

Oluwaseun Shoyelu

**Evolution of a Cutting Edge Marketing Strategy for Vitafoam's Innovative
'Early Days' Products**

Master's thesis

Winter 2014

The School of Business and Culture

Master's Degree Programme in International Business Management (MBA)



SEINÄJOKI UNIVERSITY OF APPLIED SCIENCES

Thesis Abstract

Faculty: School of Business and Culture

Degree programme: International Business Management (MBA)

Specialisation: International Marketing

Author: Oluwaseun Shoyelu

Title of thesis: Evolution of a Cutting Edge Marketing Strategy for Vitafoam's Innovative 'Early Days' Products

Supervisor: Ville-Pekka Mäkeläinen

Year: 2014

Pages: 94

Number of appendices: 2

Firms employ different growth strategies, such as acquisitions and continuous process improvement, as well as product innovation to generate exceptional shareholders' value. Among all, innovation is less risky and highly sustainable, even guaranteeing a profitable margin, firm and product differentiation, and market leadership status. However, inventing a new product in itself does not complete the innovation process until there is a commercial success and wide use of such a product.

The case company, Vitafoam Nigeria Plc, has evolved new product innovations for a huge target market of infants and children in its environment but has not been able to successfully commercialize them and to take the first mover advantage. Hence, the reasons for the failure were investigated while developing a comprehensive strategy through which it may recoup on its investments in the innovation process that generated its Early Days products, capturing the lion's share of the market.

The key drivers for ensuring the successful diffusion of Vitafoam's Early Days products, such as communication through mass media and word of mouth, economic condition, and the marketing mix variables, were isolated and applied to the resulting product, price, place, and promotion strategies recommended for the Company.

Keywords: innovation, diffusion of innovation, marketing strategy, promotion

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1 INTRODUCTION

1.1 Background of study

Marketing strategy is defined as an array of principles in business that may be employed by a firm to profitably service its customers (Kotler 2003). In similar vein, Armstrong & Kotler (2003) stated that marketing strategy is evolved to guide a firm towards the effective use of its available resources in servicing the identified needs of its target market(s), profitably, and ahead of its competitor(s).

However, there is a close link between marketing strategy and product innovation. Why, according to Cravens et al. (2000), marketing strategy is made up of four different dimensions, and these are “branding strategy, low-cost strategy, channel strategy, and innovation strategy”, thereby linking marketing strategy with product innovation.

Firms do employ different growth strategies to generate exceptional shareholders' value. These strategies include acquisitions and continuous process improvement, as well as product innovation. Unlike innovation, mergers, acquisition, and continuous process improvement could be risky, expensive and extremely difficult to sustain, although they may be successful. Therefore, firms must look towards the less risky and the highly sustainable growth option found in innovation to generate their much desired year-on-year organic growth. Innovation may even guarantee profitable margin, firm and product differentiation, and market leadership status.

Innovation comes from the Latin word “innovare”. Innovare simply means to bring something new into existence. However, innovation extends beyond that and it is largely agreed that to invent is just the first step in the innovation process. The process is not complete until there is a commercial success and wide use of the invention. Therefore, innovation can be defined as the “process of turning opportunity into new ideas and of putting these into widely used practice”. (Tidd et al. 2005, 66.)

Drucker (1985, 32) according to McAdam & McConvery (2004) stated that “innovation is the specific tool of entrepreneurs”. This means that the entrepreneurs, in order to be successful, must learn to utilize or exploit change as a foundation for generating new businesses or services. In innovation, the interaction between the duo of “technology push” and “market/ consumer demand pull” must be employed and maximized (Tidd et al. 2005) further emphasizing that innovation process started with an invention is not complete until the invention is successfully commercialized.

The criteria for profitable innovation may be basically broken into two main categories, namely: those that ensure the value of an innovation; and those concerned with the innovator’s ability to appropriate value from an innovation.

1.1.1 Value of an innovation

Successfully predicting a market need is a pre-requisite for successful innovation. Researching the needs of the consumer has always been a reserve of marketing as it focuses on creating value that satisfies the isolated needs of the consumer. However, the marketing mix, as variables and tools in marketing, according to Tidd et al. (2005, 239), also makes room for innovation. For example, a product-based innovation generally results in totally new or improved old products and services. This is significant as product innovation may place the firm in a good stead for premium pricing of its product.

Therefore, for profitable innovation there must be an adequate understanding of the needs of the consumer and this is achievable by getting the consumer involved in the innovation process from the earliest stages of the innovation process. Following this approach is a sure way of ensuring “better adoption and higher quality innovation” (Tidd et al. 2005, 96) from the onset.

Successfully envisaging a product whose performance and capability will meet the need of the consumer is closely related to the point above. The emphasis here is on producing products and rendering services that adequately meet the needs and

expectations of the target user so as to ensure the adoption and use of the product. Without the consistent purchase and use of an innovative product and/ or service the innovation process may be said to be a failure.

1.1.2 Innovator's ability to appropriate value from an innovation

New products have been demonstrated to help firms capture and retain market shares and ultimately help the firms to increase their profitability in the given markets (Tidd et al. 2005, 6). However, with increasing decrease in product life span (Stalk & Hout, 1990) there is an increasing pressure on firms to both introduce new products and on time, ahead of competition (Tidd et al.2005; Stalk & Hout 1990; Rosenau 1996). This will ensure that the firms are able to recoup on their investments on the innovation process, capture the lion share of the market, *"often 50% or better"* (Tidd et al. 2005, 388) before the competitors come out with the imitations of the offerings, and better relationship with the customers due to efficient service delivery.

The target market for the innovation has to be prepared for the launch of the product since it is imperative for the successful adoption of the product and/ or service in completing the innovation process. This factor builds on the others discussed earlier, and it involves the dealing with the complex area of buyer behaviour and its associated process of adoption. Actions have to be taken to successfully influence the known stages of adoption, namely: awareness; interest; trial; evaluation; and adoption. Such actions include creating awareness for the product; interest generation by linking the values of the new product and/ or service to the user's needs, among others.

1.1.3 Vitafoam Nigeria PLC

Vitafoam Nigeria Plc was established on August 4, 1962 as Vitafoam Nigeria Limited. It was established as a joint venture between British Vita and Unilever (Vitafoam 2012, 4). British Vita was established in 1949 as a foam manufacturer

in Lancashire, England, just a short while after the end of the Second World War. British Vita considered internationalization as a growth strategy and in response to the harsh economic condition that followed the end of the Second World War and the British Government's support for such growth initiative. Naturally, the first destinations that were considered include the former British colonies that have already gained familiarity with the English language and culture; especially the business culture. (Vitafoam 2012, 3.)

