own branded products, and instead contract that production out to the same consumer packaged goods companies that produce other brands. Private label production is a more secretive aspect of the consumer goods business, as most retailers do not want consumers to know who makes their private label products, but more critically, most consumer packaged goods companies do not want consumers to know which private label products they produce. This is because private label products can end up being similar to more expensive branded products. If consumers learn more about a specific private label – name brand manufacturing relationship, it may cause them to switch their purchase practices from the higher priced brand product to the less expensive private label product.

Friedrich Hayek also valued the role of the entrepreneur as a driver of innovation, noting in *The Constitution of Liberty* that innovation by the minority brought about advances for the masses. Hayek defended the role of capitalism in a society as what allows everyone to become an entrepreneur and therefore determine the best use of resources for the whole, which relate to several of the concepts we reviewed earlier in the chapter (22-38). As we think about Hayek's and the other theorists ideas in the context of invention, we can see a number of theoretical connections to the importance of content being developed with a keen focus on meaningful interaction with one's audience, which helps us to make grounding connections for innovation and invention. The importance of content combined with the notion of novelty as part of innovation brings us to our last point of focus for his chapter: the tension between innovation and novelty.

THE TENSION BETWEEN NOVELTY AND TRUE INNOVATION

The central question of this project concerns the relatively recent concern about the value of novelty versus true innovation. Novelty innovation is not a new phenomenon. Early innovation in the United States includes varieties of newly existing products like soaps and detergent, intended to offer consumers with growing incomes choice in the marketplace. However it can be argued that too much choice does not in fact benefit the marketplace, and at some point consumers' ability and interest to spend in a given product category is maximized. It is at this point where need no longer exists, or when there is no marketplace gap to be filled, that value of novelty for novelty's sake becomes of greater societal concern (Muckelbauer 147).

What does this mean for consumer packaged goods? It means that we must consider grounding innovation so that's meaningful to both the end user and the organization. This meaning occurs for the organization when consumers purchase the product. The meaning occurs for consumers when they have a need or desire to purchase the product. When a larger number of consumers find the same need or desire, and repeat the purchase cycle over and over, the innovation becomes a meaningful product for the organization on a long-term basis. However in a crowded marketplace where the number of available consumer goods has grown by nearly 50% in the past three decades, primarily via incremental product line extensions, innovation that is meaningful to end users is becoming more and more difficult to develop.

Because of this difficulty and other pressures, more and more consumer goods companies turn to incremental innovation, or novelty, to stay afloat. Novelty is also an area of comfort for an organization from an economic perspective, because it is seen as a "sure thing." A line extension with a flavor change certainly represents lower risk than an entirely new product but it likely also represents, as we will see in the following chapters, short-term gain only.

In *Kaironomia: On the Will-to-Invent*, Eric Charles White equates innovation and novelty, noting and that we must consider the significant concern that innovation and novelty bring against tradition. Tradition represents the comfortable and stable, the path already taken (42). For many companies risk tolerance is tied to innovation investment, which includes investment in new product ingredients, production equipment, testing processes, marketing tests, and even additional distribution costs. All of these investments can be made for innovations that fail, costing companies millions of dollars at a time. Therefore in a short-term focused organization, the tolerance for innovation investment, critical to meaningful new innovation, can be low. Marketers therefore move to considering line extensions including new varieties and flavors of existing successful product lines.

According to Carolyn Miller in “The Aristotelian Topos: Hunting for Novelty,” from *Rereading Aristotle’s Rhetoric*, “Rather than offering the radically new, innovation must occupy the border between the known and the unknown” (138). Muckelbauer considers this position as a desire to make novelty practical and ensure that it does not walk completely away from tradition. He further notes that tradition is driven by a demand for repetition, and innovation interrupts that cycle by refusing to interact with the past (146). As noted earlier, true innovation can cause discomfort, both for the end user but primarily for the company developing he innovation. Revisiting Gudeman’s perspective, he argues that innovation must be grounded in the community to be meaningful, but still expects that novelty or repetition will be a part of innovation and of extension of the innovation to an ever-widening audience (148).

The concepts of the theorists considered in this chapter lead us toward a conclusion that we must define novelty a bit more clearly so that we may investigate the innovation process with a perspective of what separates true innovation from novelty. We have already noted that innovation must be meaningful enough to resonate with an audience and provide a desired choice that will drive a purchase. However we have also noted that novelty can also drive purchase, so we must more clearly separate the two.

Novelty innovation can be defined from a functional perspective, as in the development of new flavors, varieties or packaging. For example, one may think that novelty innovation could be clearly defined as introducing multiple flavors of a product line, or by simply extending a product line into new flavors. It could be argued that a popular powdered children's drink mix sold in packets for a few cents would not be as popular without multiple flavor varieties. The same could be argued for gelatin and pudding mixes. All of these product lines have been sold for decades, with the formulas changed incrementally, and new flavors and varieties introduced over the years. Companies manufacturing these mature category products continue to introduce new flavors and varieties, including limited edition varieties for seasons and holidays.

Whether necessity exists for the full flavor proliferation is not our argument, but a strong case can be argued that in some cases, the development of a new flavor is important to driving revenue within a product line and can be done in such as way so as to drive additional revenue rather than cannibalize existing products. In this case, adding a new flavor is not simply novelty, which complicates our efforts to create a clearer definition. Supporting the argument for flavor addition as novelty, however, it can be argued that novelty innovation in this area can be taken too far and begin to harm a product line by dilution. When a company extends its manufacturing capabilities across multiple flavors or varieties of a single product line, and disperses its sales across the different varieties, it more often not dilutes its sales across the varieties, adding cost but no additional revenue. Consumers choose one option over another rather than purchasing multiple varieties.

Another innovation that can be considered novelty is the concept of changing product packaging in order to create the feeling of newness in the marketplace. As discussed in Chapter One, packaging changes can be introduced by consumer packaged goods companies to create or renew consumer interest in a product line, or to communicate a change in the product itself. In the context of innovation and economic implications, we must consider the implications of packaging, which may seem nominal. However packaging can be an important economic driver in some consumer packaged goods companies, and can be a valuable consumer goods organizational core competency if the company demonstrates consistent marketplace revenue increases they can connect directly to product packaging. Within certain product categories, companies know that packaging helps to drive consumer purchase decision (Govindarajan & Trimble 167). Therefore much emphasis is placed on packaging in snacking categories like potato chips, corn chips, and some crackers. Packaging also generates consumer interest in the aforementioned chewing gum and soft drink categories.

Consumers purchasing products in these categories can place quite a bit of emphasis on factors like packaging size, visual interest, and packaging performance. Performance relates to the packaging’s ability to keep products fresh and free from outside elements. Research demonstrates consumers purchasing in the snacking category will try a new product due to compelling packaging, and that they will consider a product’s package as part of its overall appeal (Govindarajan & Trimble 167).

Some products are identifiable by their packaging, and therefore consumer goods companies invest as much or even more into their packaging than the product itself. For example, The Kellogg Corporation owns Pringles brand potato chips, purchased from Procter and Gamble in 2012. Pringles were introduced by P&G in 1968, and packaged in a cylindrical tube with a red label ("Procter & Gamble"). While the product line and packing options have evolved over the years, Pringles is widely associated with its cylindrical can packaging. If Pringles were to change its packaging for cost or other reasons, it may put itself at risk for revenue decline rather quickly.

In other cases, packaging changes may be made in order to revive interest in a brand or to make it more visible at-shelf. For example, brands with a product set that occupies a large amount of shelf space may wish to create a "brand block,"[4] meaning that its products are visible and identifiable by consumers by the packaging's appearance quickly when the consumer enters the aisle. Creating brand blocks has become common practice in consumer packaged goods in certain product categories like beauty and health products, and packaging innovation has therefore become big business in these categories, even though the packaging change is the innovation, not the product itself.

We can see from the above examples that defining what merits true innovation versus novelty innovation is not as simple as defining functional change as either true innovation or novelty. The function behind the innovation may not be the determinant factor, so we must seek a different consideration. We must consider innovation as a practice embedded within several larger systems: 1) the organization creating the innovation; 2) marketing innovation as a professional practice; and 3) products being created for purchase in the consumer marketplace.

Within a consumer packaged goods company, the primary (if not sole) purpose of the marketing organization is to drive revenue to the company's top line. It is also incumbent upon the marketing organization to create products that are profitable, ensuring a healthy bottom line. From the outside, many think about marketing as simply being the message about a company or product but in fact marketing involves the complete process from product development through driving sales in the marketplace. Marketers work within a given company's system and marketing process to develop products and ready them for market, and then they work with the retailers (stores, web sites) to drive product sales to the end user, the consumer.

Consumer packaged goods marketers are generally embedded in the full marketing process of their organizations, undertaking ethnographic marketing research like following consumers while they grocery shop or cook their meals. They also ensure that they fully understand the implications of their product lines from input costs of raw materials to manufacturing, to distribution, to sales to retailers, to sales to the end consumer. As we noted earlier in Gudeman, the value of the marketer, like the entrepreneur, is his deep involvement in a community, developing products to be used within a larger community. If this embedded-ness does not occur, meaning that the marketer begins to lose touch with the consumer audience and the company's core capabilities in a meaningful way, we can begin to see a trend toward less meaningful innovation development. We will discuss this trend in Chapter Three.

Consumer packaged goods marketers are typically also embedded within a larger community of other like-marketers (Low & Fullerton 174).[5] This community is global in nature, and because consumer goods marketing practices are similar in most organizations, a number of organizations exist that allow consumer packaged goods marketers to help one another in situations that do not cause competitive or proprietary concerns. While there are a large number of consumer goods companies representing $2 trillion in revenue, it is a surprisingly small community. When marketers are embedded within a larger marketing community, and continuously learn from other consumer goods marketers, they tend to contribute in more meaningful ways to the organization's innovation practices. This in turns helps to continue to drive the organization's meaningful innovation development and revenue.

Consumer goods marketers also must be embedded in the larger consumer community that buys their products. In order to develop strong and meaningful innovation for one's company, a marketer must do his best to understand the consumer who purchases his products. As we will note throughout this study, we do not want to define understanding the consumer as data-driven predictive targeting. Attempting to understand and predict every aspect of another human being's activities disregards the concept of free will, which is dangerous and has proven time and again to be ineffective. We will review a case study that illustrates this concept in Chapter Five.

However, trying to predict consumers' reactions to products and guess their future purchases is a daily practice in consumer marketing via the use of predictive modeling. Predictive modeling within consumer packaged goods companies is generally a proprietary process practiced internally, and is based on a large number of data points that can include past purchases of similar products, "market basket data" gleaned from their retail customers, qualitative and quantitative consumer research, demographics and psychographics. This information is synthesized and analyzed to help marketers develop the ideal consumer target for their products and to predict the potential success of their innovations. As marketers realize that more data does not always predict success, a different approach to research is a topic that could be an opportunity for future investigation.

Intrinsic value exists in the portion of the research where the marketer works to understand the consumers and community purchasing his products. When it is layered with data in order to predict human behavior, it becomes problematic. Ethnography is widely practiced in consumer packaged goods marketing to help marketers understand not only why consumers purchase certain products, but when they make their decisions, how they make the decisions, and whey they do so. As a marketing research practice, it is highly beneficial to the marketer if he is able to focus his innovation efforts on the context of meaning for the end user rather than simply predicting his target consumer audience's future behavior.

Maintaining this meaningful connection to the consumer is important even though the marketer's primary objective is to drive organizational revenue. As we will understand in Chapter Three, in order to drive revenue within the historical context that the consumer packaged goods industry finds itself today, marketers must remember that more revenue is created from true innovation than from novelty, and true innovation is found in understanding one's audience rather than trying to predict its behavior.

Staying in close contact with the consumer drives a deeper understanding of consumer needs and in turn should help the marketer to think more about those needs in a realistic way when developing innovation in the form of new products. Given the explosion of new products introduced in the marketplace in the previous decades, marketers today are experiencing more difficulty finding white space in which to innovate. Being focused on the audience, and what needs the audience must have filled can help form a starting point for the marketer to consider more meaningful innovation.

In Chapter Three, we will investigate the innovation process as practiced in consumer packaged goods companies, with a focus on understanding the internal practices and processes that lead either to true innovation or novelty innovation.

CHAPTER TWO END NOTES

1. Center aisle products is a consumer packaged goods industry and retailer industry term referring to packaged, shelf-stable products that reside on shelves in a store's central area, as opposed to fresh products like produce, meat and dairy, that are generally located around the perimeter of a store. Retailers generally draw higher revenues from center aisle products, which do not spoil as quickly as fresh food products.
2. Cognizant Business Consultants and Forbes published a joint study, "Innovation Beyond the Four Walls" in April 2012. It is publicly available and referenced in this study's Bibliography.
3. Several recent articles have been published which focus on innovating in mature industries/product categories/markets. It may be an area for future rhetorical exploration, as many industries are facing challenges innovating within mature product sets.
4. Brand blocks refer to a consumer packaged goods companies' products being shelved together in a visible way on a retailer's shelf. For example, many health and beauty products have extensive product lines and utilize the same packaging look across the product line, varying the sub-product lines by color designation. A full product line may be housed in a white bottle with a proprietary bottle shape, but the branding on the bottle's front may be shown in different colors depending on the sub-product line.
5. Though it is a large industry, consumer packaged goods marketing, especially with an innovation focus, is considered to be an industry and position specialty.

Marketers often stay within the industry and work for several consumer packaged goods companies over the course of their career.

CHAPTER THREE: DEFINING THE WHITE SPACE

During the rise of industry in the U.S. from the late 19th through the early 20th Centuries, the consumer packaged goods industry was born of need derived from a growing consumer base and rapid technology advances. As consumer packaged goods companies prospered from their early product innovations, they recognized a need for sustained innovation development (Arons). Growing consumer demand necessitated an ever-expanding product set designed to make home life easier. Procter & Gamble ("Procter & Gamble"), which by the early 1900's was already a multi-million dollar soap and candle company, had begun launching innovations to the consumer marketplace several times per year ("Procter & Gamble"). Other packaged goods companies, including Kraft Foods and Heinz, also focused on new product development between the late 19th Century and first two decades of the 20th Century, introducing convenient products like packaged cheese and bottled ketchup. At the time, packaged goods products were generally brand new to consumers, helping them to make their meals more flavorful, easier to prepare, and more portable ("Kraft"; "Heinz").[1]

It was not difficult to introduce new-to-world packaged goods products that filled a consumer need as America became more industrialized. Based on their experience launching new products since the company's inception in the late 1800's, P&G recognized early that the innovation process should be disciplined and process-driven, and that product innovation should meet a true consumer need in the marketplace. At the time true innovation meant new-to-world products that consumers had never seen. To drive its product development in a disciplined manner, P&G developed one of the earliest corporate research & development departments staffed by scientists and engineers, and focused on developing consumer goods that they considered true innovation. ("Procter & Gamble"). At the time consumers' choices were fewer and packaged products that solved everyday problems were in demand. (Arons).

While P&G and others rapidly developed a large number of new consumer products in the first half of the 20th Century, corporate product development in the U.S. grew more significantly post-World War II. Increasing economic prosperity offered more families the opportunity to own radios and televisions, and consumer goods companies like P&G and Unilever began to invest more in both product innovation and consumer advertising. During this time, consumer innovation continued to focus on new product development, primarily in new-to-world products ("Unilever"). Heinz innovated in canned and frozen food products ("Heinz"). Kraft Foods and its predecessors together developed nearly 500 consumer packaged goods products in the prior 50 years ("Kraft").

