

Redesigning of value proposition with changing ecosystem

Ayush Abhay^{1,*}, Pooja Sehgal Tabeck²

¹Student, ²Assitant Professor, Amity Business School, Amity University, Noida

***Corresponding Author:**

Email: ayushabhay25@gmail.com

Abstract

Innovation is the main pillar of success for any organization. The fundamental aspect is creativity. The organization that cater to creativity in designing new products are successful in long run .Innovation is important in organization as it gives them a competitive edge over others, can make them proactive in their area and connect with consumers instantly. The paper is the analysis of innovation in packaging system to attract customers. The main aim of the paper is to find the value proposition attached to customer when there is a significant change or a design change in the product. Every organization needs to innovate themselves to survive in the long run. They innovate so that it is beneficial and provides value to customer in terms of convenience and incomes spend. The research paper focuses on FMCG products where there have been several changes in design and packaging for profitability. It also focuses on why some companies succeed while others fail in consumer acceptance parameter. It also focuses on various innovative design in food and consumer goods in the recent years. Finally the paper concludes the importance of innovations for success of the organizations.

Keywords: Packaging, people, FMCG, Innovation, Design.

Introduction

New product designing is based on creation and innovation. According to Webster definition, creation is the way of producing something with great value and importance whereas innovation refers to introducing new idea, project or thought which leads to substantial development. Innovation helps in developing a creativity idea or thought into a process and creating a learning culture in the organization.

Need for redesigning of Value Proposition: Customers don't want to spend energy and mind in choosing between two products. They would choose a product whose value proposition matches to their needs. Moreover the innovated product is often not accepted despite being attractive and up to date. Consumers do buy a product emotionally but there is always logic behind its purchase. Also it is important for a brand to reinvent itself with time otherwise it loses its competition in the front run. A customer always focuses on the value the product would provide. With the repeated use the demand for value proposition also increases. The customer also expects the new offering would eliminate the flaws its prior ones had and benefit more economically as well as aesthetically. The new offering should not only be innovative but also be sustainable, strategic and functional. This overall affects buying behavior of individual while purchasing an item for personal consumption. The main aim of value proposition is to enhance comfort and familiarity to the customers with its offerings. It has become a global phenomenon to innovate in packaging industry for long term sustainability. Big industries like Nestle, P&G, M&S and many others are investing a huge lot of money in packaging and innovating which is described further in this research paper.

Redesigning Framework

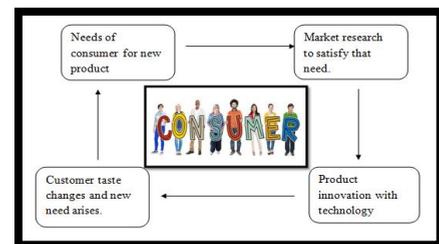


Exhibit 1: Framework of redesigning value proposition

The framework starts and ends with consumer. It is the consumer who will give the need of the new product. It is his inconvenience with the existing solution will provoke him to look for alternate solution. This is where organization research steps in to fill that gap. They market research what is needed by the customer and how can they fulfill it. They innovate new products keeping that in mind. The product is in market for testing by consumer. Once accepted by consumer it is acceptable but need of consumer keeps on changing. They need to innovate themselves timely to survive in the long run. This is how the cycle runs.



Exhibit 1: Consumer buying habit

Value Proposition differentiators:

1. Enhance consumer habit: To deepen the consumer memory organizations need a progression of brand rather than a totally new product. It has been found out that repeated stimuli have lower perceptual threshold and require less attention to be noticed. The organization needs to keep consistent distinctive elements of product design like colors, shapes etc so that it is visible from distance to the buyers. Tide of P&G is bright orange is distantly visible from far distance which leads to its rapid growth. As in a store when a product is kept visible to a customer, he buys the product immediately because you have already bought that product and are familiar with its offerings. A slight change in the design variations is readily accepted by the consumer instead of a complete new product which he is unaware about.
2. Gain early popularity: The products that cater to the needs of customers are widely accepted and gain popularity. This implies the early mover advantage matters a lot. The most successful product of P&G is Tide which is one of the successful and profitable brands. When it was introduced in 1946 it had greatest advertising campaign and they made sure no washing machine is sold without a free box of Tide. Since then it has gained popularity and has never looked back again.

Literature Review

1. Krishnan and Prabhu (1999) discusses about the importance of creating new products to survive in the competitive market. It has become a challenge in Indian industry as there is a huge increase in demand among young masses. They have revolved their study around two wheeler industries to increase product line for its survival.
2. Maria (2012) has researched whether MNC should localize their offerings for local masses or standardize the product. They are also planning for adaptation strategies which in turn are beneficial in long run. The author has taken a case study on McDonalds and discussed how they have localized their offerings for Indian masses. It varies among various countries.
3. Miriam (2014) in her paper has analyzed the importance different packaging and various parameters affecting it. She has focused on various parameters such as size, shape, colour, and packaging stuff to visually be demanded to customers. It all depends on brand logo, color and association. In the end she has emphasized the importance and challenges of packaging.
4. Neil farmer(2013) in his book Trends in packaging of food ,beverages and other fast moving consumer goods(FMCG) focuses on latest trend in FMCG sector related to food packaging, material handling, various innovations to preserve food for longer

duration. He discusses new trends that MNC have adopted to survive in the long run.