Prior to Nigeria's independence from the United Kingdom in 1960, Unilever had already established itself as major trading venture in Nigeria though a British company. Through market scanning and intelligence, Unilever discovered a huge and untapped opportunity in foam business in Nigeria. Hence, it entered into discussion with British Vita as a technical partner towards the establishment of a foam company in Nigeria. This resulted in the establishment of Vitafoam Nigeria Limited, now Vitafoam Nigeria Plc. (Vitafoam 2012, 3.) And, on November 7, 1962, G.B. Ollivant (Nigeria) Limited was appointed as the sole distributor of Vitafoam products in Nigeria (Vitafoam 2012, 6).

During the early time and for a short period, Vitafoam products were imported as finished goods from the United Kingdom. However, a factory was established in Ikeja, Lagos, Nigeria, after a short while. This factory processed and manufactured latex foam from rubber latex sourced from a local community. But, due to escalating price of latex as a result of international demand from various applicable industries and the cutoff of supply from source due to the Nigeria Civil War, the Company had to consider a more cost efficient production option found in polyether, commonly referred to as flexible foam. (Vitafoam 2012, 7.) Hence, a continuous polyether foaming plant was installed at Vitafoam Ikeja factory in 1966.

The introduction of the polyether products resulted in huge market expansion. At the third year of introduction, in 1969, turnover of the Company grew by 39%, from £270,000 in 1968 to £376,000. This was as the Company intensified its expansion in the Western, Mid-Western and Northern markets of the country. (Vitafoam 2012, 7.) The opening up of the Eastern region to increased economic activities after the Civil War and the Company's ready positioning resulted in an all time turnover and

profit of £800,000 and £250,000 respectively in 1970. The turnover represented 81% increase over the previous financial year with 30% of this value generated from the Eastern region. This prompted the commencement of a factory construction in Aba in the Eastern region in 1971 to reduce distribution cost and make the products readily available in that market. In spite of other challenges such as loss in transit of valuable raw materials coupled with congestion at the Lagos Apapa Port, resulting into a revert to importation of finished products from United Kingdom for distribution in Nigeria, the Company's profitability continue to hover around 29% of sales revenue. (Vitafoam 2012, 10.)

Vitafoam had operated without any noticeable competition until 1971 when two major competitors entered into the market. These competitors are Tejufoam and Moukafoam. In quick response to the emergence of these competitors, the Company evolved new set of innovative products with applications in many industries such as latex products for use in the carpet industry and insulated panels for the building industry. Furthermore, it quickly moved to expand its production capacity to take cost leadership advantage. It also began to widen out its distribution capacity and channel by opening up depots at strategic locations across the country to ensure availability and accessibility of its products. As a result, turnover and profit in 1971 was the highest the Company ever recorded from its inception till that year. (Vitafoam 2012, 10)

The major challenge with competition faced by Vitafoam in the 1970s came, not from the major manufacturers with brand names but from small unbranded box foam manufacturers. These directed their effort at capturing the huge and lucrative foam conversion business, constituting a major threat to the market share of the big branded foam manufacturers, including Vitafoam. The small unbranded foam manufacturers concentrated their activities at producing cheap foam or mattresses, and they succeeded at eroding the branded market by no small measure in the Eastern part of the country.

In response to the new competition challenge, Vitafoam alongside the other big branded producers tried to muscle out the small but aggressive players by stifling their chemical raw material supply. Vitafoam and other big players decided among themselves not to sell a major chemical raw material to the small players. This strategy, however, failed to produce any meaningful result as there were saboteurs among the big branded producers who used the opportunity to increase their sales in the short term by intensifying supply of foam block to the small players. The small unbranded player could then convert the foam block into their unbranded finished products. The result was that Vitafoam had lost about 75% of its market share in the Eastern Region between 1972 and 1979.

In order to stage a comeback and regain its lost market share, a new strategy must be employed since the joint effort by the big branded producer had failed. The strategy adopted by Vitafoam was to introduce a “Fighting Line” to the market.

This was a recovery strategy where textile manufacturers were approached for cheaper textile to cover the foam mattresses. Although the inside remained highly resilient foam in keeping with Vitafoam’s standard, the covering material became less expensive than what was used before. (Vitafoam 2012, 21.)

The consumer responded favourable to the new launch as they were able to relate with the Vitafoam known product quality with affordable product option. Through this strategy, it was able to regain its market share of the low end market segment.

However, the box foam manufacturer fought back through the association of foam manufacturers. It was decided at one of the meetings that Vitafoam was to stop the production of its highly successful “Fighting Line” and that all the manufacturers will increase the price of both their foam block and finished products. Vitafoam and some of the other branded players accepted the decision while the box foam manufacturers also pledged to keep to their own part of the bargain. Unfortunately, the box foam manufacturers rescinded on the agreement and the market situation reverted back to the unhealthy competition with the box foam manufacturers recapturing the largest percentage of the market share.

The number of highly competitive box foam manufacturers continues to grow as they increase their market to the detriment of the branded industry players. Due to their offerings at very low prices, the market began to be highly sensitive to price. The consumer was now less interested in the *“branded finished products of high quality supplied by major producers”* (Vitafoam 2012, 22.), only a small segment of the market was now keen on high end products. The situation, if allowed to continue may result in poor performance for the Company as its production facility will continue to be under-utilized coupled with corresponding decrease in the bottom line.

Now, in the face of an obvious market redefinition where the largest percentage of the market prefers lower density foam products with their associated low price, Vitafoam initial strategy of higher density foam products with their associated higher price will no longer work. Hence, the Company strategy must be redefined to reflect the current market realities.

The strategy employed entails the production of lower density foam products at a competitive price while maintaining an impeccable finish as a differentiation from the cheaper inferior alternatives from the box foam manufacturers. To ensure profitability with the new strategy, the Company adopted the latest technology in Maxfoam manufacturing to reduce scrap generation while increasing production efficiency. The technology adopted increased production efficiency triple fold.

Furthermore, it was poised to harness and expand its wide geographical distribution spread to enhance its new competitive strategy. In spite of the resolve to manufacture and market the lower density products, it was determined to differentiate its products with quilt finish, an innovative technology-based way of making its products stand out. To militate against product failures that might dent its brand image, top of the industry quality control capacity was installed in its production process.