Though companies were active in innovation during the early through mid-Century, little was published about product innovation. Companies grew and continued to innovate using their homegrown processes, many of which were adapted over time based on their company's specific needs and historical learning. Little was formally documented or published and innovation processes were considered to be proprietary. In fact, beyond Levitt, Drucker and Rogers as noted in Chapter One, authors published little about innovation until the 1980's, when business-focused books began to be widely published.

The 1980's is an important decade for innovation literature, and represents the first significant change in the corporate approach to new product innovation. Three key authors among a large number of contributors are identified as having moved the innovation conversation forward during this timeframe, and as having impacted the behavior in the corporate marketplace: Peter Drucker, Robert G. Cooper, and Clayton Christensen. While all publishing separately, there is much connecting their perspectives, as their texts all primarily focus on developing a process of focus and discipline around meaningful innovation in the marketplace.

In some, but not all cases, meaningful innovation was identified as introducing new-to-world products. It is here that we see our first clear indication of contemporary authors struggling with the question of true innovation versus novelty. The authors discussed here recognized that new-to-world products often created a stronger metric of marketplace success than did "incremental innovation" or novelty innovation like packaging changes or other minor product updates. The key innovation literature beginning with the 1980's primarily focuses on how to bring new-to-world product innovation to market successfully. We see a shift in the literature in the first decade of the 2000's, responding to a change in the retail environment, the aforementioned declines in revenue, and therefore a focus on short-term financial results.

This chapter will discuss the contributions of the significant authors and assumptions on which consumer goods innovation has generally been based, beginning with Drucker, moving to the loss of innovation focus over the past decade, and ending with the paradigm shift currently driving the marketplace. It will also explore the innovation process as practiced in the consumer packaged goods industry in more detail in order to provide context for our suggested alternative approach to be discussed in Chapter Four.

LAYING THE FOUNDATION: IMPORTANT INNOVATION TEXTS

Consumer packaged goods companies continued to grow steadily post-World War II and into the 1980's, innovating with a combination of new-to-world products and expansions of successful product lines. Kraft grew expansively both innovation and acquiring a large number of other consumer goods companies like Nabisco, maker of Oreo cookies and Ritz Crackers.[2] Heinz and P&G also grew through a combination of innovation and acquisition between World War II and the 1980's, with Heinz expanding their food products into newly popular "diet foods," and P&G focusing on innovation in packaged feminine, children's and beauty products ("Kraft"; "Heinz"; "Procter & Gamble").

As noted earlier in this chapter, innovation practices in packaged goods companies varied, home grown and closely held. In the 1980's, companies began to recognize the inefficiency and ineffectiveness of their practices, realizing that there must be a way to streamline the process and increase the odds of a successful new product launch. Booz, Allen, & Hamilton (Booz Allen) published a white paper that would be the first major document to offer a potential solution. In 1982, Booz Allen published "New Products Management for the 1980's," which outlines a step-by-step process for the development of new product innovation, and was based on decades of working as consultants within growing packaged goods companies. Booz Allen had been product management consultants since the 1960s and were considered experts in the marketing and product development space in the U.S. (Jain 130-133).

Booz Allen consultants realized through their work with a large number of organizations that innovation processes and practices varied quite a bit. Some companies relied on a creative mind to drive their new product innovation, while others approached innovation with a structured research and development process. Some companies undertook consumer marketing research while others did not value research. No specific model drove innovation in most organizations, and it was widely therefore accepted to be an expensive “swing-and-miss” process throughout consumer packaged goods companies (Drucker, *Innovation* 13). Booz Allen recognized that companies were interested in receiving guidance about how to approach innovation, and as management consultants, they seized the opportunity to lead the conversation.

In their paper Booz Allen devises a linear seven-stage process for new product development that included these steps: 1) strategy development; 2) idea generation; 3) screening and evaluation; 4) business analysis; 5) development; 6) testing; and 7) commercialization. The paper made an immediate impact in consumer packaged goods companies, awakening the recognition that successful innovation may not be solely tied to creativity (Cooper, *Winning* 80). It details a lengthy and process which is internally-focused and does not place a premium on the needs or interests of the consumer.

The lack of external focus drew criticism from future authors, and opened the door to significant expansion of the subject matter within a year (Jain 133). The paper consolidates a series of best practices that Booz’s consultants had observed within its client base, and provides clear direction as to the procedural approaches for each of its designated steps. At the time it was revolutionary for consumer packaged goods companies, promising a higher level of success with new innovation, which as mentioned earlier, was previously considered to be a bit of a mystery (Drucker, *The Discipline* 3).

As the largest consumer goods company in the world, P&G was one of the few organizations using a structured innovation process for the past several decades. The Booz paper does not specifically mention P&G as a model, but P&G has published much about its innovation approach over the past several decades, and is referenced by Cooper (Cooper, *Winning* 84-85, 154). While the Booz Allen paper created a buzz and helped companies begin to think about creating stronger innovation processes, it is missing some key components upon which other authors would improve in short order. Nonetheless the Booz Allen paper remains an important innovation due to its first-to-market timeliness and the impact it made on the industry.

A few years after the Booz Allen paper, Peter Drucker entered the innovation conversation with *Innovation and Entrepreneurship*. Published in 1985, it was a driving force to change companies' approaches to new product development. Drucker's work, along with several other critical influencers after him, would be put into practice at consumer goods companies to begin to drive a more disciplined approach to product innovation.

As mentioned earlier, before the major texts of the 1980's, innovation was often considered to be the result of difficult-to-define creative talent or a spark of genius in a given moment and time (Drucker, *The Discipline* 2). Booz Allen was the first to break away from that idea, and Drucker takes it a step further. In *Innovation and Entrepreneurship*, Drucker further introduces the idea that innovation is the result of practice and discipline, which are thoughtful, purposeful and do not require creativity (34). Focusing primarily on attributes of the entrepreneur, Drucker ties the idea of successful innovation to companies exhibiting an openness and even opportunistic approach to change (35). He argues that entrepreneurship was generally considered to be a high-risk venture because it was misunderstood and approached incorrectly, noting that entrepreneurship should only be approached as "systematic innovation" (34). Drucker bringing the entrepreneur into the conversation is important because it connects in important ways to the foundation of innovation by entrepreneurs in America. He makes connections to earlier theorists, and then moves the entrepreneurial approach into an appropriate place in corporate America, and specifically within new product development.

One of the most important markers for successful innovation for Drucker in *Innovation and Entrepreneurship* begins with understanding that successful innovation is driven by recognizing when change is about to occur in the marketplace. He asserts that change is the primary factor sparking successful innovation, followed by a disciplined process to develop the spark into an actual new product (33-35). Some innovations are the change in and of themselves. Examples include those born from new medical discoveries or derived from urgent and critical human need. However this situation is rare and most often does not apply in the case of consumer packaged goods.

Most consumer marketplace innovations are born from a changing historical moment that companies recognize and upon which they capitalize. Drucker outlines the steps that companies can take to diagnose and capitalize on change (134-140). Given that consumer goods companies are sold via a fast-moving retail environment, anticipating impending change is a critical success factor. He begins by outlining seven key sources for innovation, calling them indicators of change about to happen. Several sources are internal to a company or industry, and several are external. They are: 1) the unexpected;

2) the incongruity; 3) process need; 4) changes in industry or market structure; 5) demographics; 6) changes in perception, mood or meaning; and 7) new knowledge (34-37).

While each source can certainly offer a unique opportunity to develop innovation, some sources may overlap one another. No one source is more important or productive than another, and all can produce important and successful innovation (35). Again, given that packaged goods are distributed in a fast-moving environment, it is critical for Drucker that organizations monitor all of these sources regularly.

For each of the above sources Drucker systematically outlines an approach to analyzing and charting a course resulting in successful innovation. For the unexpected success or failure, he recommends a series of analysis that leads one to a conclusion about marketplace change that sparked the success or failure. He uses the example of the Ford Edsel’s failure, challenging the prevailing assumption that the Edsel was poorly planned and executed (50-51). For process need, he recommends a series of criteria to determine the basis of the gap in process, and whether or not it represents an opportunity for innovation, along with a set of three key questions to drive the necessity of the proposed innovation: 1) is the need understood? 2) Do we have the knowledge to do the job? 3) Does our proposed solution fit the way that people want to work? If we can answer yes to the above questions, and we are solving a process need, we likely have the basis for a successful innovation (53). Successful innovation for Drucker means a new-to-world product desired by consumers, and we will see support for this concept in the theorists we will discuss next.

It is clear that all three of the above questions must be answered affirmatively for Drucker in order for an innovation to be successful. If the need is not understood, then it is quite pointless and will miss its mark. If a company doesn't have the knowledge to develop and/or launch the innovation, then it will not reach its full potential even if it makes it to-market. If the proposed solution does not fit the way people want to work, then the innovation will not be accepted in the marketplace and will ultimately fail (135). Drucker is pointing us in the direction of the importance of focusing on the content of the innovation, even though his focus is on shoring up the process. This becomes important as we begin to consider our suggested alternative approach in Chapter Four.

Drucker continues to methodically outline a consistent approach to innovation development: first, ask a short series of key questions; second, analyze the answers; and third, determine whether there is a need to be met. He focuses on asking obvious, simple questions and on drawing direct, uncomplicated, actionable conclusions that lead to meaningful innovation. In the remainder of *Innovation and Entrepreneurship*, Drucker lays the groundwork for the process of practicing disciplined innovation with these eight guiding principles: 1) Analyze the opportunities derived from the sources. 2) Look, ask and listen. Use data, but talk to people as well. 3) Simple solutions are always the most effective. 4) Start small. 5) Aim to be a leader within your industry or category. 6) Don't overthink it. 7) Don't try to do too much at once. 8) Don't worry about the far-out future right now. Using the three critical questions and the above eight principles as the roadmap, Drucker offers a disciplined, structured approach to successful innovation. He recommends that this approach should drive 90% of the innovation process in an organization, with the “flash genius” approach driving the bare minimum rather than the previously-accepted entirety (134-138).

Drucker’s determined focus on a systematic approach and discipline was revolutionary to companies that had previously relied on unstructured brainstorming or innovation committees to drive innovation (Cooper, *Winning* 10). While Drucker is among a large group of authors publishing about innovation in this particular historical moment, his credibility was strong due to his decades of publishing successful business management texts. In 2002, *Harvard Business Review* published a Drucker article, “The Discipline of Innovation,” in which he describes innovation as “the work of knowing rather than doing,” and as a practice that requires “hard, focused, purposeful work” (1-2). Here also we can recognize that Drucker placed emphasis on developing strong innovation content rather than simply focusing on process, thought this text was written nearly two decades after the first. His texts focused on meaningful innovation as new product development with no discussion of novelty as a relevant innovation topic. At the time Drucker published *Innovation and Entrepreneurship*, consumer goods companies were seeking their next expansion opportunities, and too many were relying upon creative ideas or guesses about consumer behavior to drive their next great innovations, ideas which ultimately failed (Cooper, *Winning* 41-42).

In the same timeframe, Robert G. Cooper published several texts that would begin to help transform how companies approached innovation for the next three decades. In 1986 Cooper and Elko Kleinschmidt published an article, “An Investigation into the New Product Process” in the *Journal of Innovation Product Management*. The authors conducted a study of more than two hundred-fifty new product development initiatives at one hundred twenty-three companies within various industries. They reference the Booz Allen paper as seminal from a process perspective and take the process approach further, breaking down every step in their studied companies' innovation processes in order to determine which steps truly influence a successful or failed outcome (Cooper & Kleinschmidt 71-73). They conclude that companies using systematic innovation processes and who are disciplined and focused in their approach to the process of innovation fare far better than those not doing so. In addition, the longer a company uses a disciplined, systematic approach to developing innovation they are more likely to be successful (84-85).

Cooper and Kleinschmidt outline the key factors for marketplace success: 1) a product that the consumer perceives as unique or to have a new cost-benefit analysis; 2) an understanding of user need, preferences and wants; 3) a strong go-to-market marketing launch; 4) a good fit between the product and the company's key area of expertise; 5) a good fit between the marketing and distribution needs of the product and the company's resources; 6) an attractive market for the new product, which could include a number of different factors; 7) top management support and commitment. (Cooper & Kleinschmidt 80-81).

Here we see several connections between Cooper and Drucker. Both determine that in order to be successful, innovation must be meeting a true consumer need, and the company must be working within its core competencies in order to develop and launch the product successfully. For a consumer packaged goods company, this would likely mean working within its successful core product sets to find the next innovation. If a company specializes in food manufacturing, they should stick with food innovation. An example of a failed innovation launched outside a company's core competency is when Colgate launched frozen food products in 1982. The idea behind the products was that consumers would buy and eat the food, and then brush their teeth with Colgate toothpaste. Consumers did not make the connection; food was not part of Colgate's core product competencies, and the frozen food products failed rapidly (Haig 97).[3]

Interestingly Cooper and Kleinschmidt determine that most often theory and practice to do not match at the companies they studied. Many different models for innovation and product development had been published over the previous decades. As previously noted, none were important or widely adopted. Absent a clear model with a track record of success, companies co-opted pieces and parts of various models that they liked. Many steps were omitted, usually due to expense or being perceived as a cumbersome, resource-consuming process. Marketing research and business opportunity analysis, which helps a company to determine an innovation's viability in the marketplace, were the most frequently omitted steps from most of the studied companies' processes (Cooper and Kleinschmidt 79).

The authors also evaluate the proficiency with which all of the innovation process steps had been completed and determine that, on average, companies completed the steps of the process they chose to use with 50-60% proficiency, with the weakest activities being in the early product investigation stages including idea development and early market studies, which investigate initial idea viability. The authors find that internal group processes often dominated the early stage idea-generating and vetting activities, using a brainstorm or other unstructured discussion approach that was not grounded in a process or theory (Cooper & Kleinschmidt 79).

From an innovation process perspective, companies that completed all nine of the following steps for their innovation were more successful than those that did not: initial screening, preliminary market assessment, preliminary technical assessment, detailed market study/marketing research, business analysis, product development, in-house tests, customer tests, test market, trial production, pre-commercialization business analysis, production start-up, and market launch. From a process perspective, the preliminary market assessment and marketing research figure heavily in a successful innovation launch (Cooper & Kleinschmidt 80).

Cooper and Kleinschmidt conclude that a new model for innovation is necessary, and must include the success driving activities that are practical and actionable within corporate structures. First, the model must include a clear process flow with tactical instructions to enact each step. Second, companies must approach innovation with discipline and focus. We see another link to Drucker here in that Cooper and Kleinschmidt strongly advocate for a disciplined and structured approach. Discipline drives success. Third, many of the participating companies with failed innovation were dedicating limited resources to their innovation initiatives. Dedicating the proper resources is a must for successful innovation. Fourth, companies must focus strongly on the early steps of the process, including marketing research and market evaluation. Doing so offers a stronger indication of innovation success than companies who skipped these critical steps (Cooper & Kleinschmidt 81).

Later, Cooper published *Winning at New Products* which takes the previously-published study to the next step, defining in much more detail why particular businesses succeed or fail at innovation. In the text, Cooper defines seven critical success factors for companies that regularly succeed at innovation: 1) they focus. They develop fewer projects than the companies that fail at innovation; 2) they stick to their core competencies; 3) they understand their market and the opportunity areas in the market; 4) they have the right people in the right seats; 5) top management is engaged in the projects and supports them; 6) they dedicate the proper resources; and 7) they implement a structured development process on a consistent basis, following all of the steps, and using "tough gates" between process stages (Cooper *Winning* 57).