5. Madhavan and George in their book Monetizing Innovation (2016) focus on how smart companies focus on design their product to be around price. They have also analyzed why most companies fail. The ratio of failure to success is high which the area of concern is.
6. Gordon L Robertson(1998) talked about in Food Packaging: Principles End Practice that regarding sustenance bundling is essential. There is an emphasis on cost and maintainability. The guide gives data indicating the appropriate sum defensive bundling to keep up nourishment quality and boost time span of usability.

Why one succeeds and other Fails?

1. **Needed to change:** Today we are not just guided by innovations. Change has become the need of the hour but question of survival for the fittest. The organization needs to advance with time. The same is true for large organization called Nokia. At one point of time, Nokia 1100 was market seller at one time. It had dominated the market share with highest sales of Symbian operating phones ever but eventually the entry of android and iphone in market led to its downfall. Soon Nokia eventually went off air. They even collaborated with Microsoft to challenge with windows phone but lacked in demand among masses. Eventually in October 2017 they have finally paced up with android phones. But the race has already begun and they realized it late. This will make their journey difficult to worse.
2. **Understand customer demand:** Focusing on FMCG Ramdev Patanjali has caused upheaval among all other brands such as HUL, Nestle and Dabur. What is that one thing which Baba could capture and other brands didn't learn. It has turned to be most disruptive force in FMCG market. It's ultimately to understand the need of the customer. Although HUL and P&G were good quality food products but still it lacked the flavor of India. Consumer somewhere felt discomfort buying foreign products; patanjali very well attached their Indian touch to the products that they offered. They offered products which were 100 percent ayurvedic, pure and made on Indian soil. Like others they didn't concentrate on big advertisement of products but on quality of products. With all controversial an issue hanging around it still is 13000 crore FMCG company giving a tough fight to others.
3. **Significant feature of a product failure:**
 - Cramming of unwanted features that are not required into one product.
 - Despite being right innovation but still being low priced.

- Unwanted innovation due to wrong market survey analysis.
- Product fails on its promise to deliver and is not acceptable in market.

4. Product Limbo exist

It is defined as when the product is not enough to satisfy the unmet the customer needs and a similar product already exist in the market. This leads to its unacceptability in market. Its features are not enough to transient existing fad.

Coca cola had identified its market for new product called Diet Coke and introduced it in 2004. This product had half the calories and carbs but full taste of original coke but was rejected among the masses. People preferred something which was in full taste but with no calories and curb. Thus this product limbo led to downfall of Diet Coke. They did a intensive research and a year later introduced Coke Zero which had full flavor of original and no calories and carbs. It was raging successful product in the market.

Designing Innovations of Foods and Consumer Goods:

I. Sustainable initiatives



Exhibit 2: Nestle light Weight Bottle

There are many companies who have pledged to reduce the unnecessary wastage in packaging of the material to be sustainable in the long run. The main aim of companies is to use all 100% natural recyclable materials in the same stipulated time frame.

Case 1: In December 2011, Nestle introduced water bottles with 25% less material than earlier one in UK as the light weight water bottle. The company aims to make all packaging material recyclable in upcoming years. P&G has also created a vision for sustainable packaging for next 10 years. It has a vision to less the packaging stuff by 20% and drastically reduces the usage of petroleum products in order to save it for future consumption and overall to make products with renewable material. It is adding value to customer by providing cost effective product to customer and reducing extra packaging cost by making it attractive at the same time.

Ready to cook Stuff

There have been innovations in the packaging systems of the food material. This is made particularly to accommodate food materials in the frozen area in the specified range. In this era of hectic schedule companies come up with ready to cook stuff so that they can be easily cooked in microwave. All these initiatives will foster the growth of packaging sector. Nowadays cooking has become a menace. People tend to prefer something which is easily available. We tend to spend more time on eating outside food. MTR magic Kitchen provides variety of ready to cook stuff so that it is easy for metro renter and office goers to get authentic food taste of their choice within minutes. It has range from breakfast to dinner various cuisines in the menu. For a customer it is the ease of use as it is easily available and the convenience in using the product.

