EDITORIAL

Innovations rank among the most important drivers of corporate success and enhancements of national economies. More than anything, they are not just technical accomplishments of labs and R&D departments. We also or even primarily encounter marketing innovations in the sense of variations of certain marketing instruments and processes. Even technically convincing new products need a well-balanced marketing mix right from the start to be ultimately successful. However, awareness of the important role of marketing within the innovation process is not very high in many companies or among the general public.

The seven contributions in the fourth issue of our GfK Marketing Intelligence Review deal with this topic of “innovation and marketing” in a variety of ways. In their article “Does Quality Win? Competing Against an Entrenched Market Leader in High-Tech Markets”, Gerard J. Tellis, Eden Yin and Rakesh Niraj investigate whether higher product quality succeeds or whether a high number of users and the corresponding network effects actually wall off markets. Their results, taken from a long-term study focusing on various high-tech markets (primarily computer software), are encouraging. Quality (inferred from ratings in computer magazines) prevails: in the long run, it pays off for marketing to invest in products of higher quality.

The innovation policy of many firms producing consumer durables entails a strategy of combining different types of devices, forming “convergent products”. Existing base products are equipped with additional functionalities from different product categories (e.g., cell phones can also be used as cameras, MP3 players or to access the internet). Similar approaches are applied in added value strategies, where complementary services are more or less connected to the basic product value. Often, it remains unclear if or to what extent consumers actually value such additions. Too many functionalities

can even be counterproductive if consumers feel swamped. Tripat Gill’s study (“Call. Mail. Shoot. Listen. Play. But What Functionalities Add Real Value in Convergent Products?”) investigates such effects. Specifically, the author analyzes differences in evaluations dependent on the match of the original consumption goal of the basic product and the new feature. Apparently it matters whether the base product and the extended utility are of hedonic or functional value and whether the quality of the brand is high or low.

Innovation efforts are further reflected in the strategic orientation towards customization. Companies aim to strengthen their competitive position by creating offers specifically designed to meet the desires and needs of individual customers. Some companies have been tremendously successful in this, but others have clearly failed. In their study “Customization: A Goldmine or a Wasteland?” Nikolaus Franke, Peter Keinz and Christoph J. Steger test whether, and in particular under what conditions, a strategy of individualized product development proves successful. In an experiment, respondents directly compared individualized and mass products. The results are clear and support marketing theory: individualized offers produce much better consumer evaluations than standardized products. However, customers must be able and willing to reflect on and articulate their preferences.

Another very common marketing innovation in previous years was Customer Relationship Management (CRM). Its objective is to make customer acquisition and care more efficient and effective. Jan U. Becker, Goetz Greve and Sönke Albers (“Left Behind Expectations: How to Prevent CRM Implementations from Failing”) investigate in a comprehensive study why CRM implementations and CRM investments fail. Were the managers’ expectations of CRM solutions wrong right from the beginning or were the systems poorly implemented? The results of the study indicate the latter and reveal serious manage-

ment mistakes. Many companies seem to underestimate how carefully the objectives and scope of CRM systems need to be planned, as well as the necessary organizational adaptations in the course of their implementation.

The article by Don O'Sullivan and Andrew V. Abela concerning "Proving Marketing Success Pays Off! Marketing Performance Measurement and its Effects on Marketing's Stature and Company Success" focuses on a very different aspect of innovative action. In a comparative study they document that it is not enough to carry out sound marketing: it is also necessary to prove and communicate results. This would not only increase the stature of marketing departments within the company but also the overall success of the company. Marketing accounting helps to gain wide acceptance for good marketing ideas.

Besides these five articles, issue 4 of GfK-MIR contains a first example of our new "Flashlight" category, where we offer interesting insights from marketing research in a special compressed format. In this issue we report on how consumers track their spendings within a supermarket shopping trip. Interestingly enough, more motivated consumers try harder to calculate the right amount of spending but perform worse in this task. This shows that simple models of consumer behavior are not always the most suitable ones. Even consumer behavior theory needs innovation sometimes!

Finally, I would like to draw your special attention to the MIR interview with Vinita Bali. She heads the Britannia company, one of the best known brands in India, as CEO and Managing Director. The Economic Times's "Business Woman of the Year 2009" illuminates how various innovations drive growth and profitability in emerging economies. With striking examples, she illustrates the hybrid economic development of nations like India and explains how successful companies immediately adopt

international marketing trends like process orientation or market segmentation. The international marketing approach of global players in the market demands brave marketing decisions guided by insights gained from systematically researching local consumer behavior.

Once again our objective for this issue of MIR is to help you gain important insights into the complex functional chains of marketing and therefore to improve the professionalism of marketing practice. Today, innovation is necessary for all of us in one way or another!

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