It is here that we begin to see a significant shift of the conversation from Drucker to Cooper. Cooper simplifies previous models and understands that a linear process alone will not fix the innovation problem at most companies. Companies successful in innovation up to this time had all of the important factors in place to ensure market success (Cooper *Winning* 56). Cooper and Drucker agree on most of the necessary factors for success. Cooper moves the conversation further by introducing "tough gates," an idea that would bring a disciplined innovation process to consumer packaged goods companies around the world over the next decade. *Winning at New Products* previewed a multi-faceted process to innovation that involved discipline, analysis, engaging the customer for feedback in the early stages, and stopping for rigorous check-ins and approvals regularly along the way. This process, driven by systematic stops at tough gates, would later be named and trademarked the Stage-Gate process.

The Stage-Gate process would become an important innovation development process, used a large number of companies engaging an innovation process (Cooper, *Winning* xiii). Cooper details the process in concise fashion that would make businesses more successful in innovation (Cooper, *Winning* 40, Fig 2.4). The gating system contributes to the success of Stage-Gate from a process perspective. During his research study, Cooper discovers that companies developing the most successful innovation held check-in meetings to offer rigorous evaluation of the project at that moment in time. Senior leadership leads the meetings and asked tough questions of the project leads. Project leaders understand that a project could be “killed” between any stages of the development process.

In order to ensure that the organizations were making the best decisions, specific criteria are developed for each Gate, and the “Go/Kill” meetings determine a project’s fate. It would either be considered a “Go” to the next development stage or a “Kill” and would stop at that point (Cooper, *Winning* 275). In his 1988 article, “The New Product Process: A Decision Guide for Management,” published in the *Journal of Marketing Management*, Cooper places especially heavy emphasis on the discipline being used in the gating process meetings, ensuring that strict criteria was used to remove emotional decisions from the discussion (Cooper, “The New” 238-239).

Here we will first see a distinct differentiation between true innovation and novelty in the important texts. Cooper states that his bias and approach to the understanding of innovation begins with the premise that most new ideas are unfit for the marketplace (Cooper, “The New” 244). He claims that the Stage-Gate process ensures that only the fittest and most relevant ideas make it to the marketplace. In *Winning at New Products*, Cooper breaks down the most and least successful types of innovation projects: 1) new-to-the-world products; 2) new-to-the-industry products; and 3) major product revisions. He determines that the least successful innovations are: 1) promotional developments and packaging changes; and 2) incremental product improvements. He concludes that the best innovators focus on game-changing projects rather than incremental or promotional changes (Cooper, “The New” 245-253). Cooper’s distinction between true innovation and novelty demonstrates another important point where he advances the marketplace conversation about innovation. Cooper and Drucker would later do more work in the area of project selection and focus, and a sub-genre of literature emerges around the topic of portfolio management which will not be addressed in this project.[4]

Cooper, Drucker and others’ emphasis in the 1980’s drove discipline in innovation processes among consumer packaged goods companies, in order to harness resources appropriately and leverage proper expertise while enforcing efficiency and focus. P&G has been mentioned as an innovation process pioneer several times in this project. A long practitioner of structured innovation processes, P&G was an early adopter, and perhaps one of the models of the Stage-Gate system, and has adapted it over time to incorporate other corporate priorities around the Stage-Gate process in a model they call SIMPL. SIMPL stands for *Successful Initiative Management and Project Launch Model*. SIMPL includes Stage-Gate plus several other elements including end-to-end supply chain management, ensuring a leadership culture dedicated to innovation, and a tough, ongoing portfolio management strategy that ensures their marketing teams are constantly evaluating their product portfolio for potential innovation opportunities (Cooper & Mills 9-13).

It is interesting to note that diverging from the recommendations of thus-far discussed innovation scholars, P&G defines product innovation as anything that the customer or consumer will see that is new or different to them. This could include anything from a new-to-world product to a packaging change for an existing product. All innovation, large and small, goes through their Stage-Gate process using rigorous criteria at the gating Go/Kill meetings (Cooper & Mills 9). If any innovation, including a novelty change, passes through the gating processes, it will make it to market. This means that P&G sees value in introducing novelty to the marketplace, and has experienced financial success in doing so. Examples include incremental changes to Cover Girl Mascara which include tweaking a formula and repackaging the product under a new product name (Cooper & Mills 10). Much like we discussed in Chapter Two, the line between true innovation and novelty can be blurred, and different companies can have different expectations about the definitions of the two paths.

P&G has successfully used the SIMPL and Stage-Gate processes to launch innovation across their portfolio of products, including their flagship brands Tide laundry detergent, Pampers diapers, Cover Girl cosmetics, and Pantene hair care products for at least the past twenty years, focusing both on new-to-world products and incremental innovation (Cooper & Mills 12).[5]

In *Winning at New Products*, Cooper delves deeper into the distinction between true innovation and incremental innovation or novelty, and the dangers of focusing on novelty. He argues that companies who continue to fail at innovation are often focusing their projects in the wrong places. While not using the word “novelty,” he notes that companies with the worst innovation fail rates as of his most recent study focused too much on “minor projects,” or “those reflecting nominal changes or only incremental improvements to the original product. Companies must maximize their productivity, resources and impact by focusing on larger, bolder innovation projects rather than incremental changes (27). 80% of the companies in his study that were failing at innovation focused on projects like “tweaks, modifications, minor updates, and small sales force requests” (28-29).

The primary reason for their focus in these areas is that they were shorter-to-market initiatives that they believed could drive more immediate revenue. The short-term focus approach, which resulted in novelty innovation, generally did not succeed (Cooper, *Winning* 61). In addition, his study showed what he described as a “disturbing trend” toward novelty innovation projects that wasted organizational resources and consistently failed in the marketplace (61). Nearly 90% of the companies he studied at the time had few to no high value projects in their innovation pipelines (9).

Cooper also noted that companies focusing on novelty often did not spend enough time or resources on the early stages of the development process, harkening back to recommendations both Cooper and Drucker made in the early innovation texts about ensuring a heavy focus on the early stages of the ideation evaluation process. While they did complete the process, they did not delve deeply enough to determine whether the novelty initiative actually met a customer or consumer need representing a gap in the current offering.

Even companies that have been highly successful at innovation like P&G have introduced a number of novelty innovations that did not fill gaps in the marketplace, and ultimately failed or were short-lived. However it should be noted at this point that many organizations have shifted to a short-term mentality where long-term success of a product is no longer the objective (Cooper, *Winning* 154). This issue will be discussed later in the chapter.

Clayton Christensen began publishing on the topic of innovation later than Drucker and Cooper, but his work has influenced corporations engaged in innovation. MBA students from Harvard who later became corporate executives use Christensen's innovation approach throughout corporate America, and his popular press marketing texts are widely read among marketing executives, including and up to today. In 1997 Christensen published *The Innovator's Dilemma*, and with this and subsequent texts, his focus on "disruptive innovation" became the next significant contribution within consumer goods innovation.

While Cooper's text did not diminish in marketplace importance from an innovation practice perspective, Christensen's approach is less concerned with a prescriptive process than on a company's innovation focus. In fact, Christensen agrees with Cooper. He carves a slightly different path, and again here we see a focus on the importance of true innovation versus novelty. Christensen notes, like Drucker, that companies succeeding in innovation are able to anticipate change in the marketplace and ensure that they bring paradigm-changing products to-market in time to meet the needs introduced by the change.

Many companies are hamstrung by their focus on incremental changes they were making for their existing customer base, and argued that they should instead have focused their innovation efforts on longer-term, larger initiatives. Christensen references Drucker's adherence to the significance of the anticipation of change as a key linchpin in successful innovation (184). He does not reference Cooper, but much like Cooper, he makes clear connections between successful innovation organizations and their adherence to a focus on larger, more significant innovation projects introducing a new product to the marketplace, which Christensen coins "disruptive innovation."

Christensen cites companies' fear to cannibalize their existing product sets when introducing major new products, and espouses similar critical success factors as did Drucker and Cooper: 1) Focus on larger, new-to-world or new-to-industry projects. 2) Invoke discipline in the process, especially in removing projects that should not make it to market. 3) Ensure that leadership is engaged. 4) Ensure that the proper resources are being provided. 5) Focus. (188-194).

Christensen's text deviates from the others in that his he focuses on determining why large companies with significant resources are so often losing to smaller companies in emerging markets driven by marketplace change. He determines that earlier texts focused on process do not solve the problem. The fear of losing an existing customer base is driving large, resource-rich organizations to try to be "everything to everyone." They consequently do not focus innovation resources on larger, long-term projects, and are trumped by smaller, more nimble organizations focusing on change-driven opportunity in the marketplace, and innovating to an emerging need (190-192). While not specifically using the term novelty, Christensen clearly indicates that companies focused on brand new products are more successful in the marketplace (194).

The significance of Christensen's contributions is reflected in the fact that he pointed out for the first time in great detail (greater than did Cooper) that companies were focused in entirely the wrong innovation areas, and on too-small ideas, providing detailed examples of well-known companies' failures. Drucker, Cooper and Christensen are among a much larger group of authors publishing about varying aspects of innovation from the 1980's through today, however these three authors provide the primary ground for a discussion about the value of true innovation versus novelty in the marketplace. Their perspectives all focus on the value of true innovation for greater corporate success in the marketplace. It is important to recognize here that none of these authors are making consumer-need value judgments. They are focused on ensuring the best corporate success in product innovation, with a focus on larger, new-to-world innovation.

PARADIGM SHIFT: INVITING THE CONSUMER INTO THE CONVERSATION

In the early 2000's, discussions about innovation and how companies were thinking about the path to new product development shifted significantly for the first time in a few decades. A change in the retail environment, driven primarily by the expansion of big box retailers and club warehouses, created a focus on fast-turn, smaller innovation as a way to drive frequent innovation launches and sustain quarterly profits. Retailers pressured consumer goods companies to produce new products more rapidly, and to offer them at low prices. This in turn caused a resource constraint with in consumer packaged goods companies, forcing marketing teams to develop more innovations in shorter timeframes and for lower profit margins. While the Stage-Gate method was and still is widely used to drive innovation in consumer goods companies, the process began to be an empty process used to drive simple innovations through the pipeline (Conroy, Narula, & Ramalingan 1).

Companies realized that discipline and dedication to every Stage-Gate step is incredibly time-consuming and expensive when introducing many new products per year. With the rapid emergence of consumer use of chat rooms and message boards (now social media), companies began to recognize that they could reach out to consumers sooner and conduct research less expensively. These early stage consumer conversations, which were new within product innovation processes, initiated the emerging conversation around Design Thinking as a new driver of the consumer goods innovation practice.

Design Thinking offers two significant contributions to the innovation discussion in consumer packaged goods: 1) it suggests that inviting consumers into the innovation development process sooner, and in a more intimate way, can better predict successful innovation outcomes by defining true needs that cannot be determined via other less intimate research methods; and 2) it breaks innovation into three segments with the most weight being given to new-to-world products (Brown 23). As it relates to the first point, the growth of early social media meant that companies had new ways to engage consumers to obtain feedback about innovations early in their pipeline. This was an aspect of Stage-Gate that many companies believed was lacking. Traditional consumer research methods are detached, time-consuming, and too expensive to repeat extensively throughout the innovation process. They therefore are only able to capture consumer reaction at a limited point in time.

Rather than undertaking marketing studies that required a lengthy process from inception to study results, companies realized that they could reach out to their “brand mavens” via social media, or they could create opportunities like promotions and games within their web sites to encourage their dedicated consumers to visit their sites and respond to online marketing studies, and they could do so repeatedly through their innovation process (Brown 21-24). This means that a packaged goods company can share an early stage snack food idea with a consumer, then gain his feedback on refined product ideas, and even again solicit feedback about packaging and advertising campaigns.

Tom Kelley and Tim Brown, leaders of product design firm IDEO,[6] shift the focus of the innovation conversation back to truly understanding the consumer need, arguing that utilizing faster-to-market consumer research will create more successful innovation. Design Thinking does not contradict Drucker, Cooper and Christensen. Rather it is a gap-filler, and one that is significant for its moment given technology advancements that make filling research gaps much easier. In addition, Brown points us toward meaningful content and engagement with the end audience, which we will explore more deeply as an important turn we can make when considering an alternative approach in Chapter Four.

Though Brown recognizes that Design Thinking acts as a gap-filler for earlier-developed processes, he nonetheless looks at the entire continuum, and is concerned about the problem of novelty within innovation. As noted above, his contribution here lies in the deeper definition and segmentation of types of innovation into three key concepts: 1) incremental innovation: tweaking an existing product for an existing audience; 2) evolutionary innovation: changing an existing product for introduction to a new audience; and 3) revolutionary innovation: creating an entirely new product for a new audience. For Brown, the key to successful innovation lies in a balance that favors revolutionary, or new-to-world, innovation (162-165).

The challenge with evaluating Brown's impact lies in the fact that at the same time he introduced Design Thinking to the marketplace, incremental innovation had become the primary focus of many consumer goods companies. Companies welcomed the opportunity to engage consumers earlier and more frequently in the innovation process given the proliferation of innovation that became expected in the retail environment. However, embracing Design Thinking for use in part of the innovation process does not seem to have resulted in a refocusing on new-to-world innovation.

Drucker, Cooper, Christensen and Brown agree on the three major tenets that drive successful innovation processes for the past three decades agree on key practices: 1) filling a true consumer need; 2) activating a disciplined process to innovation using tough gates to kill projects as appropriate; and 3) ensuring that the company focuses on more important, new-to-world products. They agree that companies that have focused too heavily on incremental or novelty innovation generally have not succeeded, at least not for long. Some are more focused on the process, and others on content, and we will discuss the implications of this dichotomy and propose an approach for consideration in Chapter Four.

IMPLICATIONS FOR TODAY: INDUSTRY AT A CROSSROADS

As discussed earlier in the project, in our current historical moment, the consumer packaged goods industry is struggling, having focused primarily on incremental innovation for the better part of a decade (Conroy, Narula, & Ramalingan 2). Many of the largest consumer goods companies are fighting to remain relevant in the consumer marketplace. Overall industry growth for center aisle products has slowed, and the growth of small companies has begun to outpace the growth of large, resource-heavy organizations. Consistently, smaller companies are growing faster, and experiencing greater success with innovation, than their larger competitors. Many large consumer goods companies have chosen to focus more on incremental innovation than on new-to-world products over the past decade, and have experienced slowed growth, stagnation, or losses as a result (Conroy, Narula, & Ramalingan 3).

Companies that have experienced growth in the last five years have these factors in common: 1) they introduced completely new products to the marketplace; 2) they addressed their products to three key growing consumer segments: Seniors, Hispanics, and Millennials; 3) they focused on healthy, high quality products; 4) they have ensured their products are available via e-commerce (Viamari 7-10). Essentially they focused on the key tenets espoused by the foundational innovation literature.

Consumer packaged goods companies were, for decades, centers of new-to-world innovation. How have we arrived at this moment? According to consumer packaged goods industry analysts, several factors play into the current decline of consumer packaged goods: 1) consumers no longer want shelf-stable products with ingredients they do not recognize; 2) fresh food options have increased, stealing share from packaged goods; 3) some large consumer packaged goods companies have not truly innovated with new-to-world products in more than a decade (Viamari 9). They have focused on short-term share gains rather than long-term innovation, and they have allowed retailers, including grocery chains and Wal-Mart, to dictate the products they produce and how they package and market them ("The Decade" 2). For example, as discussed in Chapter One, if a product line sells well at Wal-Mart, the retailer will request a variation of the item, perhaps a new flavor, to be added to the line. It is unlikely the consumer will purchase both the original and new item, so the consumer makes a choice between the two. Perhaps he tries the new item, especially if it includes a promotional price or coupon offer. This concept is called cannibalization, and simply means that the product line is stealing from itself. This is one aspect of the harm represented by incremental innovation worth restating, as it is a dangerous phenomenon that creates long-term revenue challenges.