II. Small Packs

Case 2: It has been one of the most significant innovations in the recent past. This has led to significant increase in pouch concept. Many companies have come up with concept of small packaging called “pouch packs” so as to replace it with traditional jar packaging. This allows a customer to purchase the jar packaging once and then refill it multiple times in the same jar. Thus the high chances of brand loyalty can be expected by the company. New innovations by companies are tear strips, zipper pouchs etc. many tea and coffee companies like Nescafe offer large quantity in jars and smaller ones in pouches with almost less packaging than jars. This is done so that once a customer buys large jar packs next time he buys smaller ones and refills it to continue the brand loyalty with the product. All these types of expertise will drive its variability in the market. This had led to various innovative packaging like vacuum, Aseptic, Skin, Blister, Food, and Drug etc. It provides extra value as the consumer can use the glass packaging multiple times. The Indian packaging industry is growing at 14-15% annually which is expected to increase multifold. According to report of Indian package institute, it is valued at USD 14 billion and further expanded at 15%. It is basically driven by food and packaging sector. Also the growth is due to increase in export which requires international packaging standard to ensure quality standards are maintained. The Indian market is dominated by plastic flexible packaging.

Localize the offerings

Some companies tend to localize their offerings so as to get adapted by local masses. It is necessary for a company to customize their offerings so as to get accepted by the local masses then only it will be successful in the long run.



Exhibit 3 KFC Veg Menu

This dilemma is faced by many MNC, whether to standardize or localize the offerings. They need to decide the expansion strategy. Like KFC and McDonalds had to change their menu for Indian audience and provide them vegetarian stuff otherwise losing a large chunk of customers to local street food vendors.

Value to Customer: Wide range of offerings ensuring quality and brand trust as the critical facto.

III. Cutting edge competition

Sometimes in order to beat competition the organization needs to understand the requirement of customer and design product accordingly if one organization fails to understand this then it will be defeated by its competitor in the long run. One needs to clearly devise the manufacturing to ease out customer satisfaction. There is a typical case of Gillette where it had to reinvent its design process so as to save itself from downfall.

Case 3: Although Gillette had launched triple blade system log back but its sales were flat as it was priced higher than 2 blade competitors. The company did a research and realized that apart from low cost, customers also focused on safety and ease of use which their product was unable to offer. The main aim was to change the consumer mindset which led to some creative marketing campaigns. The company created unique campaign where they requested men to shave. By doing so they understood the challenged the men face by interviewing them and developing a product according to their requirement. Company created a new customized product Gillete Guard which was simpler than earlier products, easy to use, safe and guaranteed better long lasting effect. The Value to Customer is product with wider ease, variety, safety and convenience with just fewer parts to assemble at manufacturing process.

IV. Recycled Polythene Market

Closed loop bottle to bottle recycling is the new upcoming trend in designing of goods. There has been development in Tetra Pak to achieve complete 100% renewable packaging. The invention of oxygen scavenging technology for hot fill products is in rise.

In olden days people didn't have jars to store food products either there were wooden boxes or glass

containers both of which were difficult to handle. In the recent past there has been significant increase in PET containers products for juices, table sauces, jams and coffee. The environment effect is also favorable as compared to various aluminum, glass and other recycled stuff. This provides durability of product/service increases. Consumer can easily store for longer duration as its shelf life increases.

V. Online store

Innovations have taken place in online retail with FMCG. Certain organizations have started selling groceries online which it is a shift in trend from traditional buying pattern.

People now don't prefer shopping at retail store. What they prefer is online shopping where they don't need to exercise a lot while shopping. Amazon NOW sells groceries online for customers anywhere in the world. According to report there will be 20% increase in online shopping trends by 2025.

Value to Customer: Ease of access as everything is available easily sitting at home.

VI. Changing atmosphere inside the package

In this technology the gas inside the food product is changed in order for preservation of food material. It could be removing the gas completely form inside or replacing it with other gas. Marks and Spencer's introduced this concept for fresh meat, baby snacks, dry products etc. This is now been followed by every other food industry as people have developed a habit to store food for longer duration.

Value to Customer: Shell Life of product increases which is beneficial for customer in preserving the food items for future use.

VII. Intelligent Packaging Technology

There has been intelligent packaging technology using Thermochromic ink technology which tells consumer when the food product is ready to consume or when refrigerated food is ready to be consumed.

This is the most innovative update up to date. Miller Coors Brewing launched The Rocky Mountain beer where the logo turns from white to blue when it is ready to be consumed. The consumer can consume then at that point and enjoy the authentic taste of the product. Value to Customer: Consumer gets to know when he needs to consume a product and is ready to consume it.

Conclusion

The research concludes that consumers prefer innovative products because such packaging offers them ease of convenience and better adaptability. They prefer products which add value to their use and are easily accessible by them. Many companies which focus on these strategies have been able to sustain in the long run where others vanished. Many innovative

packaging such as tetra pack, intelligent packaging, recycled packaging, small pouch, changes in design package, changing atmosphere etc are all innovative ways for packaging. All these benefits and features add value to a consumer preference to buy a product and form a consumer buying habit.

What further more required is such initiatives would be beneficial for customers. Companies should develop new product development design and strategies which would benefit the customer and will be profitable to organizations in the long run.

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