Vitafoam maintained her leadership of the foam industry in Nigeria, in the 1970s through early 1980s, through product innovation and may be credited as the first to introduce novel products such fibre pillow to the Nigeria market. Other products

introduced during the high competition period include the recon-based underlay. Furthermore, Vitafoam ensures its competitiveness through an extensive and proficient network of distributors scattered in a controlled manner around the country. The network of distributors were supplied with products manufactured from four different factories strategically located across the country ensuring that the products are available right on time nation-wide. In other words, the Company maintained its competitive edge, maintained and expanded its market share through cost control, product development and diversification (within same competence and industry) strategies. (Vitafoam 2012, 24.)

Vitafoam Nigeria Plc follows closely Abell (1980) growth framework with its three dimensions of “the target market”, “customer needs”, and “the technologies used”. Each of these components has its equivalent in the Ansoff (1965) product/market approach for growth matrix. Hence, the target group refers to “who”, the customer needs refers to “what”, while the technologies used refers to “how” (the product) (Logman 2007, 257).

The company’s approach to innovation is both in adjacency and lateral move context. Zook (2004) according to Logman (2007, 257), the adjacency approach to innovation encompasses investment “in current businesses, while simultaneously meeting new opportunities”. However, within the adjacency moves, a lateral, one-dimensional move is also possible (Kotler & Trias de Bes 2003). In this context, for example, while meeting a new opportunity or targeting a new market, shortfalls such as constituting the appropriate processes to reach and satisfy the new market must be subsequently closed. Now, Vitafoam has been able to introduce new segment of products in its effort to reach a new and fast growing market of children in its effort to continue its growth strategy through product innovation. However, it has failed to bridge the gap between the new products segment and its target market in order to ensure a successful adoption of these new set of products.

1.2 The Problem

While scanning the environment for innovative growth opportunities, Vitafoam Nigeria Plc critically analysed the demographics of the Nigeria State. The population of the country stands at 170,123,740 (July 2012 estimate.), representing a huge market. However, a second look at the age structure reveals that 0-14 –year olds account for 43.9% of the total population, meaning that 74,468,321.86 Nigerians fall below the age of 14 years. Furthermore, the country currently boast of a population growth rate of 2.553% (2012 estimate.) and a birth rate of 39.23 births/1,000 population (2012 estimate.), while total fertility rate stands at 5.38 children born/woman (2012 estimate.) with a total women population of 86, 928, 840. (CIA 2013.)

From the foregoing, a huge and fast growing children population may be noticed. Vitafoam, poised to exploit the opportunity presented by this target market, quickly developed products that may appeal to them. The set of products that emerged are now referred to as Vitafoam's Early Days Products.

There is an increasing pressure on firms to both introduce new products and on time, ahead of competition (Tidd et al. 2005; Stalk & Hout 1990; Rosenau 1996). This will ensure that the firms are able to recoup on their investments on the innovation process, capture the lion share of the market, *“often 50% or better”* (Tidd et al. 2005, 388) before the competitors come out with the imitations of the offerings, and better relationship with the customers due to efficient service delivery.

However, since the introduction of the Vitafoam's Early Days segment, the adoption rate of the products has been extremely low. Hence, the Company has not been able to take the first mover advantage, with increasing decrease in product life span (Stalk & Hout 1990). The Company has evolved new product innovations but has not been able to successfully commercialize them.

The Early Days segment contributed 2% to the Company's 2012 annual turnover of ₦13,492,695,000.00 and 2% to the 2013 annual turnover of ₦

14,973,142,000.00. The expected contribution to turnover, based on target market size among other factors, is 10%.

1.3 The main research question and objectives

The main research question is:

What marketing strategy should be pursued by Vitafoam to successfully establish its 'Early Days' products?

To facilitate the getting of answers to the above stated main research question, attempt has been made to break it down into sub-research questions as below.

1. What constitute the strengths and weaknesses of the Early Days products and what are their associated opportunities and threats?
2. What are the effects of Porter's competitive five factors on Vitafoam and its Early Days products?
3. What is the stage of the Early Days products on the adoption curve?
4. What product strategy should be adopted by Vitafoam for its Early Days products?
5. What distribution strategy should be adopted by Vitafoam for its Early Days products?
6. What promotional strategy should be adopted by Vitafoam for its Early Days products?
7. Which pricing strategy should be adopted by Vitafoam its Early Days products?

Furthermore, the objectives for this research are as listed below:

1. Perform a critique of available theories/principles/strategies on marketing of innovation products in a competitive industry sector, evaluating their

suitability for providing a basis for strategies that may be chosen and implemented for Vitafoam to recoup on its investments on the innovation process that generated its Early Days products, capturing the lion share of the market.

2. Develop a comprehensive strategy with which Vitafoam may recoup on its investments on the innovation process that generated its Early Days products, capturing the lion share of the market.

1.4 Research relevance, contribution and limitation

This study generated a framework with which the case study Company, Vitafoam Nigeria PLC, may be able to successful establish its innovative Early Days products in the target market.

This research is, however, limited by the relatively small sample size employed. Although the constituent of the sample represents the environment in which the phenomenon under consideration is found, the relatively small sample minimizes cross-validation of responses. This is because the insights derived from the interviewees are expected to be drawn from their experiences that have shaped their perceptions (Tarofder et al. 2010).

Also, inflated causal linkages among the variables under study may have occurred since the research employed interviewees' self-report as demonstrated by Taylor & Todd (1995; 1995b) earlier. Although, analytical generalization may be drawn from qualitative researches according to Chetty & Stangl (2010, 1740), but the result of this research cannot be generalized being a case study. Hence, the result from this research may not be "generalized" since the sample was principally drawn from a single environment or unit of study.

2 LITERATURE REVIEW

2.1 Innovation

Innovation comes from the Latin word “innovare”. Innovare simply means to bring something new into existence. An innovation is an idea, concept, way of doing things, or object that is seen as new by a member of a social system. The idea of something new may be relative to the individual unit of adoption. An innovation that has existed for a long time may strike someone else as new. Hence, the perceived newness of an idea is critical to determining how the units of adoption may react to it.

However, innovation extends beyond that and it is largely agreed that to invent is just the first step in the innovation process (Tidd et al. 2005, 66). The process is not complete until there is a commercial success and wide use of the invention. Therefore, innovation can be defined as the “*process of turning opportunity into new ideas and of putting these into widely used practice*” (Tidd et al. 2005, 66). Drucker (1985, 32) according to McAdam & McConvery (2004) stated that “innovation is the specific tool of entrepreneurs”. This means that the entrepreneurs, in order to be successful, must learn to utilize or exploit change as a foundation for generating new businesses or services.

In innovation, the interaction between the duo of “technology push” and “market/consumer demand pull” must be employed and maximized (Tidd et al. 2005); further emphasizing that innovation process started with an invention is not complete until the invention is successfully commercialized.