Given the regular shelf retailer shelf reset processes that dictate product availability at most retailers, it is no longer expected that small product variations or novelty changes will be around for long. Product lines cannibalizing themselves are a common theme, and once started, are a tough cycle to break. Companies are chasing their own product lines to increase profits. Now that the overall marketplace has begun to decline for consumer packaged goods, the industry finds itself in a tenuous place, lacking a long-term strategy for innovation. This cycle, driven in good part by the growth of Wal-Mart in the early part of the 21st Century, helped to drive a change in the innovation approach within large consumer packaged goods companies from the long-term, larger innovation approach, to a short-term, quarterly profit-driven approach dictated by the self-created cycles of its retail customers (Conroy, Narula, & Ramalingan 5).

MOVING FROM PRACTICE TO PRAXIS

The marketplace landscape in this historical moment seems to have moved away from the proven successful innovation approaches designed by Drucker, Cooper and others, while overall consumer packaged goods success in the marketplace has diminished over the course of the last decade. The long-standing innovation literature, pointed in the direction of focus on meaningful innovation, is strong, and at one point, helped companies to succeed. It seems to remain true that companies focused on more meaningful innovation and new-to-world products are more successful than those focused on incremental innovation or novelty.

We cannot seek simple answers or quick fixes to help move companies toward a more meaningful innovation focus once again. The practitioner texts discussed in this project emphasize the importance of ensuring that companies understand their core capabilities and that the solutions they consider can be practically and successfully executed. They also emphasize the importance of understanding true need in the marketplace. That seems to be a missing element from the innovation approach being undertaken in large consumer packaged goods companies today.

We may find an opening in the turn represented by our current historical moment, where the paradigm shift driven by consumer needs will force a change in consumer packaged goods companies' practices. However, we must acknowledge the difficulty of breaking the cycle of incremental innovation. Sacrificing short-term profits is not tolerated by shareholders; this is a reality of many publicly traded organizations. New-to-world innovation requires long lead times; often a year or more of research and development.

We will review a case study in Chapter Five featuring a multi-year innovation process that led to a new-to-world product innovation. This creates a daunting situation for companies that have become hooked on short-term wins via incremental innovation. Therefore we have an opportunity to consider how we can move innovation practice to a more meaningful place without losing focus on necessary revenue-driving results. The long-standing, process-focused innovation literature exists and works. The driving question moving forward is how we can begin to think about shifting the conversation from the current short-term cycle back to true and meaningful innovation without making unrealistic recommendations for companies operating in the real world. Chapter Four will explore potential opening in the conversation, and will consider theoretical ground that may help open the conversation without ignoring business practicality.

CHAPTER THREE END NOTES

1. The company histories of Procter & Gamble, Unilever and Kraft Foods are publicly available on the companies' web sites and are cited in this study's bibliography.
2. The aforementioned products are registered trademarks of their respective companies. Information about their trademarks is publicly available and their companies' web sites are cited in this study's bibliography.
3. This is a publicly published case study. Reference is noted in this study's bibliography.
4. Portfolio management as it relates to innovation may be an area for future rhetorical investigation.
5. Tide, Pampers, Cover Girl and Pantene are registered trademarks of Procter & Gamble. The brand names used are referenced in a previously published study by Cooper and Mills as cited in this study's bibliography.
6. IDEO is a product design firm with offices located around the world that frequently works with consumer packaged goods and other companies to help them develop new products. Tim Brown's book is cited in this study's bibliography. More information can be found on their web site at ideo.com.

CHAPTER FOUR: CONNECTING THEORY TO PRACTICAL APPLICATION

Given that the practice of innovation in consumer packaged goods companies has often become more focused on the short-term and novel, we have come to a point in this project where we can begin to consider constructive alternatives to the current approach. Consideration of alternatives presumes that we believe that privileging a long-term, strategic focus on new-to-world products will be more beneficial for consumer packaged goods companies. Cooper's research demonstrates that when companies focused on new-to-world products, they were more successful. His research also demonstrates that companies having primarily focused on novelty innovation over the past several years have suffered from decreased revenue versus those that have focused on new-to-world product innovation. Finally, Cooper's research demonstrates that companies investing in longer term innovation, specifically, new-to-world products have been more successful, not only at product launch but over time (Cooper, *Winning* 59-61).

This chapter will explore openings in scholarly rhetorical literature that may offer ground for an alternative, practical, and applicable way to approach the early ideation portion of the innovation process, connecting it directly to the concept of rhetorical invention. Reframing part of the innovation process as invention may provide an opening to discuss alternatives. Invention connects the argument with its audience in a meaningful way, focused on content over style. As we consider this through the lens of innovation, it could support an argument for privileging substantial innovation versus novelty, which could be considered to be solely style-driven. We noted in Chapters Two and Three where potential support exists in marketplace literature that points us toward support for a content-driven focus for innovation practice.

We will attempt to create clear connections between the ancient literature, contemporary theorists and actual innovation practice via the work of Cicero, Aristotle and several contemporary theorists. Ensuring clear connections between theory and practice is important given that an alternative approach must make sense and be usable in the marketplace, where innovation practice occurs.[1]

This chapter will also explore potential connections between contemporary literature and the ancient literature to determine whether we may apply a rhetorically grounded approach to the beginning stage of the innovation process, in order to effectively determine whether the "practicality filter" actually applies. If we can consider the beginning of the innovation process as the invention portion of the process, we may then have an opening for an alternative approach that more closely ensures focus on strategic innovation and new-to-world products.

GROUNDING FACTORS

As we consider the ways in which we can move consumer packaged goods marketing innovation toward a longer term focus privileging new-to-world innovation, we need to first acknowledge several foundational factors about the innovation literature discussed previously: 1) the process driven innovation literature has been tested in the real world and has proven to be effective as it relates to process and method. No major gaps seem to exist in the recommended and long-practiced innovation processes when applied as-recommended in the leading literature. 2) The process driven innovation literature presents a practical how-to approach to marketing innovation that does not appear to be rhetorically or philosophically driven. If it is, it is not credited within the literature itself. This offers an opening for considering a rhetorical approach as an additive concept. 3) The leading process driven literature primarily recommends a long-term, strategic approach to marketing innovation, privileging new-to-world products over novelty innovation. Focus on new-to-world innovation was clearly privileged in Cooper, Christensen, and Brown's literature, three of the primary authors driving the application of marketing innovation in corporations today. This again offers the possibility that we can consider an invention-focused approach as additive to the innovation process.

We find ourselves in a historical moment where companies privilege short-term profit over long-term growth. Short-term profit typically requires marketers to privilege projects that can be executed in six months or less, including innovation developments like package changes, or new flavors or scents of an existing product. Innovation projects of these sorts are relatively simple and inexpensive to execute (Wdowiak). The turn back to a longer-term focus cannot be recommended lightly or without significant impact to the ways in which companies have become accustomed to doing business. In the short term it may be most practical to propose a combination of short and long-term projects to ensure that the innovation pipeline is filled at all times, and that corporate shareholder needs are satisfied. In the long term it is possible that over time a shift to complete long-term approach is theoretically possible once a company has built up enough projects in the pipeline over time.[2]

This project offers the perspective that the privileging of corporate profit is a given in current market economies, and that long-term innovation focused on new-to-world products rather than novelty would benefit both corporate profits and consumers.[3] Profit as a key corporate objective is a given in a marketing-driven industry. Therefore we must explore alternative approaches with these grounding factors in mind: practicality and applicability in corporate environments, and an understanding of the reality of corporate fiscal expectations. Driven by our understanding of companies from content promoted in mass media, we tend to see corporations as separate from individuals, and we discuss corporations using loaded terms, considering them to be driven by "corporate agendas" to achieve "corporate profits." As a society we tend to overlook that in fact corporations are in fact composed of people. Corporations are a collective of individuals working to achieve excellence and success, both for themselves and for the company that employs them. Innovation marketers are embedded within a larger community of consumer packaged goods marketers and are consumers themselves. However, when we include marketing practitioners as part of a larger corporation, they tend to become faceless, and our positive perspective can change, especially within the context of consumer marketing practice.

It is also important to be grounded in an understanding of communication as underlying the practice of marketing, and that marketing is a meaningful act of communication between people, encompassing the entire innovation process. Marketing can be regarded as unimportant noise or meaningless jargon, something to be layered on top of meaningful work, but in fact marketing is the end product of extensive work developed by a large numbers of people who are practicing communication for a living. When we view marketing as only hype, be it advertising or a new product introduced in the marketplace, we are missing the value that the communication creates, and in fact, we could be implying that the communication lacks value completely.

This study offers the perspective that corporations, including packaged goods companies, are a necessary part of our current market economy, and offers a positive perspective on the practice of marketing innovation within consumer packaged goods companies. Innovation is invention, both of itself and within itself. All marketing is derived ultimately from communication, and is a rhetorical practice that is part of the innovation process from the beginning, not an element to be layered on top like frosting on a cake. New products are developed with the intent of driving consumer purchase decisions toward a particular product, and that entire process, from concept to market-based communications, are components of marketing and therefore communication. All aspects are part of the rhetorical process.

Much like we tend to forget that corporations are composed of people, marketing practitioners generally do not consider the applicability of ancient philosophy in contemporary marketing practice. While not applied frequently, ancient philosophers, particularly Cicero and Aristotle, play a role in marketing practice in corporations today though marketing practitioners do not realize the rhetorical underpinnings of their practice, particularly in innovation.

ANCIENT RHETORICAL CONNECTIONS

Little scholarly literature exists that makes a direct connection between rhetoric, marketing and innovation. However we can find in ancient literature a ground for understanding communication as the basis for all human interaction, including persuasion. Aristotle and Cicero provide the primary ground for this chapter, specifically in their points of focus on rhetorical invention and topics. Cicero provides ground for making good arguments and building a strong case. Aristotle provides an opening in his discussions of cause and how cause impacts human communication. Through this chapter we will note that Cicero and Aristotle's notions of invention are complementary and can help us to begin to view marketing innovation through a deeply grounded invention lens.

Both Aristotle and Cicero were concerned with the essence and process of communication, with a focus on ensuring excellent communication at all times. Both were deeply concerned with invention, describing their approaches in great detail. Both were concerned with *how* a point was developed, and Cicero was specifically focused on building an argument and ensuring that evidence supported all arguments, in order to ensure victory in oratory debates. In *De Inventione*, Cicero mapped the four constitutions of an argument, and the seven distinct components of a good argument, while bringing together the importance of content and delivery. In Book I, he wrote, "By the material of the art I mean that with which the art as a whole and the power produced by the art are concerned" (v.6-7). Cicero demonstrates here that content and delivery work together as the invention process to include the audience in a meaningful way and deliver the intended message. In Book I, Cicero supports Aristotle's notion of invention, specifically speaking to the value of Aristotle's three important subjects, the epideictic, the deliberative and the judicial (v.7-vi.8).

When we consider practicality of the concept of invention in marketing innovation application, both Cicero and Aristotle are helpful. As noted earlier, Cicero was primarily concerned with building strong arguments to win cases. As an attorney, Cicero lived and practiced communication in the marketplace, and his focus on building successful arguments is ultimately rooted in a place of praxis in the marketplace.

Aristotle declared rhetoric to be a practical art in *The Rhetoric* (1355b10). This distinction creates a valid opening to consider a philosophical text as potential basis for a business conversation that may be accepted in an environment where philosophy would generally not be accepted. Further justification for the application of Aristotle's *Rhetoric* in this situation is Aristotle's assertion that the definition of rhetoric is determining in any given situation the available means of persuasion (1355b26-1355b30). We can create a connection here to the idea that the purpose of marketing innovation as the development of products and associated communication to persuade consumers to make a purchase.

Finally, Aristotle's *Rhetoric* makes the assumption that the audience for our communication, while not trained in our subject matter, is capable of understanding our arguments (1357a1-1357a13). Aristotle privileged the practical over the esoteric, emphasizing the use of his teachings via specific examples for use in the real world. His real world approach demonstrates and help supports the concept that his teachings are as relevant today as they were when originally taught.

CONTEMPORARY THEORETICAL CONNECTIONS

We can also find a connection in contemporary theory to connect the ancient literature to practical applicability of marketing communications practices via precedence for application of Aristotle's thought in contemporary theory. Examples include Tom Morris's *True Success: A New Philosophy for Excellence*, and *If Aristotle Ran General Motors*, which while nearly two decades old, remain relevant marketplace texts. Other business texts, including Jim Collins' *Good to Great*, speak to the underlying goal of Aristotle's *Rhetoric*: that we should aim to achieve excellence in everything we do, especially when engaging in communication practices. Marshall McLuhan makes a direct connection with Aristotle, expressing concern about marketing communication practice, cautioning marketers that communication with consumers must be thoughtful and carefully practiced through advertising channels in *Understanding Media*. Marshall and Eric McLuhan make more direct and much deeper connections between Aristotle's perspective on cause and the media in *Media and Formal Cause*.

The most direct contemporary scholarly connections between rhetoric and marketing practice appear in academic journal articles published in the last twenty years: a 2007 article by Charles Marsh, published in *Written Communication,* and a 1987 article by Jean Dietz Moss in *Rhetoric Society Quarterly*. Both of these articles offer an entry point for applying philosophical theory in a corporate setting (Moss 71). Marsh creates a compelling connection between Aristotelian causal analysis and rhetorical invention (Marsh 168), and Moss creates a connection between ancient rhetorical philosophy and practical contemporary practice (Moss 71).

CREATING GROUND: ASKING THE RIGHT QUESTIONS

We have determined that precedence exists for considering ancient theories as potential ground for invention as part of contemporary innovation marketing practice. We must more closely consider the particular aspects of Aristotle and Cicero's theories that are relevant to the practice of developing innovation in consumer packaged goods. We argue there are two key aspects of ancient rhetorical theory providing ground for investigating alternative practice: Rhetorical Invention as discussed by both Cicero and Aristotle, and Aristotelian Causal Analysis. Importantly, we can also connect in both Aristotle and Cicero the concept of asking good questions as central to successful invention. We can also make a direct connection to the importance of asking good questions to the concept of successful innovation, as discussed in Chapter Three. Connecting the ancient theory to contemporary practice, we can consider how we approach our questions based on marketplace-driven causes. But first, we need to clarify the connection between invention and innovation.

Cicero offers instruction for argument-building that makes invention central and indeed necessary to good communication. Regarding his applicability to marketing, we find relevance early in *De Inventione* Book I, where he states, “Every subject which contains in itself a controversy to be resolved by speech and debate involves a question about a fact, or about a definition, or about the nature of an act, or about legal processes.” This question then, from which the whole case arises, is called constitutio or the ‘issue.’ “ Cicero helps us to understand that in order to understand an issue, it is critical to frame it as a question in order to investigate further (viii.10). He also helps us to understand good communication as underlying marketing practice, and as noted earlier, if we consider marketing as part of the entire innovation process, we then include product marketing innovation and its associated development processes within the marketing umbrella.

Cicero is concerned with building successful argument to a practical end, essentially winning arguments in the marketplace with an ethical outcome. His development of an invention approach provides a roadmap for developing such successful and practical arguments in order to win the support of an audience. Aristotle helps us remember rhetoric as the primary ground for living a life in pursuit of excellence. Aristotle is concerned with living a life of truth and honor, and good communication is a part of living the honorable life. We can understand this by considering *The Rhetoric* as a guide to creating successful communication that considers all aspects of one’s life in the context of the rhetorical ground. Aristotle and Cicero, when considered collectively, help us to understand good communication as part of human communication period, driving successful arguments that include an audience in meaningful ways that meet their communication needs.

Marketers in particular spend a significant amount of time thinking about communication, whether they are working on developing a new product, or thinking about how that product will be advertised or sold in the marketplace. While they may not be actively thinking about how they are actually practicing communication most of the time, the majority of marketers' work is communication-driven. In particular, marketers practicing in an informed manner are driven by questions that must be answered in order to create and launch new products successfully in the marketplace. What is the next big consumer interest in the marketplace? Can we develop and sell this product at an affordable cost for the company? Will consumers purchase it at this price? What are the risks to launching this product? What messages will generate consumer interest in considering a purchase of this product?

McLuhan's focus on practical matters and real world interaction helps us when considering his applicability to marketing innovation. Much like Aristotle, McLuhan is concerned with ethical behavior in communication, and is particularly concerned with the ethical behavior of marketers. He states that marketers are concerned with the message they are sending into the marketplace, but they should be concerned with the message that is being received by their audiences, and the reaction the audiences are sending back (McLuhan 280). In fact, practitioners of marketing innovation are concerned with the reaction of consumers to their innovations, so much so that they wish to gain feedback early in the innovation process. The earliest part of the innovation process must be driven by questions, and ensure a practice that allows an audience response to meaningful and important questions about the product to be developed. Aristotle, Cicero and McLuhan offer opportunities to review marketing innovation practice through the lens of theory in a practical manner. The path they created is via the practice of invention, and the beginning of the path is asking the right questions, based on the appropriate causes.

The idea of connecting ancient theory with contemporary marketplace practice also has demonstrable precedence as noted in several scholarly articles over the past two decades. In 2007, Charles Marsh published an article focused on applying Aristotle's Causal Analysis to advertising practice.[4] Marsh notes little has been written to connect the practical practice of advertising to rhetoric, and he helps us to understand the ancient invention theories through contemporary application. He argues that the advertising involves the practice of generating ideas, often about a product, which must then come to life through the written word (Marsh 170).

While unstated in the article, we can make connections here to Cicero as well, specifically within the central concept of the importance of generating questions as part of invention, and connecting invention and good questions to good decision-making, which ultimately drives the innovation (and invention) process. Marsh helps open the primary Aristotle and Cicero literature a bit more in the area of invention and questions, providing a path toward direct, practical application of the ancient invention theories in marketing practice. He helps us to see a turn from uncontemplated marketing practice, moving toward praxis, when applying invention-based concepts driven by good questions.

Marsh notes that consumers assume and demand that a thoughtful approach has been put into the words that appear on any advertising page, which includes an assumption that the writer has investigated and learned as much as possible about the product for which he or she has generated an ad, essentially the invention portion of the advertising process. His investigation taught him that in fact, advertisers did research their subject matters, however they did not undertake a systematic approach to learn about them (Marsh 170). We can make a direct connection here to the invention component of marketing innovation.

Marsh is helpful to our investigation of innovation practice, as he supports the idea that invention is critical to the marketing development *process,* of which copywriting in advertising is a marketing practice that pertains directly to invention. He further offers us the opportunity to emphasize the importance of developing a structured approach to the invention portion of the innovation process. He suggests that asking the right questions at the right time offers a more structured, but also overall better approach to advertising, and ultimately one that could generate a stronger consumer response (Marsh 186). Again here we see that Marsh points to the importance of the ancient invention literature to help demonstrate that asking the right questions creates meaningful inclusion of the message's intended audience.

Connecting this contemporary article about a narrow aspect of advertising to our questions about innovation is relevant in that both advertising and innovation fall within the practice of marketing in corporations. The product management and marketing communications practice groups typically reside under a marketing umbrella organization, reporting to the same senior executives. They are cross-functional teams that link together and support one another through the entire innovation chain. While the execution of their practices are not the same, they are part of a marketing ecosystem within corporations that need one another in order to be successful, and in fact, a product cannot be developed or launched to the marketplace if both teams do not exist and properly execute their work. While this connection is a functional reality in the work place is it also an important part of the lens through which consumer packaged goods companies view their overall marketing approach (Wdowiak).

Much like Marsh discussed for advertising, good questions, derived from an invention-focused approach, should be central to any product innovation process. Marketers must undertake a two-fold marketing research as part of the innovation process: 1) they learn more about the product set within which they intend to launch their new product; and 2) they learn more about consumer interests, particularly in regard to the products they purchase. Depending on the company and its process, marketers may execute an objective, rigorous and structured research process. However in many cases companies do not execute a structured research process. Instead they develop product set research informally, and develop consumer feedback research using ever smaller consumer groups that do not necessarily reflect the full diversity of their consumer audiences. The increasing informality of this process is partially due to lack of economic investment in the front end of the innovation process, and partially due to the current level of interest in novel innovation, which requires and desires less research and consumer feedback (Wdowiak).

We argue here for strengthening the content (questions), and ensuring that we apply our good questions at the critical points during the innovation process at which we have the opportunity to stop to ask meaningful questions. We propose that considering a more structured approach to asking questions, and determining the right questions at the beginning of the process, may indeed offer a stronger approach to long-term, new-to-world marketing innovation, and move marketers away from novelty innovation.

Before we can determine which questions may be somewhat universally applicable, we must consider a ground for question development. We find that ground in Aristotle's notion of cause, supported by several contemporary articles that help us to understand how we may create practical application for the ancient theory. For Aristotle, causal analysis is "a process for defining and explaining a subject" (Marsh 176). Aristotelian causal analysis contains four primary causes: formal, efficient, material and final. Formal cause looks for definition of a subject. Efficient cause seeks to understand the creation of a subject matter. Material cause tries to understand how a topic is constructed and what it includes. Final cause tries to understand the end objective or purpose of the subject matter or topic (Marsh 176). The causes can be helpful to us in innovation practice, as they offer a perspective from which we can develop questions to drive invention. Aristotle lays the groundwork for the four causes in *Prior Analytics*, discusses them in great detail in *Posterior Analytics*, and explains how they are applied in *Physics*. (Moss 72).

One way in which Marsh points us to the helpfulness of the ancient theory is through the extension of Aristotle's definition of a product to include both products and services as "products" for the purposes of discussing advertising. While this project is concerned with tangible products produced by the innovation process, Marsh's description of product is a bit broader, and helps us to make the argument that we can include the entirety of marketing practice (Marsh 175-176).

As noted earlier, invention for both Cicero and Aristotle begins with the generation of ideas, and they both approach this concept in a structured way. Thomas Aquinas took Aristotle's notion of formal cause further when he noted that form defines "the completeness of a thing's essence," and that the elements completing the form must be fully clear to the audience trying to understand the subject matter. Marsh argues that the notion of completeness is helpful to product evaluation in that ensuring a transparency in understanding of all of a products' attributes will add a helpful, structured aspect to marketing (Marsh 179). Aquinas's approach to formal cause is additive in that it expressly contains the notion of completeness that while existing in Aristotle, is unexpressed. Creating such transparency in the invention portion of the marketing innovation process may also be additive and helpful to the overall process, as it could add clarity about the value of the innovation early in the process.

Marsh also helps us to consider how we can view the ancient invention theories as helpful for developing the causal structure for questions that drive the invention portion of a marketing practice. He even connects his primary concern, advertising, directly with product marketing. He describes an approach, relying on the four causes as a guide for asking good questions that drive successful marketing practice.

For his purposes, Marsh suggests a set of basic questions to guide our inquiry into product evaluation through the lens of Aristotle's causes. For formal cause, he suggests: 1) "to what product category does this product belong?" 2) "What are the attributes of a product, particularly those that distinguish it from other products in the category?" (Marsh 179). For material causes, Marsh suggests "What are the materials or ingredients of the product?" For efficient causes, Marsh suggests "What organization created the product? What are the attributes, particular distinguishing features, of that organization?" (Marsh 179-182). For final causes, Marsh recommends that advertisers ask: 1) "why did the organization create the product?" 2) "What unintended uses for the product have been discovered?" (Marsh 183).

In discussing final causes, Marsh notes a linkage between Aristotle's discussion of unintended outcomes in *Physics* and product attributes often encountered by advertisers when investigating product applications. The same connection can be made for marketing innovation. In investigating competitive product sets in early stages of the innovation process, it is important for marketers to understand the "why" behind the competitors' development of specific products, and for products already in-market, it is helpful for the marketer to understand if any unintended consumer outcomes occurred once the product was in use. Essentially, this means that in order to use final cause as an evaluation tool, marketers need to invest in proper consumer research.

This brings us to creating a clear connection between the concepts of invention, causes and innovation practice in the marketplace. Marsh's advertising invention questions are included here because they help to illustrate the unique value of connecting theory to marketplace practice, a concept not widely accepted in the marketplace. Marsh's examples illustrate that connecting ancient theories to marketing practice can be done in a way so as to not feel cumbersome or esoteric to a marketplace practitioner, which could open such an approach to the inclusion of rhetorical invention in innovation practice.

The connections for innovation are clear. Simple questions like these could help product marketers to better understand some key factors as to why the other products within the product set have been developed. For example, researching the best-selling competitive products is a key component of any innovation's early stage research. A marketer will want to understand who developed the competitive product, what vendors are supplying the key materials, and how the competitive product is manufactured.

DIRECT CONNECTIONS: THEORY AND PRACTICE

As we consider Cicero and Aristotle's primary literature, and contemporary contributions focused on marketing practice, we can consider three ways in which advertising as the subject of Marsh's study and the topic of our concern, marketing innovation, are connected in practice and theory: 1) both are part of a broader practice of marketing within most consumer packaged goods companies. 2) Both are historically and practically rooted in rhetoric as a field of study. Advertising is regularly included in rhetorical studies in universities. The link to marketing innovation is not as direct; however marketing innovation is at its core a communication practice. It is the practice of developing new products and communications about those products, with an intent to sell the product to a specific or broad consumer audience. 3) Related to point number two, both advertising and marketing innovation have at their core intent to meaningfully engage a consumer audience. It should stand then that we can make a strong enough connection between these communication-based practices to explore the validity of applying causal analysis to marketing innovation through the lens of invention.

Invention and innovation connect in real world application via process-driven innovation methods like the Stage-Gate method for new product development. Within the Stage-Gate process, invention is both a part of the process and the whole process, and for our purposes, the content is more important than the process. The process here is simply used as a vehicle through which we will deliver the content at the most meaningful moments.

In the context that Stage-Gate is the formal delivery method of a new product from conception to market launch, the entire process can be considered invention for that product. However within the product innovation process, invention plays a particular role in determining which new product ideas will be added to the pipeline. This is the portion of the process with which this project is most concerned. It is at the beginning of the innovation process where the marketer can most affect a company's product development pipeline, and it is here where the determination is made to focus on new-to-world products or novelty enhancements to an existing product line.

In a shortened invention process, i.e. the information gathering and vetting process, it becomes easier for marketers to lean on novelty. A new flavor or scent of an existing product requires less research and development than a new-to-world product, and therefore, it requires less investment. It also brings the likelihood of less profit for the company in the long run, as we learned from Cooper. If a company is striving for a healthy profitable existence, the innovation pipeline must be full, and products should be launched on a regular reoccurring basis. The reoccurring launches also meet the requirements of the retailers, whom, as previously discussed, require new products to be presented annually at a minimum, and potentially several times per year, depending on the product category.

Reviewing Cicero and Aristotle's theories via a marketplace lens, developing appropriate application for real world marketing innovation practices may seem daunting and unrealistic. However contemporary examples exist that help us understand how we may view and apply aspects of Cicero and Aristotle's invention theories to contemporary innovation practice in a manner fitting to the marketplace. In her 1987 article, "Aristotle's Four Causes, Forgotten Topos of Renaissance Rhetoric," Moss writes that Aristotle's causes have been neglected from practical application, but that they can indeed be applied in a useful and practical manner, what she calls a "common sense approach" (71). In *The Rhetoric*, Aristotle does not make a distinct connection between causes and invention, instead focusing on specific and general topics. Moss suggests possible reasons for this, including that perhaps he wished to provide a simpler approach to the practice of invention (72). She writes that Aristotle brings the four causes into rhetoric via dialectic, which is discussed in the opening line of *The Rhetoric*: "Rhetoric is the counterpart to dialectic" (1354a1). Moss notes that for Aristotle, neither rhetoric nor dialectic can produce absolute knowledge but can only help us determine course of action based on the best information we can gather about what has happened in the past (73).

This helps us again view Aristotle through the lens of practicality and with an end toward meaningful audience inclusion in communication practice. This aspect of invention is critical to innovation given that the stakes are high for every product launch, especially in publicly traded consumer packaged goods companies. A failed launch can mean significant financial losses and even the loss of jobs. Moss ultimately argues for further investigation as to the historical applications of the Aristotelian perspective of causes and invention, and for consideration as to contemporary ways we can revive interest and application of these rhetorical themes in practical application (85).

Some marketplace practitioners may also see practical application for ancient theories in marketing innovation. Examples are rare but helpful in that they help to support our understanding that the ancient invention theories can indeed support contemporary innovation practice in a meaningful way. In a professional blog article published in May 2014, Kate Hammer, an innovation practitioner, wrote that Aristotle offers us a framework that may catalyze innovation in that he offers a practical approach to action and throughout his work. Hammer made the point that practical action could lead to meaningful change in innovation practices and could spark a more connected and inspired innovation culture (Hammer). She further ties the notion of practical application to the criticality of asking good questions as the key to the successful beginning of the innovation process.

Making a more direct connection to marketing innovation and our question at-hand, Hammer also argues for the application of Aristotle's perspectives because he championed balance in all communication. She asks, "How many of us have seen initiatives cave in or get cancelled because their champions failed to strike a balance between novelty and relevance?" (Hammer). She offers a few specific examples of novelty being privileged in the innovation process, only to quickly fail. Examples include Crystal Pepsi and Tab Clear, which were launched by PepsiCo and Coca-Cola in the early 1990's. The companies did not conduct thorough consumer research to properly understand their audiences' interests in a clear cola, and they made significant investments in development and marketing launches for these novelty innovations (Hammer).[5]

We can note via Hammer that Cicero and Aristotle's ideas are relevant to the practice of marketing innovation because of their focus on the concepts that open consideration of invention to marketplace applicability. We also see here again the connection between invention, asking good questions and innovation in practice. Asking good questions helps lead to good decision-making, and we can apply this idea to good decision-making about meaningful innovation through the development process.

We have reviewed several potential starting points in scholarly and practical literature. Now we can consider whether we can present a potential alternative for application in the invention phase of marketing innovation, and in so doing, whether we can create a template that helps guide the conversation toward a more strategic focus, and away from a novelty focus.

RETHINKING INVENTION IN INNOVATION

Most innovation within consumer packaged goods companies has one of three origins: 1) the lead marketer for a given business or brand; 2) the company's research and development department; or 3) customer (retailer) or consumer requests. Regardless of the idea's origin, however, a research process generally occurs within every consumer packaged goods company that helps move the innovation idea through the company's chosen innovation process, whether Stage-Gate or another method. In many companies today, this process can take several forms, and will likely include consumer research to test the product ideas with their intended target audience (Wdowiak).

The research can be conducted in several stages, including early product concept reactions, to actual product tests, to packaging and advertising message reactions. Research is typically conducted both quantitatively and qualitatively. Gauging audience reaction to an already-developed idea is an area rich with approaches, methods and ideologies that are constantly evolving, especially given newer methods of research being conducted via social media. However for the purposes of this project, we are most interested in the initial idea generation steps, a part of the process that lacks clarity and structure in most organizations.