2.1 Factors influencing on the birth of innovations

Four main factors have been identified in literature as influencing the birth of innovations. These are discussed under corresponding headings as below:

2.1.1 Space for creative thinking

This is widely believed to be the first step to creativity and innovation, by extension (Strategic Direction 2008).

Let people do their own thinking. Rather than giving them some pat solution help them solve problems and face challenges themselves. They will have more fun and you will get more out of them. (Scott & Moe 1997, 361.)

Also, providing incentives, financial and otherwise, for innovative performance may also encourage creativity among employees.

2.1.2 The need for strategic planning

Beyond generating a novel idea from the space for creative thinking, there is a critical need for “*a coherent business strategy combining clearly-defined goals with adequate outcome measures to calculate how well those goals have been achieved*” (Strategic Direction 2008, 26).

Hence, the importance of “effective leadership, good teamwork and open communication between departments and grades of staff” (Strategic Direction 2008, 26) is brought to the fore in bringing about the birth of an innovation.

2.1.3 Crisis as opportunity

According to the Strategic Direction (2008), a crisis situation may often trigger the birth of an innovation. Tidd et al. (2005) agree with Strategic Direction (2008) on the opinion that a challenging situation that has not been experienced before often result in the generation of corresponding novel solution.

2.1.4 The connection between the organization and key elements in its external environment

As pointed out earlier in this research, the connection between a firm and its customer may provide an opportunity for the firm to have a peep into the needs of the customer and subsequently generate an innovative product or service that perfectly meet those needs (Tidd et al. 2005).

Furthermore, government actions and legislations in certain industries often serve as a catalyst to innovation. An example is the policy of the USA government to encourage green energy. This has prompted rapid quest for innovative transport solutions especially in the automobile industry.

Equally important is the role of competition in serving as a trigger to the birth of innovation.

2.2 Criteria for profitable innovation

The criteria for profitable innovation may be basically broken into two main categories, namely:

1. Those that ensure the value of an innovation; and
2. Those concerned with the innovator's ability to appropriate value from an innovation.

Criteria for profitable innovation that ensure the value of an innovation are as discussed below:

2.2.1 Successfully predicting a market need

Researching the needs of the consumer has always been a reserve of marketing as it focuses on creating value that satisfies the isolated needs of the consumer. However, the marketing mix, as variables and tools in marketing, according to Tidd et al. (2005, 239), also makes room for innovation. For example, a product-based innovation generally results in totally new or improved old products and services. This is significant as product innovation may place the firm in a good stead for premium pricing of its product.

Therefore, for profitable innovation there must be an adequate understanding of the needs of the consumer and this is achievable by getting the consumer involved in the innovation process from the earliest stages of the innovation process. Following this approach is a sure way of ensuring “better adoption and higher quality innovation” (Tidd et al. 2005, 96) from the onset.

2.2.2 Successfully envisaging a product whose performance and capability will meet the consumer’s need

This is closely related to the criterion for successful innovation discussed above. The emphasis here is on inventing products and services that adequately meet the needs and expectations of the target user so as to ensure the adoption and use of the product. Without the consistent purchase and use of an innovative product and/ or service the innovation process may be said to be a failure.

Furthermore, in inventing products that adequately meet the needs and expectations of the target market, the success of the technical activities leading to the products is very important. The invention usually starts with an initial inspiration or idea upon the identification of user needs. In ensuring the technical success of a product, the identified needs of the user must be exhaustively interpreted and aligned to the firm’s business objective. This often involve the early introduction of the technical partners while conducting and analysing user requirements. Then, the product may be developed, iterated and get tested in-

house. Eventually, the final product will be subjected to final testing, approval and market launch. However, opportunity must be provided for further evaluation and feedback loops must be enabled.

Criteria for profitable innovation that concern the innovator's ability to appropriate value from an innovation are as discussed below:

2.2.3 Develop the product to the appropriate time scale and produce it

New products have been demonstrated to help firms capture and retain market shares and ultimately helping firms to increase their profitability in the given markets (Tidd et al. 2005, 6).

However, with increasing decrease in product life span (Stalk & Hout 1990), there is an increasing pressure on firms to both introduce new products and on time, ahead of competition (Tidd et al. 2005; Stalk & Hout 1990; Rosenau 1996). This will ensure that the firms are able to recoup on their investments on the innovation process, capture the lion share of the market, "often 50% or better" (Tidd et al. 2005, 388) before the competitors come out with the imitations of the offerings, and better relationship with the customers due to efficient service delivery.

2.2.4 Launch the product

The target market for the innovation has to be prepared for the launch of the product since it is imperative for the successful adoption of the product and/ or service in completing the innovation process. This factor for profitable innovation builds on the others discussed earlier, and it involves dealing with the complex area of buyer behaviour and its associated process of adoption.

Actions have to be taken to successfully influence the known stages of adoption, namely: awareness; interest; trial; evaluation; and adoption. Such actions include

creating awareness for the product; interest generation by linking the values of the new product and/ or service to the user's needs among others.

2.3 Adoption of innovation

This study draws largely from Rogers' (1983) diffusion of innovations model. As pointed out by Kautz & Larsen (2000, 12), the model has come to be generally used as a base line in the study of diffusion across disciplines even though it was initially centred around the study of innovation in agriculture.

Diffusion is essentially as a communication process whereby information about an innovation is transmitted via specific channels of communication in a given social system and its members, over a period of time (Rogers 1983). This definition was later improved as the process by which an innovation is communicated through specific channels over time among members of a social system that are linked via networks (Rogers 1995). Therefore, diffusion of innovation has to do with the ability to broadcast the existence and the functionalities of an innovation in use across a community of potential adopters through the community's social network structure (Muzzi & Kautz 2004)

Meanwhile, an innovation is an element that is perceived as new by a potential adopter. An innovation refers to a new or innovative idea with which a new product is generated or an old product or process or service is improved (Hivner et al. 2003).

However, the following characteristics of an innovation often determine its rate of adoption:

2.3.1 Relative advantage

This characteristic measures the extent to which an innovation is perceived to be superior to the one before it. Relative advantage is positively related to the rate of adoption of an innovation.

2.3.2 Compatibility

This is a measure of the consistency of the innovation with the values, experiences and the need of the adopters. Compatibility is positively related to the rate of adoption of an innovation.

2.3.3 Complexity

Is the degree to which a potential adopter perceives an innovation to be difficult to comprehend or use. It is negatively related to the rate of adoption of an innovation.

2.3.4 Trialability

This is the extent to which an innovation may be experimented with before adoption or rejection. It is positively related to rate of adoption of an innovation.