Typically, in order to ensure that many ideas are in the innovation pipeline, companies take a “good ideas can come from anywhere” approach. Therefore the research and development department and marketing department work on their own ideas simultaneously. This can include new-to-world products and novelty changes to existing products and packaging. The consideration of new scents and flavor of existing products would fall into this idea generation part of the process. For novelty changes, there may be a reduced research and consumer response process, especially if the existing product was highly successful. In some cases there may even be no consumer reaction research, but doing no research ultimately presents risk of failure the company must be willing to bear.

New-to-world product ideas enter the innovation pipeline via any of the above methods, but how are they generated in the first place? Research and development departments investigate how they may combine new or existing product ingredients to create an entirely new product. One such example from the last decade is when a number of consumer packaged goods companies in the pet food industry developed “meal bars” for dogs.[6] The untested theory was that it would be much easier to feed dogs on-the-go with a meal bar than with typical dog food. Most of these products were ultimately rejected in the innovation pipeline in most cases due to a lack of a strong price/value combination. They were too expensive to produce versus what the consumer was willing to pay; essentially they could not meet the companies’ required product margins. However they represented one of the rare truly new ideas to the pet food marketplace. While the success of research and development departments’ efforts are varied, their approaches to innovation are generally rooted in science – ingredients and chemical combinations. That area is not the focus of this project. It is simply mentioned because it is a major pipeline of innovation ideas, and typically an integral part of any consumer packaged company's overall innovation process.

Within the practices of marketing practitioners, most new ideas are generated via brainstorming, either independently or in working groups. Brainstorming can take any number of approaches and is generally unstructured, uninformed, and unproductive. This is the area where we see an opportunity to consider a rhetorically-based invention approach to part of the innovation process. Could we consider a set of introductory questions delivered via an introductory project brief, based on Cicero and Aristotle's complementary approaches to invention, as a solid starting point for meaningful innovation?

In order to do so, we must ensure that the questions are based in helping us understand our intended audience's needs for the proposed innovation so that we can create a purposeful and meaningful focus for the early ideation process. The basic frame for a question-driven invention brief could look like this, led by Aristotle's causal analysis, leading with the most significant cause, Final Cause:

1. [FINAL CAUSE] Consumer & Customer Need: What meaningful consumer need exists in the marketplace that our brand's purpose (product set focus) could fulfill?
    a. What is driving the consumer need in the marketplace, i.e. why will consumers want to use our product?
    b. What have consumer demonstrated that they do NOT want?

c. What has surprised us about consumer reaction to other innovation, ours or the competitions'?

d. What customer (retail) factors must be considered in order to advance this project?

i. Example: Wal-Mart likelihood of acceptance.

e. What major factors could inhibit the success of a newly-proposed innovation?

2. [FORMAL CAUSE] Product Definition: How do we define the product that we want to create in a way that meets the defined marketplace need?

a. What is the product category and focus?

b. How is the product that we will propose different from other existing products, ours or our competitors'?

c. What are the proposed product attributes that meet the defined consumer need and how exactly do we propose that they meet the stated need?

3. [EFFICIENT CAUSE] Company Capabilities: What are our company's core capabilities and expertise? What can we competently produce and meet the defined marketplace need?

a. How do we produce/manufacture our products?

b. What are the features of our production and distribution processes that allow us to continue to innovate beyond our existing products?

c. What are the limitations of our production processes?

4. [MATERIAL CAUSE] How exactly will we propose to produce a new product to ensure we meet the defined marketplace need?

a. What are the ingredients or materials that we will use?
b. What qualities do we want this product to have to ensure we are meeting the defined marketplace need?
c. How will the product be manufactured, packaged, distributed and marketed?
d. What cost and pricing realities do we need to understand in order to advance this project?
    i. What margins does it need to meet?
    ii. What is the expected return on investment?

Our innovation invention framework is intended to demonstrate how a guide rooted in a practical application of invention, focused on a thoughtful approach to critical marketplace and audience considerations, can produce more successful results than unstructured brainstorming. While these may seem like common sense questions, this fairly simple practice is not typically followed within the corporate marketing structure at the ideation phase today.

Critical to ensuring the success of a framed question ideation model will be to ensure that each question can be answered in such a way to be closely tied to the project's final cause, that is ensuring that every aspect of the approach ultimately fulfills the audience's marketplace need in a way not being fulfilled by another existing product. Many more questions could be added to this brief to customize it for a company's specific needs, but the above-proposed questions represent a starting point from which most companies should be able to begin. We propose that the brief should be somewhat flexible in that questions can be added as appropriate to respond to a given company's needs.

As an innovation is developed and begins its journey through a company's innovation process, it will be important to ensure that the product continues to be developed in adherence to the original principles as defined in the brief so as to maintain its core focus from ideation through marketplace introduction. Ensuring adherence throughout the innovation process becomes the responsibility of both the marketer and the approvers as the project advances through the innovation approval gates. This will allow the innovation to remain both true to its original purpose but also to remain true to the concept of invention, which if followed, ensures a strong argument is built and maintained as part of the overall communication process.

CHAPTER FOUR END NOTES

1. A practicality filter matters in order for our study to have potential relevancy in innovation practice within the consumer packaged goods industry, where marketing is considered a professional pursuit that is furthered by practice in the marketplace.
2. Again, offering a potential solution that could be open for consideration in the marketplace must recognize that wholesale change to a long-term perspective would not be feasible. However a phased approach could be considered.
3. The intent of this chapter is to position the consumer packaged goods industry within its current marketplace situation, not to position a broad, political or socio-economic statement.
4. Marsh helps frame Aristotle in light of current marketplace practice, though his work is focused in a different area of marketing practice.
5. The brands mentioned in this paragraph are registered trademarks and are referenced in relation to a previously published article referencing the brand names, which is cited in this study's bibliography.
6. This masked case brief is a learning based on this author's time working within a large consumer packaged goods company. Company and brand names were intentionally omitted.

CHAPTER FIVE: REGROUNDING IDEAS

As we think about Cicero's and Aristotle's concepts of invention in the context of innovation, it is helpful to understanding invention's ties to the marketplace by exploring whether their works could point toward support of invention in practical business practice. Considering Cicero and Aristotle's concepts of invention as potential ground for current marketing innovation practice can help open new ways of thinking about meaningful new-to-world innovation, and current marketplace texts support several key ideas within invention, although primarily done so unspoken. Some of these key ideas which concern both Cicero and Aristotle: 1) meaningfully engaging one's audience; 2) being content-focused; and 3) exhibiting careful, disciplined, and informed practice in one's communication. These three key points of focus can help ground us in the benefits of creating a more complete structure for the invention portion of the innovation process in consumer packaged goods.

The concept of meaningfully engaging one's audience comes to light for Cicero in the context of both the argument itself and the effect the argument has on its audience (Cicero v.6-7). While, as discussed in Chapter 4, both Cicero and Aristotle value the importance of both content and delivery, it is for Cicero the content that ultimately drives the argument and can win the argument (Cicero iii.4-iv.5). Both Cicero and Aristotle demonstrate a commitment to developing informed, disciplined communication structures in their creation of topics, which offer communicators a disciplined but flexible structure within which to create arguments that support any topic. This idea helps to support an argument that structuring the invention portion of innovation could potentially support more relevant and successful new-to-world innovation.

In addition to exploring influential and relevant marketplace texts, we can also find specific examples of innovation, successful and failed, as practiced within consumer packaged goods that exemplify the need to consider an invention-focused approach to new-to-world innovations. In this chapter, we will explore widely utilized marketplace texts that point us toward broad support for a consideration of invention as the underlying principle to guide marketing innovation. We will also review two opposing situations, supported by two case studies apiece, that potentially demonstrate the value of considering invention as the underlying factor to drive the early portions of the innovation process in consumer packaged goods companies.

ADDITIONAL MARKETPLACE TEXTS: SUBTLE SUPPORT FOR INVENTION

While most marketplace business authors do not speak specifically to ancient concepts underlying popular marketplace themes, some in fact do point us toward their ideas. As noted earlier in this chapter, Cicero and Aristotle help us understand several concepts through their theories of invention that can be found in current marketplace texts: meaningful two-way engagement, content-driven communication, and disciplined communication. Several influential and relevant marketplace texts help support these three key concepts, and while not focused innovation, they speak to successful business practices and focus on how successful companies earned their success.

Jim Collins, for example, is one of the most widely read business authors of the past two decades ("New York Times Business Books"). Collins does not explicitly mention Cicero or Aristotle, which include the three popular texts *Built to Last*, *Good to Great*, and *How Companies Fail*. However we can find much in his works that point toward the three key concepts, and that support the tenets of invention in both content and structure. As mentioned in Chapter One, Heath and Heath's *Made to Stick* is a popular marketing text that made a significant impact on marketers when published in 2007, and remains an influential marketing text eight years later ("New York Times Best Selling"). Finally, we mentioned Clayton Christensen in Chapter 3 of this project as the author of influential marketplace texts focused on marketing innovation. In Christensen's *The Innovator's Dilemma*, we can see support for several key tenets of Aristotelian and Ciceronian invention principles, specifically the importance of discipline in innovation (xv).

In *Good to Great*, Collins focuses on how strong companies propel themselves into even stronger companies, and his research revealed a specific set of key factors making the difference in the majority of circumstances. Underlying Collins' entire text is a commitment to quiet, informed discipline that begins with the top executives and is not only communicated, but acted upon by every member of the company (13). While unstated, Cicero's methodical case-building and commitment to working in a meaningful way with one's audience comes through in this text. *Good to Great* aligns to similar, clear communication principles throughout, and does so in a methodical and case-building approach.

We can see the same approach in *Made to Stick*, where Heath and Heath build a case for methodically building "stickiness" of new ideas with one's intended audience. Both Heath and Heath and Collins also demonstrate a clear commitment to practicality in their texts, making a point to state their commitments to pointing out practical information designed to help companies be successful in the marketplace (Heath & Heath 251; Collins, *Good* 16). This commitment to practicality, grounded in case-building principles of invention, allows us to make a connection to both the ancient theory and our considerations for invention as a meaningful ground for contemporary innovation practice. Though Collins and Heath and Heath are writing on different subjects and from different perspectives, both of their perspectives can be interpreted as supporting Cicero's and Aristotle's critical invention principles.

Deeper than the structure of *Good to Great* and *Made to Stick* is the content that is aligned to the principles of invention. Collins also recognizes that companies are composed of individuals working toward a common goal, which must be clearly communicated and enacted (word + deed) throughout an organization, but most especially by its top leaders. This concept falls in line both Cicero's and Aristotle's notions of invention in that the speaker/leader must meaningfully engage the audience via a carefully constructed combination of content and delivery. The holistic premise of *Good to Great* is that meaningful engagement by the right people toward the right cause for that organization, combined with a laser focus on the desired outcomes, offers a potentially successful path forward for that organization. We can see here again that we are consistently being pointed toward the notion of invention throughout the text.

In *Made to Stick*, we find that messages resonate deeply with audiences in part due to a high level of credibility derived from verifiable content of an argument (131-132). Unlike other marketplace texts focused solely on delivery and style, both Collins and Heath and Heath provide direction for developing meaningful content as a ground for organizational communication success. As discussed in Chapter Four, we believe that relevant content (the innovation itself and its supporting messages) is needed to inform and develop successful new-to-world innovation. We can find in these prominent marketplace texts both a connection to the importance the ancients placed on content as part of invention, as well as support for understanding the importance of content as the most important part of the contemporary innovation process.

In both Collins and Christensen we can find a commitment to simplifying principles and ensuring a culture of discipline within an organization. In *Good to Great* Chapter Five, Collins describes the Hedgehog concept as the ability to simplify the complex into a single unifying idea or concept (91). He notes that great companies are able to simplify and focus on the most important aspects of the business that will help them to win and move forward successfully in the marketplace. Any ideas that do not support the focus of the key "hedgehog idea" that drives the organization should not be considered. This principle has significant implications for driving focus around new-to-world innovation, and in foregrounding the importance of discipline not only in process but in developing content.

As discussed in previous chapters, it is easy for a company to become distracted by short-term objectives and therefore forego the long-term new-to-world innovation pipeline. The new-to-world innovation pipeline requires discipline and focus, i.e. it requires application of the hedgehog concept. We can also see the concept of invention underlying this concept as described in Collins, "[Hedgehogs] understand the essence of profound insight is simplicity…they have a piercing insight that allows them to see through complexity and discern underlying patterns. Hedgehogs see what is essential and ignore the rest" (91). This idea ties directly Cicero and Aristotle's concerns that the orator be direct in his argument, using the quickest and most direct path to communicate with one's audience. Again, we can see that while not explicitly claimed, Collins has demonstrated a connection in his thought to the ancients' position on the value of invention in communication.

Chapter Five of *Good to Great* focuses on the concept of "A Culture of Discipline," noting that companies require both focus (hedgehog concept) and discipline in order to maintain that focus (120-121). Collins states, "The good-to-great companies built a consistent system with clear constraints, but they also gave people the freedom and responsibility within the framework of that system. They hired self-disciplined people who didn't need to be managed, and then managed the system, not the people" (125). In this we see a direct connection to both innovation as we have discussed the process and in the content and structure of invention as proposed by Cicero and Aristotle.

In Chapter Three we noted that it is generally accepted that a disciplined innovation process is required in order to be successful in consumer packaged goods. This process most frequently comes to life via the Stage-Gate method. However we noted in Chapter Four that more important than the process, which can be an empty shell without meaningful innovation content, we must use the process to generate meaningful, revenue-driving innovation that drives corporate success. The innovation is content, and content is the key focus of invention. Discipline is required around both the process (Stage-Gate) and content (product of the process). Also as noted in Chapter Four, we have identified a gap in discipline in the early stages of the innovation process, where new product concepts are generated. This gap creates a weakness that when combined with a company's focus on short-term financial goals, makes it easy for a company to turn its focus to short-term fixes in the form of novelty innovation.

We can see in *Good to Great* Chapter Five a push for a focus on discipline in both process and content, which is a direct tie to the invention teachings of both Aristotle and Cicero. This idea is supported by Christensen in *The Innovator's Dilemma*, where he states that highly successful organizations are able to "crank out high quality work year after year because its core capabilities are rooted in its processes and values rather than in its resources (194)." They have created a culture of discipline in which every employee participates, and those focused on innovation practice ensure that they are thoughtful and methodical about all aspects of the practice, even ensuring that part of their practice is to consistently question their own approaches as part of the process (192).

In his most recent book, *How the Mighty Fall*, Collins undertakes an investigation into the opposite perspective from *Good to Great*, exploring exactly how once-great companies end up failing. He notes that he entered his research with a series of preconceived notions about what causes companies to fail and in many instances was surprised by his research outcomes. Collins describes five stages of organizational decline leading to failure: 1) hubris born of success; 2) undisciplined pursuit of more; 3) denial of risk and peril; 4) grasping for salvation; and 5) capitulation to irrelevance or death (viii). We can see in Stage Two, the undisciplined pursuit of more, some of the risks of undisciplined innovation. Collins provides the example of Ames department stores, which invented the everyday low price model now only associated with Walmart. Ames made a choice to acquire Zayre, another discount player, in 1988, not deeply considering that Zayre's go-to-market strategy was very different from its own, and therefore had set significantly different expectations for its customer base. Ames was subsequently forced into a disastrous financial spiral over the next eight years, culminating in a bankruptcy filing and subsequent full scale liquidation (46). While this example does not specifically demonstrate failed new product innovation, it demonstrates a lack of discipline in the invention process as it ties to the innovation of the overall organization, and emphasizes the importance of methodical discipline to the health and success of a company. Again, we can see a direct tie to the concept of invention as an important underpinning to the marketplace concepts in Collins.

Collins includes discussion about innovation in *How the Mighty Fall*, stating that he expected to find in part that companies failed because they became complacent and therefore did not feel the need to innovate. In one of the surprising research findings, he instead discovered few instances of this attitude. In fact, his research demonstrated that a number of the companies he studied were active innovators during their downward slides – too active. This represents quite intriguing information for a discussion focused on innovation and the importance we have placed on the concept of discipline in invention throughout our discussion.

Collins' surprise findings point him toward similar findings from Cooper's new product innovation studies – that companies innovating in an undisciplined manner, focused on novelty, do not win in the marketplace, and in Collins' findings, lack of discipline in innovation part of what pushed these organizations toward extinction (47-49). In three cases, Collins found companies that failed to innovate in early stages of decline, contributing to their downfall. But what about the companies that innovated through their decline? Collins' findings were intriguing. He concluded that companies who were innovating through their declines more often suffered from overreaching than from lack of innovation (47).

Companies can overreach in their innovation in a number of different ways. In the example of Rubbermaid, the company forced too many new products through its innovation pipeline, with a goal to introduce a new product every day (Collins, *How* 48). The company introduced thousands of novelty innovations including minor variations of existing products: new colors, finishes, and minor updates. These changes were introduced without deep consumer audience consideration as to why potential consumers may wish to purchase the new variations of products they may already own. In addition, the innovations did not introduce enough new purchasers into the mix. Ultimately the company introduced so many products into the marketplace, it more than doubled its raw material costs without a large enough bump in sales to support it. It also began to fail at table stake activities like timely and accurate fulfillment and shipping. Rubbermaid's decline was rapid and devastating, resulting in thousands of jobs lost and a sale of the company to Newell[1] within 3 years of undertaking its new innovation strategy (Collins, *How* 49). Again, we see unstated but clear connections to other marketplace texts focused on innovation as well as the importance of discipline and meaningful engagement of an end objective within invention.

Having reviewed leading marketplace literature, we will now discuss real world examples that illustrate some of the principles we have discussed in this project. In previous chapters, we reviewed the retail environment and understood how the retailers play a leading role in driving how consumer packaged goods companies practice innovation. We considered the economics of innovation and the importance of innovation to a consumer goods company's bottom line and overall financial health. We looked at how companies actually practice innovation and discussed the existence of a potential gap in the ideation portion of the innovation process, a gap where initial concept development lacks focus and discipline, leading the process away from new-to-world innovation and toward novelty. We made a connection between the gap in practice and the importance of discipline, focus on strong content and meaningful two-way engagement as drivers of invention based on the leading concepts of Cicero and Aristotle.

Following these grounding concepts, it is now appropriate to review two case studies focused on new product innovation. These case studies represent real world examples of innovations launched within the same company during the same timeframe. We will see throughout the case study examples, one focused on successful, new-to-world innovation, and one focused on failed novelty innovation, solid examples of the concepts and processes tied to invention as grounded in our previous chapters.

CASE STUDIES: NOVELTY INNOVATION

Let us consider a specific example that demonstrates why some companies may privilege novelty innovation over new-to-world innovation. As discussed earlier in the project, many different situations can drive a company to privilege novelty. Retailer demand for a specific product or packaging can influence this approach, as can a company's focus on quarterly profits over the long-term financial health of the organization. However there are other reasons why a company may turn to novelty innovation as well, one of which is frequent and practical: rising material costs.

In 2005, a leading canned tuna brand within a large consumer packaged goods company was in the midst of an innovation challenge.[2] Canned tuna was a mature industry experiencing a decline in revenue. For five decades canned tuna was the most popular and highly consumed seafood in the United States. At its peak, approximately

85% of consumer households had a can of tuna in in their cupboards, and through the late 1980's the average American ate more than three pounds of tuna every year (Ferdman). Consumers' purchases were primarily split between three brands. Our case study subject was one of the industry leaders, with approximately an average of $700 million in sales per year.

The company used a structured innovation process, based on Stage-Gate, across its marketing organization. Like most consumer packaged goods companies, the company ran a rigorous research and development process for innovation. Ideas were accepted from R&D, the marketing team, executives, and even occasionally from the public. The company's innovation process included marketing research used to validate consumer interest in product concepts, animal testing to validate audience product acceptance factors like smell and taste, and qualitative consumer research used to validate whether packaging and advertising concepts proved compelling enough to drive purchase of new products. Their Stage-Gate process included gate meetings led by senior executives throughout the new product development process.

Financial matters were constantly evaluated, including raw material costs, manufacturing costs, labor, transportation including fuel, and expected marketing costs for a given product launch. Variable factors can include cost to purchase and implement new equipment, and costs associated with shifted or additional labor needed to produce new products. Raw material costs are a significant factor for consumer packaged goods companies, as many of the ingredients in packaged products are widely purchased commodities and trade on the commodities markets. Raw material and labor costs are the two most significant cost factors for any consumer packaged goods company. All costs are modeled throughout the stage-gate innovation process, beginning at a high level and becoming more precise as a product passes through each gate into the next stage.

All the costs must come together with an ever-tightened revenue forecast for a given product in order to determine the product's revenue-cost ratio, which is the product margin. Like most consumer packaged goods companies, this organization set a required product margin threshold for a given product category. Margin thresholds vary, ranging from 20% to 60% for consumer packaged goods food products. The low end represents products with high material, labor and distribution costs, like chocolate and ice cream that require careful handling, storage and distribution. Products like dry goods with long shelf lives and minimal handling have larger margins (Benson-Armer, Czerepak, & Koller).

In 2005, the company's tuna brand marketing team found itself at a crossroad in its industry. Consumption of tuna, which peaked in 1989, had dropped every year since. External factors included consumer concerns around both environmental and health factors. Widespread media reports showed the world that fishing nets used to catch tuna were instead ensnaring and killing dolphins and upsetting consumers. From a health and wellness perspective, two major factors had come into play: 1) consumers were becoming more health conscious, and they viewed tuna as old-fashioned and contributing to meals, like tuna noodle casserole, that were unhealthy; and 2) health organizations had flagged concerns about dangers related to mercury consumption. High mercury levels were being reported in fish and other seafood, including canned tuna. Dietary experts and physicians recommended a decrease in fish consumption, which included recommendations to limit tuna intake to once a week or less (Ferdman).

The company's tuna marketing team was challenged by internal business factors as well. The cost of raw tuna was on the rise, contributing to the need to frequently raise prices. The most significant rising cost, however, was the cost of tuna cans. Metal costs were rising and the cost of the packaging had become too large a component of the overall product costs.

These marketplace challenges drove the tuna marketing team to focus on new product innovation in a mature category facing high input costs and deeply decreasing consumer demand. The innovation would need to be a product the consumer would be willing to purchase at a higher price point. The marketing team began to explore two innovation paths: 1) introduction of pre-seasoned tuna flavors or other variety changes; and 2) packaging changes. Packaging change innovation was driven by the need to reduce tuna packaging expense, preferably from cans to a less expensive package style.

Over the course of approximately one year, the team landed on packaging innovation in the form of a lined pouch. The pouch was expected to be an exciting development for retailers and consumers alike, as it was expected to be viewed as a convenience to consumers and a shelf-space saver for retailers. The pouches were less expensive to procure than cans, improving product margins by double digit percentages. The pouches were greenlit during a Stage-Gate meeting, and plans were made to move forward pending consumer acceptance research as a final point of validation.

Marketers conducted a limited set of quantitative research, and the results validated that consumers would indeed purchase tuna in a pouch. Shortly thereafter, pouches were introduced to retailers. The first hurdle came swiftly. While retailers were excited about new packaging in a product category that had not substantially changed in decades, pouches, which were grouped in multi-pouch cardboard boxes, took up much more room at-shelf, creating a struggle for shelf space. However most retailers were excited enough about the new packaging concept that the change was accommodated. As mentioned in Chapter One, we can see in this example that innovation is often focused as much if not more on the customer (retailer) as on the end user (consumer).

Attempting to win consumers represented a bigger hurdle. While their small set of research indicated that consumers were interested in purchasing tuna in a pouch, the marketing team knew that a packaging change alone would not represent a substantial-enough reason to purchase. More change was needed. The marketing launch was therefore based on a three-fold premise: 1) consumers would embrace new packaging for its convenience; 2) consumers would embrace a healthier positioning of tuna as part of a healthy diet; and 3) consumers would be interested in pre-seasoned tuna flavors that were positioned as both tasty and convenient. The marketing messaging touted the health benefits of tuna, ignoring the mercury issue and focused on the high protein and low calorie and fat levels of tuna. Photography showed tuna sitting atop salads and mixed with veggies in healthy wraps as opposed to former images that showed tuna sandwiches and casseroles including mayonnaise and cream soup-based mixers. The new flavor varieties featured several options intended to appeal to a variety of palates. Previously, tuna had rarely been sold pre-flavored.

The company launched the new products and packaging nationwide alongside its existing canned product. The launch was considered to be a larger one for the company, and included national consumer marketing efforts. As is common in consumer packaged goods, the launch was supported by Sunday newspaper coupons with offers intended to drive consumer trial of the new product.

Consumers did try the new product in large quantities. The coupons helped drive purchase of multiple pouches at a time. However the tuna marketing team quickly learned that the new products were not a success because: 1) on a price per ounce basis, the pouch tuna cost more for less product; 2) consumers believed that the tuna tasted differently when packaged in a pouch versus a can. Even though the product was the same, consumers were convinced the product tasted differently than the tuna they were used to eating; 3) consumers did not like the new flavors. Consumers preferred their plain canned tuna; 4) most importantly, the new products did not introduce new tuna eaters to the category, nor did it cause former tuna eaters to return to the category.

Why did the innovations fail in this case? First, they failed primarily because the reasons consumers were no longer interested in eating tuna had nothing to do with the innovations the team had devised. As noted at the beginning of the case study, the tuna industry faced multiple challenges in the marketplace, including rising costs and decreasing consumer demand. However their innovations were focused primarily to address the rising costs issue, and did not at all address the reasons that consumers no longer wished to eat tuna. Innovations driven by internal needs like cost implications or short-term profit goals frequently meet with failure (Cooper, *Winning* 3).

Second, the team conducted marketing a small amount of marketing research which validated a theoretical direction but did not address the aforementioned primary reasons for the decreasing product sales. The team learned that while its testing had shown that consumers were interested in purchasing pouch-packaged and flavored tuna, they were less interested in eating it for fear of mercury health risks and environmental concerns related to dolphins. As a result, the launch ultimately failed to meet its goals because its objective was focused in the wrong area.

When the original impetus for the innovation is improperly focused, the data derived from marketing research is meaningless, and no amount of additional data will lend additional insight. In this case, no amount of research into flavors and packaging interest would have assisted the company in increasing sales in the tuna product category. Consumers' reasons for moving away from tuna were larger than one brand or even the entire product category could likely solve. In addition, like the next case study we will review, the issues causing consumers to reject tuna were issues being raised in the media an in conversation, creating larger social issues and concerns with the product that were not solvable via new flavors or repackaging.

Understanding and facing the real issues driving the sales decrease may have led to a different approach to innovation for a product set existing within a tough environment both within and outside the organization. Perhaps a different question for the organization may have been, "We make canned tuna. What do consumers want that we could make using the same manufacturing equipment, and labor and distribution capabilities? However product adjacencies like this were never considered at the time. It is easy to speculate about what might have been, especially in a declining category.

Pouch tuna remains in the marketplace today. The cost to produce the pouches is so much less than the cost of cans, all major brands have converted at least part of their product lines and retail shelf space to pouch product. Consumers who do appreciate the convenience and portability of the pouches have converted to the pouch product.

However the original plan of eventually phasing out canned tuna has not come to fruition nearly ten years later, and may never. Tuna consumption accounts for only 15% of seafood consumption in the United States today, and continues to fall year-over-year as industry costs continue to rise. The company's innovations have not driven a significant quantity of consumers to purchase its products. The company eventually sold its tuna brand to an overseas company, and its two major competitors are also now foreign-owned, signaling a clear understanding that American consumer packaged goods companies no longer wish to invest in tuna innovation, signaling perhaps a late understanding that it will continue to be a declining product category in the U.S. (Ferdman).

A second case study focused on novelty is that of New Coke.[3] Several books and many articles have explored the failure of the New Coke launch. In 1985, in response to declining grocery market share in the cola category, Coca-Cola launched "New Coke," a reformulation of the long-standing Coca-Cola formula. Beginning in the late 1970's, Pepsi conducted and publicized "The Pepsi Challenge"[4] taste tests, which appeared to demonstrate that consumers preferred the taste of Pepsi over Coke (Schindler 21). Coca-Cola marketers conducted their own extensive marketing research and determined that indeed consumers preferred a sweeter cola formulation. The team continued to conduct extensive research studies, both quantitative and qualitative, in order to help them make the right decision as to whether to consider a reformulation of their signature product.

In total, their market research cost $4 million and included over 200,000 consumers (Schindler 21). All aspects, except for one minor component of their focus groups, indicated that consumers would accept a new formulation for Coca-Cola, and would accept the new formula as a replacement for the original product. The quantitative research pointed wholeheartedly toward a replacement strategy, so the Coca-Cola team believed the quantitative research findings and moved forward.

In April 1985, New Coke was launched with a large marketing splash. It initially performed well in the market, but declined quickly thereafter. While consumers initially purchased the product, a social groundswell of bad publicity began to arise from original formulation Coca-Cola loyalists. Over a six to seven week period, sales of New Coke declined dramatically. By mid-July, Coca-Cola announced that the original formulation would return as Coca-Cola Classic and would be sold alongside the new product. At the time, the marketing team believed that the original formulation would be purchased primarily by Classic loyalists, and that sales would return to New Coke over time. However just the opposite occurred. Sales of New Coke continued to decline and within one year, represented just .6% share of cola sales (Schindler 22). New Coke was eventually discontinued.

As noted earlier, a number of studies have been written about the New Coke marketing failure. Schindler’s 1992 article focuses on a little-discussed area within the Coca-Cola team’s marketing research efforts: the difference in results between their qualitative and quantitative research. While the quantitative research pointed toward consumer acceptance of a product reformulation, the qualitative research demonstrated some hesitation. Schindler argues that the marketing team’s desire to believe the quantitative data over the qualitative led them to miss an important aspect of the research findings: that human interaction often changes people’s opinions and ultimately therefore can change their purchase decisions (Schindler 24).

In their focus groups, a few dissenters expressed that they would not be willing to adopt a new product formulation, and in so doing, expressed their opinions using strong emotion. During these exchanges, the dissenters influenced other members of their groups to begin to feel the same. Schindler argues that the benefits of qualitative research go beyond the responses to the marketers' questions. Focus groups can be a valuable way to understand how humans interact with one another about a given topic. While focus groups in no way replicate the real world, they do help us to begin to understand the ways in which humans can influence one another around a product purchase decision as they begin to explore all the factors that might influence their decision. The questions asked in quantitative research often do not provide this opportunity and therefore can miss an important aspect of why people may decide to purchase a product – or not. The human interaction aspect of the Coca-Cola focus groups was not considered, and in the end turned out to be a major factor in the failure of New Coke that could have been foreseen and prevented significant innovation investment in novelty change (Schindler 24-25).