2.3.5 Observability

This is the extent to which the result of an adopted innovation is readily visible to others in the social system. It is positively related to the rate of adoption.

2.4 The diffusion process and the key elements in the process

Diffusion, as defined by Rogers (2003, 5), “*is the process in which an innovation is communicated through certain channels over time among the members of a social system*”. Diffusion is a unique kind of communication as it has to do with the dissemination of a new idea.

There are four (4) main elements inherent in diffusion as made apparent in its definition. These are:

1. The innovation;
2. The communication channels;
3. Time; and
4. The social system.

2.4.1 Actual Innovation

An extensive discussion on the actual innovation has been carried-out in the previous pages. Hence, the three other remaining elements inherent in the diffusion process are discussed below.

2.4.2 Communication channels

Communication is the process through which individuals create and share information among them with the goal of arriving at a mutual understanding. The means through which this information is passed from one participant to the other is therefore referred to as a communication channel.

Creating awareness about an innovation can be most effectively carried-out using mass media, whereas the interpersonal channels are most effective for persuasion toward adoption. Majority of the units of a social system will rely on the subjective

evaluation of others, near-peers, expressed through interpersonal channels in deciding on adoption or rejection.

The channels of communicating information about an innovation may be broadly divided into “mass-media channels” and “interpersonal channels” on one hand (Rogers 1983). Examples of mass-media channels include television, radio, internet and newspapers, while an example of interpersonal channels includes face-to-face conversation between/among members of a social class whether it is in a formal or an informal setting. On the other hand, Rogers (1983) also identified that channels of communication may also be segregated based on the point of broadcast. To this end, “cosmopolite channels” are those channels which provide information from outside of their particular social system, in other words, the information concerning the information emanates from a foreign social system. Unlike the cosmopolite channels, “Localite channels” deliver information from within a particular social system (Rautz & Larsen 2000, 13; Rogers 1983).

The different channels identified above find their individual significance at the different stage(s) of the innovation-decision process. According to Rogers (1983), a higher relative importance was found for both mass media and cosmopolite channels among the early adopters and at the knowledge stage of the innovation-decision process. On the other hand, a higher relative importance was found for interpersonal and localite channels among the late adopters and at the persuasion stage of the innovation-decision process.

As may be expected and going by the discussion in the preceding paragraph, early adopters generally record a higher level of contact to interpersonal and mass media channels (Rogers 1983; Rautz & Larsen 2000). Furthermore, early adopters are relatively more cosmopolite and socially active, seeking information about new products or innovation from both inside and outside of their social system. Therefore, Rautz & Larsen (2000, 13) concluded that identifying the different communication channels that are most applicable to each of the stages of the innovation-decision process and/or adopter groups may provide effective strategies for reaching them.

2.4.3 Time

There are three distinct ways in which the time element is involved in diffusion. These are in innovation-decision process; consumer innovativeness; and rate of adoption.

The innovation-decision process is critical to the diffusion of innovation as it is a process that spans from the consumer's or potential adopter's first contact to the innovation to his/her decision to either accept or reject the innovation (Kautz & Larsen 2000, 12). This is a 5-step process comprising:

- knowledge;
- persuasion;
- decision;
- implementation; and
- confirmation

Knowledge. At this stage, the adoption unit or consumer is introduced to an innovation, a new product for instance, acquiring information on the usefulness of the innovation.

The adoption unit or consumer is usually interested in specific kinds of knowledge as per the innovation at the onset of the innovation-decision process (Kautz & Larsen 2000). The initial type of knowledge sought by the adoption unit or consumer is referred to "awareness-knowledge" which relates to information about the birth of an innovation or new product as well as where additional information may be obtained about the innovation or new product. After becoming conscious of the existence of an innovation, the potential adopter is then moved to seek for "principles knowledge" and "how-to-knowledge". The principles knowledge details the principle or ideas behind the operation of an innovation while the how-to-knowledge provides information on how the innovation or new product may be put to good use. Both the principles knowledge and the how-to-knowledge may also

be relevant to both the persuasion and the decision stages of the innovation-decision process.

However, at the persuasion and decision stages, the primary information sought by the unit of adoption is referred to as “innovation-evaluation knowledge”. Since the adoption unit or potential adopter is interested in reducing risks that may be associated with the use of an innovation or new product, the innovation-evaluation knowledge is quite important in alleviating the uncertainty concerns of the potential adopter as regards the use of the new product or innovation (Kautz & Larsen 2000). As may be expected, the innovation-evaluation knowledge is obtained, primarily, from scientific sources, and, secondarily, from members of the same social system as the potential adopter (Rogers 1983).

Persuasion. At this stage, the adoption unit or consumer evolves an attitude, favourable or unfavourable, regarding an innovation or new product.

Decision. At this stage, the innovation or new product is either rejected or adopted as a result of the adoption unit or consumer’s activities around the innovation or new product.

Implementation. Following a decision to adopt an innovation or new product, the adopter, at this stage, puts the innovation to real use.

Confirmation. The confirmation stage provides for the reinforcement of the favourable decision towards the adopted innovation or new product.

Innovativeness is defined as “the degree to which an individual is relatively earlier in adopting an innovation than other members of his system” (Rogers & Shoemaker 1971, 27). Innovativeness may also be defined as the extent to which a person welcomes a new concept or idea and subsequently make decisions on the adoption of innovation without any recourse to the related experiences of other persons (Midgley & Dowling 1978).

The definition of innovativeness, given in terms of consumers and products provided, by Steenkamp et al. (1999) may be most relevant to this study. According to Steenkamp et al. (1999, 56), consumer innovativeness is

“the predisposition to buy new and different products and brands rather than remain with previous choices and consumption patterns”.
“Consumer innovativeness leads to consumers’ propensity to try and purchase new and different products” (Xie 2008, 243).

The early adopters of an innovation are generally opinion leaders and are essentially innovative consumers who assume this status by deliberately seeking out to acquire information concerning new products (Rogers 1983; Rogers & Shoemaker 1971; Midgley & Dowling 1978). Furthermore, Citrin et al. (2000) pointed out these innovative consumers are change agent who readily convey information about the innovation to other members of their social system.

Innovativeness is personality trait that is common to all consumer, but to various extents (Xie 2008, 237). This quality interacts with such individual personality features as level of education, social inclusion and age, and can adequately explain individual consumer’s adoption behaviour for new products (Xie 2008). Insight into consumer innovativeness may provide marketers with clues on individuals that may be early adopters of their new products. Targeting these individuals with appropriate information provides a useful avenue for reaching the late adopters as the early adopters are expected to propagate information about the novel products within their social system (Citrin et al. 2000, 295). Hence, “the ability to understand innovative consumers and market to these consumers indicates firms’ market leadership and ability to succeed in the marketplace” (Xie 2008, 243).