We can see in both of these case studies that while the companies followed the prescribed path to innovation, including up front research and consumer interaction, their innovations failed after major investment. We can make a few connections between them: 1) Data from marketing research was relied upon to point the way toward novelty innovation. It could be argued that the data was relied upon to validate a desired direction for novelty innovation; 2) the desire for innovation was driven by a factor outside of key audience needs or an obvious gap in the marketplace through which a new product could fulfill a need; and 3) Larger marketplace issues surrounding their products, driven by social interaction factors, contributed significantly to the reasons why the innovations ultimately did not succeed. As noted with the first case study, we can argue with the Coca-Cola case study, as did Schindler, that more data would not have helped the marketers solve their dilemma. The original focus was not on the consumer need for innovation in the product category, and subsequently, even though process was followed and significant amounts of data were gathered, the innovations failed.

CASE STUDIES: NEW-TO-WORLD INNOVATION

Recognition of persistent consumer trends, like waning interest in a particular product category, is important to a company's innovation health and overall success, as it allows the company to reallocate its innovation resources to more potentially fruitful innovation avenues. This perspective is also derived from the ancients' teachings about invention.

At the same time that interest in canned tuna was declining, interest in products that promoted a healthy lifestyle was increasing. According to the American Food Institute, Americans began to demonstrate a deeper interest in eating fresher foods around this timeframe, and this shift was causing a decline in purchase of canned fruits and vegetables, which had been a staple of American diets since the 1940's ("Finding" 8). Fresh fruit and vegetables were becoming more accessible to a larger population of consumers as incomes rose, and recipes called for fresher foods. Much like with our canned tuna example, a leading packaged fruits and vegetables company faced a struggle related to costs of raw materials and packaging for its canned fruits and vegetables. Consumers also wanted fresher produce and were turning away from the companies pre-canned produce products as a result.[5]

The company's fruit and vegetable brand teams devised consumer research to help them understand what consumers needed from fruits and vegetables not available in the marketplace at the time. They asked questions designed to help them understand what the company could add to the produce product marketplace, which would presumably drive new consumer purchases to their brand. This is a critical factor worth noting: the marketing team realized that novelty innovation in this product category would not benefit the company, as it would likely simply shift existing consumer purchases from one of their current products to a new one. This is what typically happens with novelty innovation; it drives a one-time purchase or forces a consumer choice between products, but it does not drive additional or new purchases to the product category.

The marketing team's research results informed them that a new opportunity existed in the packaged fruit category based on a currently unserved consumer interest. Specifically consumers were interested in packaged fruit options that were perceived as fresher than canned or plastic packaged fruit cups, but that were still quick and convenient. Consumers had decreasing interest in purchasing room temperature fruit products from the center store section that included canned and plastic packaged fruit varieties. While interested in convenience, they also wanted fresh fruit. Canned or plastic-packed fruit cups in syrup or even natural juices did not qualify as fresh. The team realized that their research showed they had an opportunity to create new products, and if approached correctly, the new products would bring consumers who were not currently purchasing their products to the brand.

The marketers then matched the learnings from their research with their knowledge about what the company did best: produce and market fruit and vegetable products. They worked closely with the research and development scientists to develop new product ideas that would fulfill consumer needs in the snacking, breakfast and lunch categories that also met the convenience need indicated by the research. They threw out ideas that did not meet their mission of introducing a new product to the category and that did not meet the key consumer needs identified by the research. The team ensured they maintained a strong focus on developing a fully new product that they believed would fulfill stated consumer interest.

While there are a number of convenient packaged fruit products in the market today, there were many fewer in 2006. The market consisted of canned and plastic mixed fruit cups and a few other varieties of packaged fruit that had been in the marketplace for decades. Within the consumer packaged goods and retail industries, it was considered a mature market with little opportunity for innovation. However, the team believed it could innovate if its focus remained on meeting consumer needs, and they launched a new product line in 2006, entering the company into the refrigerated fruit category.

The new product line contained freshly packaged fruit in natural juices, packaged in transparent single serving containers with peel off lids, displayed in the refrigerated section of the produce department. The product itself, along with the packaging and location in the refrigerated section were derived from the most significant consumer insight driving the new product: the consumers' definition of freshness.

Placing the packaged fruit product in the produce department enabled consumers to make a decision between the fresh and packaged fruit, which did not happen when fresh fruit and packaged product were located in separate places within the grocery store. The location in the produce department also signaled freshness that could not be communicated on a shelf in the middle of the store next to the canned products. Another insight derived from research informed them that consumers wanted to eat more citrus fruit but often did not purchase because of the inconvenience and messiness of peeling it, especially in the context of school lunches or in the workplace. After the product launch, the grapefruit product was one of the most popular sellers, and remains so today.

The refrigerated fruit product was at the time a completely new-to-world product: packaged, refrigerated fruit that had never before been packaged on a mass scale, including grapefruit. As noted above, the product was innovative in the packaged fruit category at the time in that they were shipped and stored as a refrigerated product, and occupied shelf space in the produce section. While this is a common occurrence today, it was uncommon a decade ago. The product represented a way for consumers to purchase fruits they may not typically purchase, like mangos and grapefruit, and eat them in a single serving, conveniently packaged size.

The product was launched with a significant marketing budget, and targeted a fairly wide consumer base, including parents of school-age children and older adults. The reason for this is that the team believed this product represented a wider age group appeal than most new products. However one component of the marketing targeting was clear: the consumer audience for this product line had higher than average disposable income. As the product idea advanced through the innovation process, the marketing team knew they were developing a premium fruit product targeting consumers who valued convenience over price. New-to-world innovation often requires significant new investment on the part of a consumer packaged goods company, but if done correctly, the investment is recovered in new revenue.

The company's investment in the product line itself was also significant. It contained some items that were more expensive to package than traditional canned fruit. They invested in new, transparent product packaging designed to reveal the fruits' freshness. Because it was a fresh product containing fewer preservatives, it had a much shorter shelf life than canned goods. Because the product was refrigerated, the company had to invest in refrigerated storage and transportation in order to ensure the product's freshness was maintained through the supply chain. Therefore the price point of the product was higher than traditional canned fruit products, and was also more highly priced per pound than fresh fruit. Research had indicated that consumers with disposable income and busy, active lifestyles would indeed pay more for the convenience of a fresh, pre-packaged fruit product.

The marketing launch was larger than the company's typical new product launches at that time. The most significant communications efforts were focused on driving trial of the product through in-store signage and promotions, The product launch results proved promising, introducing new consumers to the company's products, particularly, as expected, consumers who valued convenience and freshness, and who were willing to pay a little bit more for the convenience factor while not compromising a fresh product. Young mothers, a consumer group who had before disregarded the company's products due to freshness concerns, began to purchase. Loyal brand followers purchased the product as an additional purchase, not displacing other products they purchased from the brand, because the product offering was differentiated from the canned goods they purchased for other uses like baking.

The product launch was successful for the company in that they introduced a new revenue stream to the organization by taking advantage of a consumer shift toward health and wellness, and fulfilled a need in the consumer marketplace around the desired product qualities of freshness and convenience. The team was able to fulfill consumer needs while creating a marketable new product line via extending the company's core capabilities in developing fruit and vegetable products. As an added benefit, the line was naturally extendable by allowing the option of offering new varieties of fruit over time.

The primary learnings from this case study help us to see that a focus on true consumer needs in the marketplace, paired with a solid understanding of what the company's core capabilities helped to drive a new-to-world innovation. By ensuring their focus remained on developing a product that did not exist but was desired by consumers, they created an opportunity to meet those stated needs, at a premium price point, that drove new revenue for the organization. At the same time, they did not have to reduce or discontinue any of their existing product lines, as they learned that they were being purchased by different consumers or that some consumers would purchase both their existing and new product lines for different uses. They therefore avoided cannibalizing their other product lines, which is one of the keys to successful innovation for a consumer packaged goods company.

A second new-to-world innovation case study also has origins in a company's need to innovate in order to serve evolving consumer concerns about their health and wellness. PepsiCo is one of the largest consumer packaged goods companies in the world, and is one of the largest players in the "snacking category" through its Frito-Lay division.[6] Until recently, PepsiCo typically extended the products it made for the United

States market into its international markets, which worked for a short time but ultimately began to fail. The company's chief scientific officer realized the company needed to consider the needs of the markets in which the company wished to do business rather than simply export existing products assuming they would be well-received (Govindarajan & Trimble 161).

The company began to undertake a multi-year project to better understand the true needs of consumers in their target countries, which included India and other Asian countries. They realized through the process that their standard way of innovating would not help them be successful in these new markets. Rather than innovate in its labs in the United States, the team would need to better understand the needs in the target countries, along with gaining a deep understanding of the snacking habits of the consumers there. PepsiCo knew that thy would have the strongest success if they focused on specific consumer needs in the target markets while also maintaining a laser focus on its core area of expertise: snacking (Govindarajan & Trimble 163).

Through its research, the PepsiCo team learned that opportunities existed health and wellness snacking, which they realized may have appeared an oxymoron. The team realized that Frito-Lay products were often associated with unhealthy snacking and even seen as contributing to the obesity epidemic in the U.S. (Govindarajan & Trimble 163). They knew, however that their core competency of manufacturing snack foods could likely be applied to different types of snack foods, including healthier options. While the company had primarily focused heavily on flavor-driven products consisting of potato and corn chips, they realized they had the capabilities to produce snack foods made from many different base materials, including healthier options.

The marketing team's research in India indicated that consumers wanted a healthy snack product and that the type of product they desired did not currently exist in the marketplace. The Indian consumers indicated a desire for products that reflected their local flavors and included local ingredients, offered a convenience option through pre-packaged, portable products, and that included marketing messaging that the Indian consumer believed spoke to their needs and interests (Govindarajan & Trimble 165). This led to the key understanding that the Indian consumer would prefer a snack product made with a base of lentils rather than corn or potatoes. Consumers also stated interest in fun snacks they could eat on the go, during compressed afternoon tea times, which were still a tradition in India, but practiced in a much swifter fashion than in previous decades.

After further manufacturing focused research, PepsiCo realized that if they wanted to pursue this market, they needed to figure out how to make a lentil based snack work using equipment tailored to produce products made from corn and potatoes. In addition, because their research demonstrated that consumers wanted but did not have access to a baked snack, they would need to develop technology to produce baked snacks, completely new for them at the time (Govindarajan & Trimble 166). They set a manufacturing research team out to solve production issues while the marketing team continued to work on the snack innovation.

Ultimately the marketing team landed on a product concept they named Aliva, which was a combination of cracker and chip. The product was to be baked rather than fried, as most crunchy snacks were at the time, lentil and wheat-based, and created in a triangle shape. It would be marketed to young adults as a healthy and fun snack perfect for consumption in the afternoon, leading to a fun evening of activities (Govindarajan &

Trimble 166). The marketing, R&D and manufacturing teams worked closely together to move the project forward through the innovation process ensuring that all aspects of the product’s development were covered but that their focus on a healthy, convenient, fun snack was maintained. In total, the product development process took four years before the product could be brought to market, demonstrating PepsiCo’s focus on long-term success in the Indian marketplace (Govindarajan & Trimble 167-168).

In the end, Aliva was an entirely new-to-world product in the Indian marketplace that also included new-to-world packaging developments that were meaningful to the transportation and storage of the product. In order to ensure the product would be displayed well on store shelves and incur as little breakage as possible, the packaging had to be developed as flat-bottomed bags which were completely new to the market at that time (Govindarajan & Trimble 168-169).

Throughout the innovation process, the marketing team worked closely with executives to model the projected revenue and product margins, consistently demonstrating the combination of stated consumer need and expectations that supported the ongoing investment and development for the Aliva product. The team realized that its investment in development new snacking paths for the company based on its core competencies allowed it to innovate with a new-to-world focus but still operate within its best areas of expertise. The Aliva product was launched with high expectations but also with the understanding that new products often take time to resonate within the marketplace (Govindarajan & Trimble 169). Its launch generated strong results which grew over the next several years. With the recent increasing consumer interest in purchasing a broader set of international food products in the U.S. and other Western countries, PepsiCo is investing the opportunity to extend the Aliva product into new and previously unexpected markets, while continuing to grow the product line in India and other Asian countries (Govindarajan & Trimble 169).

Both new-to-world case study examples demonstrate commitment on the part of consumer packaged goods companies to: 1) Focus on true consumer needs within their product categories, combined with identifying an available white space in the marketplace that could create an opportunity for new consumer purchases; 2) leverage their company's core production capabilities to expand their product sets into new areas of focus; and 3) to focus on the long-term approach to innovation while continuously ensuring that their investment was focused on a true return on that investment. In our new-to-world case studies, both organizations realized that by filling a true consumer need they would be a step ahead of other companies serving the same markets, and they would not cannibalize their own existing products in the same market.

What can we learn from these four case studies and from the arguments made in this project in general? It is essential to return the conversation to the grounding concept of invention through Cicero and Aristotle. Cicero and Aristotle help us to understand that invention should be audience-focused and meaningfully interactive. Both scholars also focused on a careful, disciplined approach to invention by developing topics which can be relied upon to help us develop and conduct strong, winning arguments. Finally, they help us, through their focus on the importance of content, to understand that communication is not simply a process.

As noted throughout this project, we accept that marketing is a part of the communication process, though it takes many forms. Marketing innovation as part of the larger marketing discipline also takes many forms. Its primary focus within consumer packaged goods companies is to drive revenue for the organization, and does so through the development of new products and services. New product development can take the form of new products or incremental innovation, which we argue can be considered novelty, or less meaningful innovation. We have demonstrated several examples in which new-to-world innovation has offered companies new and more extensive revenue streams, and have also demonstrated the potential failures and consequences associated with novelty innovation. What should be noted here is that the innovation success stories which led to new-to-world innovation were focused on content rather than process. The companies' innovation processes were certainly followed but the marketers' focus remained on content, which is the core of successful invention.

This project puts forth an idea that if innovation is more strongly focused on content development at the ideation stage of the innovation process, the process itself will be more deeply influenced by that content. In chapter four we proposed a suggested simple questionnaire template that could drive the ideation process and ensure its focus on meaningful content. The questionnaire is but one possible tool, and is not the true point of focus. Other potential tools could be explored that help drive focus on content without subjugating the organization's focus on driving revenue and continuing to make gains within its respective market. A focus on invention principles and as a driver for the ideation process may in fact lead us down many other potential paths for additional developments to help advance innovation within consumer packaged goods. As much as innovation remains a heavily published marketplace topic, the marketplace itself continues to reflect a lack of strong new-to-world innovation, particularly in center aisle categories where consumer packaged goods companies continue to struggle. Three of the largest CPG companies were sold in the previous twenty-four months of this project's release date.

The marketplace itself points us toward a wealth of opportunity to continue to investigate ways in which a rhetorical approach to innovation, including invention-based principles, may help us to consider new ways to approach at least portions of the innovation process. The innovation opportunity appears to be wide open and within a critical paradigm shift waiting to be addressed.

CHAPTER FIVE END NOTES

1. Rubbermaid is now a registered trademark of Newell Corporation.
2. The canned tuna brand case study is developed based on this author's experience as a marketer within a large consumer packaged goods company. The company and brand names have been intentionally masked due to permission concerns. It is supplemented wherever possible by publicly available and other published resources.
3. New Coke and Coca-Cola are registered trademarks of Coca-Cola Corporation. They are referenced via a previously published case study by Schindler for AMA, which is cited in this study's bibliography.
4. The Pepsi Challenge and Pepsi are registered trademarks of PepsiCo. They are referenced via a previously published case study by Schindler for AMA, which is cited in this study's bibliography.
5. The packaged fruit brand case study is developed based on this author's experience as a marketer within a large consumer packaged goods company. The company and brand names have been intentionally masked due to permission concerns. It is supplemented wherever possible by publicly available and other published resources.
6. Frito-Lay is a registered trademark of PepsiCo. It is referenced here via a previously published study by Govindarajan and Trimble, cited in this study's bibliography.

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