The rate of adoption refers to the relative speed with which members of a social system adopt an innovation. It is measured by the units that have adopted an innovation in a given time.

2.4.4 The social system

This is a set of interrelated units that cooperate in solving common problems towards the realisation of a common goal. A social system may be composed of individuals, groups, organisations or even subsystems, and represent the boundary of innovation diffusion. The social structure and the social norms will enhance the diffusion of an innovation with compatible features while the presence of opinion leaders helps to stimulate and speed up the diffusion of an innovation. The change agent and his/ her aid will normally seek-out the opinion leader in influencing units in their perceived desirable direction.

There are five adopter categories in a social system based on their innovativeness. Identifying these groups provides an opportunity for effectively designing appropriate diffusion strategies to capture them.

The different adopter categories are: Innovators; Early adopters; Early majority; Late Majority; and Laggards.

2.5 The adopter categories

The individuals in a social system may be categorized into five (5) unique adopter categories. This categorization is based on the innovativeness of the units in the social system, and the units which closely resemble themselves in term of their innovativeness are grouped together. These different adopter categories are:

1. Innovators;
2. Early adopters;
3. Early majority;
4. Late Majority; and
5. Laggards.

These unique adopter categories are now described below with special reference to their special characteristics.

2.5.1 Innovators

The innovators are generally the first to adopt an innovation in any given social system. Instead of waiting for information concerning new innovation to filter to them, the innovators will rather actively seek out information about new ideas. The innovators explore a lot of different channels in seeking out this information. Most importantly, they are highly exposed to mass media and they make use of interpersonal networks that is not limited to their social system's boundary but extends beyond to other systems; making them more cosmopolite. This high level of exposure to channels of communication makes it possible for individual members of this category to obtain adequate information with which they may be able to deal with the uncertainty associated with the innovation under consideration.

Hence, their evaluation of the innovation is always objective unlike the later adopters whose evaluation are always subjective; based on the evaluation of other individuals of the social system under consideration. The innovator lacks respect from members of his social system. Why? This is because the innovator often goes against the norms of his social system, so he is never trusted. However, the innovator has the critical role of introducing new innovation into his or her social system from the outside.

The characteristics of innovators include control of substantial resources, ability to understand and apply technical knowledge, ability to take and assess risks, and venturesomeness.

Control of substantial resources. Innovation adoption comes with a measure of risk as some innovation may result in financial loss to the adopter. Hence, the innovator needs to have enough financial cushions to absorb any loss that may result from an innovation that eventually prove to be unprofitable.

Ability to understand and apply technical knowledge. Since the innovator cannot rely on the subjective evaluation of others before adopting an innovation, it is therefore imperative that the innovator must have adequate education and

possess enough scientific evaluation skills to be able to carry-out an objective evaluation of the innovation at hand.

Ability to take and assess risk. The innovator, as earlier mentioned, has adequate exposure to information on an innovation. Therefore, the innovator is able to use the information to decrease the impact of the uncertainty that is usually associated with a new innovation. Furthermore, the innovator is able to cope with the outcome of an adoption when it turns out to be unsuccessful.

Venturesomeness. The innovator is an adventurer who has a burning desire for new things and ideas. In this respect, the innovator can be said to be rash and daring.

2.5.2 Early adopters

Unlike the cosmopolite innovators, the early adopters as a category are localites. They are observed to be more a stable part of their social system. What is most important about them, especially to a change agent, is that they serve as opinion leaders within their social system. The early adopters are very useful to the change agent as they may help to quicken the diffusion in a social system since the others, later adopters, often consider the subjective opinion of the early adopters before adopting a new concept or product. They rely heavily on the advice and subjective evaluation of the early adopters.

Though a degree of heterophily must exist between the early adopter and the later adopters; the average early adopter manages to keep the difference between him and the later adopters to the barest minimum. This way, the early adopter is perceived as a role model by the later adopters.

The adoption of an innovation by the early adopter serves as a catalyst to the diffusion of the innovation in the entire social system as most other members of the social system are moved to adopt as well. The early adopters help decrease the uncertainty associated with a new innovation by adopting the innovation

themselves and subsequently use their interpersonal networks to pass their subjective evaluation of the innovation to the others.

The characteristics of early adopters are position of respect, and ability to make wise innovation-decisions.

Position of respect. The early adopters are highly respected by others in their social system for what they stand for in term of success and wise use of innovations.

Ability to make wise innovation-decisions. The early adopter is able to maintain the respect accorded to him by the near peers in the social system by making discrete decisions concerning innovation.

2.5.3 Early majority

The early majority, as a category, are beyond average in their innovativeness within any given social system. They are quite active within their networks, but they often lack any position of opinion leadership neither do they serve as role model to most others. The major role of the early majority is that of serving as a link between the innovator and early adopters on one side and the later adopters on the other side.

This category of adopters is of utmost importance to the change agent as they account for one third of the members of a social system. This makes them one of the most populous adopter categories to be found in a social system.

The early majority are characterized by their deliberateness in adopting an innovation. It takes members of this category some time to arrive at the adoption decision.

2.5.4 Late Majority

The innovativeness of the late majority within a given social system is below average. However, their sheer number, accounting for one third of the members of a social system, makes them an important adopter category to any change agent.

Two factors may be most critical to their adoption decision, these are: peer pressure; and economic necessity. They are extremely obedient to the norms of their social system and the compatibility of the innovation to these norms weighs heavily on their adoption or non-adoption as only those new ideas that are in conformity to the social norms may be adopted.

The late majority display skepticism, and lack of resources.

Skepticism. The late majority displays a cautious attitude to adoption which explains why their level of innovativeness is below average. This quality may be explained by the next.

Lack of resources. Late majority are often in need of adequate resources.

2.5.5 Laggards

The laggards as the name suggests are the last to adopt an innovation in any social system. Principally because they have a very bad financial condition that they have to so sure that the innovation adopted will not in any way prove unsuccessful.

However, this is based on their view point which is contrary to all available fact that the laggards are the one who should be the first to adopt new innovation to take advantage of the opportunities this offers to better their poor financial conditions. Also, the laggards are very local individuals who adhere strictly to the norms of their social system which may often prevent them from adopting useful innovations. Moreover, they are quite isolated in the interpersonal networks that

may be found in their social system, and they further complicate this situation by associating with other members of the same social system with strong traditional values.

Laggards are characterised by sticking to the traditional values of their social system. They often evaluate the innovations based on the happenings in the past.

Figure 1 below summarizes the different adopter categories and their relative proportion in a social system.

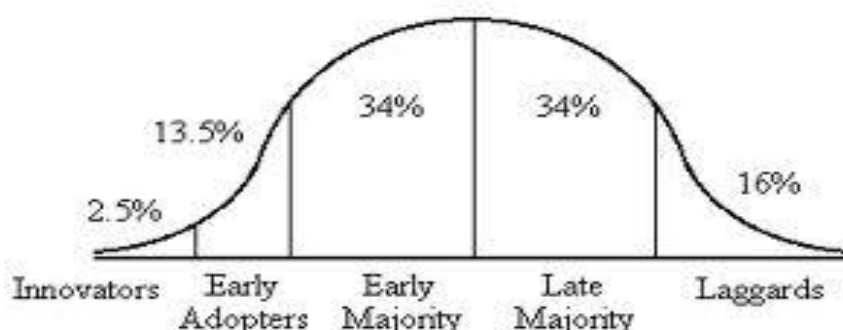


Figure 1. Adopter categorization on the basis of innovativeness (Rogers 2003, 281.)

The commercial success of a product is marked by the adoption of the product by the critical mass in the given social system. The critical mass, in Figure 1 above, is represented by the Early Majority and the Late Majority, which together account for the 68% of the total units in the social system. The critical mass, however, occurs when enough units in the social system have adopted an innovation such that further rate of adoption in the system becomes self-sustaining. Therefore, the mass media campaign should be directed first at the innovators who are expected to introduce the innovation to the social system.

But, the main focus of a change agent should be the early adopters who are instrumental in getting the adoption rate to the point of critical mass. The early adopters, who are often opinion leaders and role models in their respective system, are therefore critical to the successful of any diffusion campaign.

2.1 Marketing environment

A prerequisite for successful business strategy formulation is an adequate comprehension of both the external and internal environment of the firm's marketing environment. However, there are tools and frameworks with which a strategist may collect, analyse and formulate strategies from the internal and external marketing environment. These tools include Porter's Five Forces for Industry Analysis, and Strength, Weaknesses, Opportunities and Threats (SWOT) Analysis. These tools provides framework with which a marketing manager may understand the firm, its consumers, and competitors.

2.1.1 Porter's Five Forces

The survival of a firm and its products or brands depends on its ability to understand and cope with competition within its industry. Competition, however, is not to be defined narrowly to mean rivalry among an industry's direct competitors. Beyond the established industry competitors, cognizant must also be made of other forces as identified by Porter (2008 according to HBR 2008). These forces are: the customers; the suppliers; the potential entrants, and the substitute products. "The extended rivalry that results from all five forces defines an industry's structure and shapes the nature of competitive interaction within an industry" (Porter 2008 according to HBR 2008). Porter's framework is as summarized in Figure 2 below:

The Five Forces That Shape Industry Competition



Figure 2. The five forces that shape industry competition. (Porter 2008 according to HBR 2008)

Few or no company is profitable in an industry where the five forces are intense such as in the airline and textile industries. However, many companies will earn decent returns on their investment in an industry, such as the soft drink industry, where the forces are mild. Regardless of the nature, status or the regulatory condition of an industry, its competition and profitability is essentially driven by the industry structure as demonstrated by the five competitive forces. (Porter 2008 according to HBR 2008.)

Therefore, understanding these forces and their sources shows the basis for profitability in an industry as well giving a framework with which competition may be anticipated and influenced in the long term.

“Understanding industry structure is also essential to effective strategic positioning. As we will see, defending against the competitive forces and shaping them in a company’s favor are crucial to strategy” (Porter 2008, according to HBR 2008, 16).

2.1.2 SWOT Analysis

The drawing of a competitive strategy is preceded by interactive and iterative analyses of both the internal capacity and external environment of a firm. The subject of SWOT Analysis may include a company, proposition, offer or product. For instance, a new product in the stable of a company will require a SWOT Analysis to determine if there is any competition to it or the level of competition where it exist.

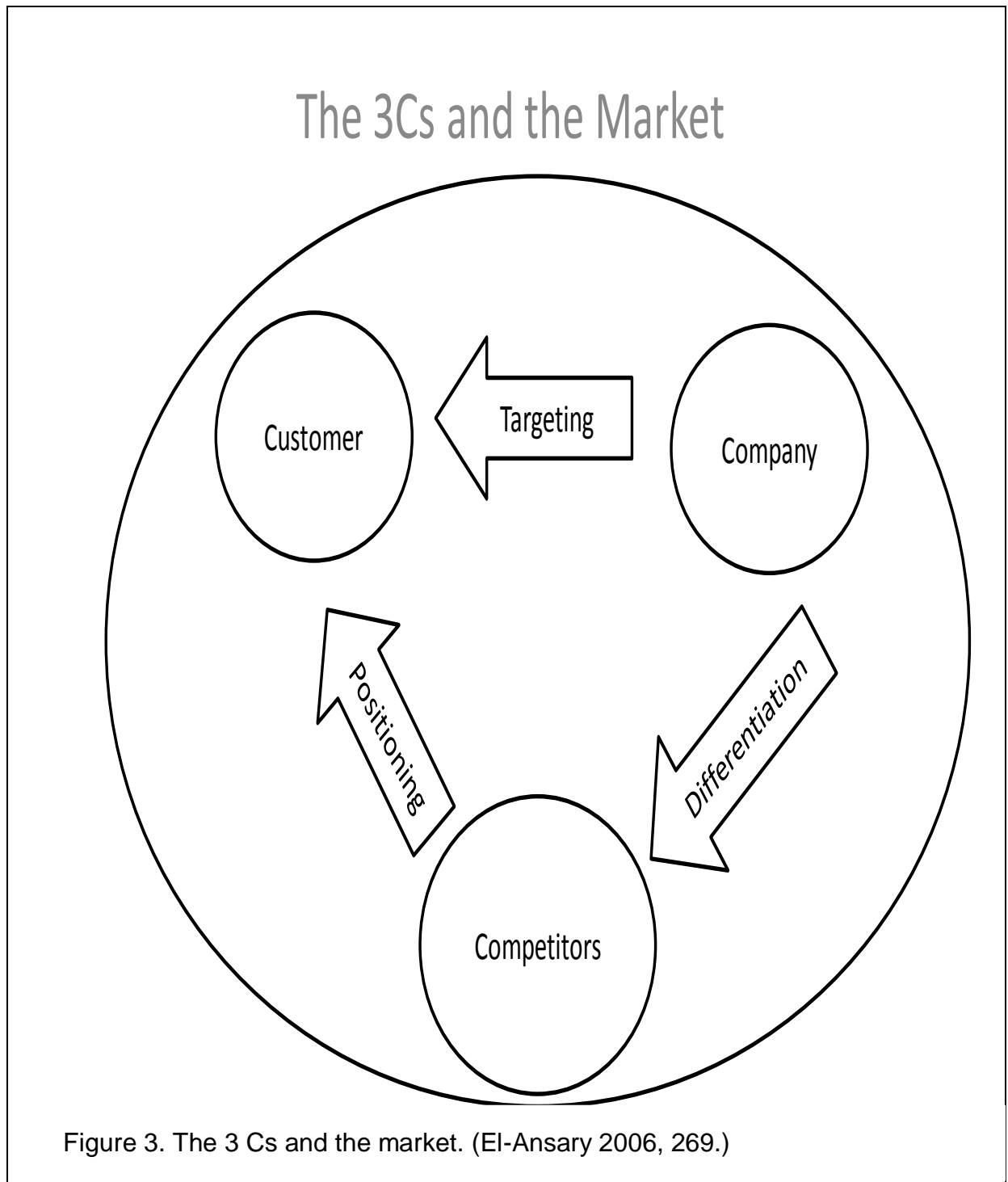
2.2 Marketing strategy

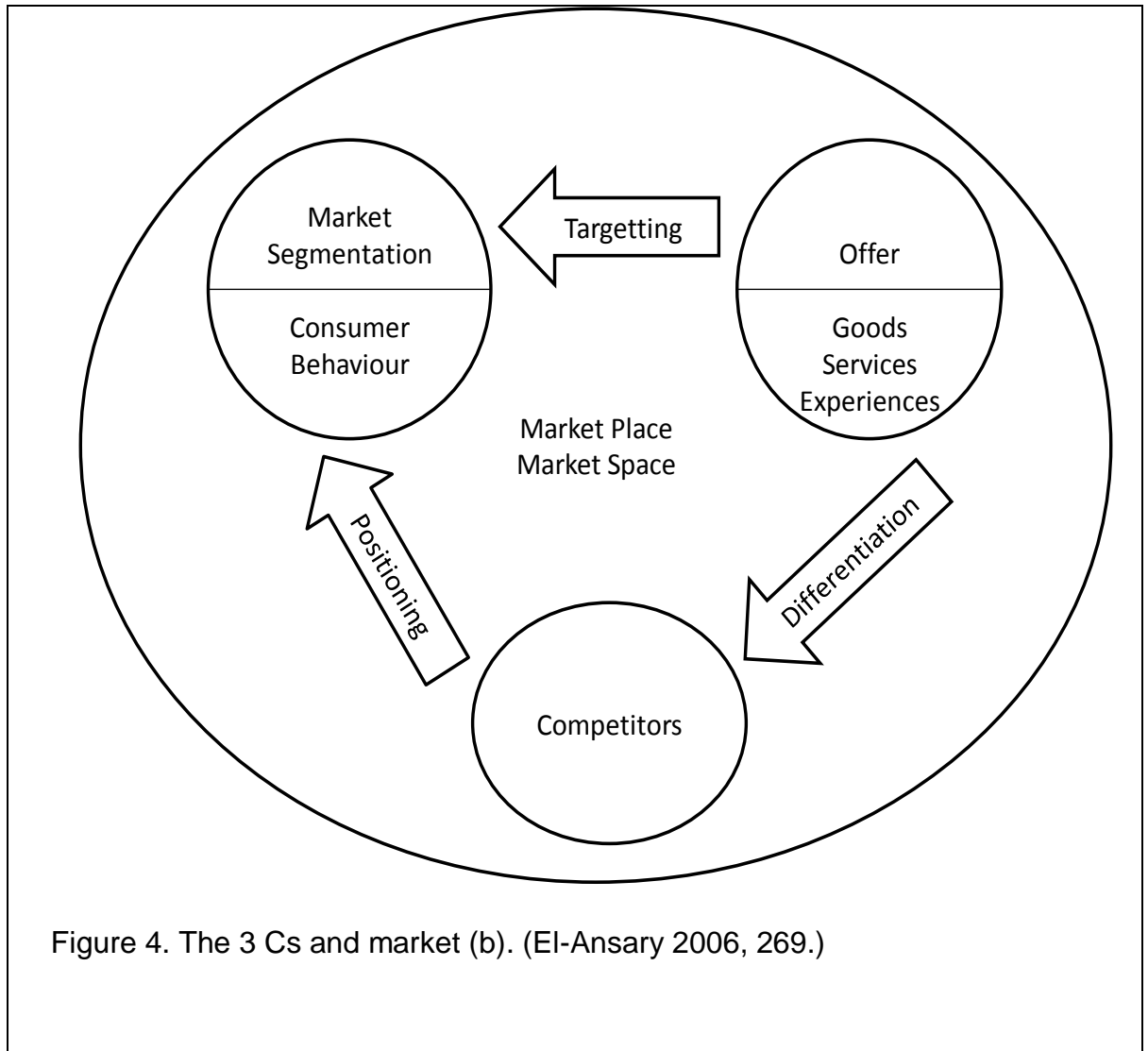
Marketing strategy is the “overall companywide program for selecting a particular target market and then satisfying consumers in that market through the marketing mix” (Kurtz & Boone 2006, 260). More importantly, and due to the practical nature of this study, the definition of marketing strategy given by El-Ansary (2006, 268) is most favoured. He defines marketing *strategy* “as the sum of the integration of segmentation, targeting, differentiation, and positioning strategies designed to create, communicate, and deliver an offer to a target market”.

The formulation of marketing strategy is centred on the three main elements of the market space. These elements are the company, its customers and its competitors. This process is both iterative and interactive, as against a one-off activity that is static, which involves defined steps that must be observed one after the other. These steps include:

- Understand customer behaviour;
- Segment the market;
- Select target segments;
- Design the offer to fit target market needs;
- Differentiate the offer; and
- Position it in the customers mind. (El-Ansary 2006, 268.)

As in the Figure 3 and Figure 4 below, targeting is the mediator between the company and its customer.





Marketing strategy and its formulation as the first step is followed by implementation. This process for its implementation is largely referred to as marketing management. Again, this study, due to its practical nature, favours the definition of marketing strategy provided by El-Ansary (2006, 270). He defines marketing management as the “*marketing strategy implementation processes of creating value (product/price), communicating the value (promotion), and delivering the value (channels)*”. This process and associated components is as illustrated in figure 5 below:

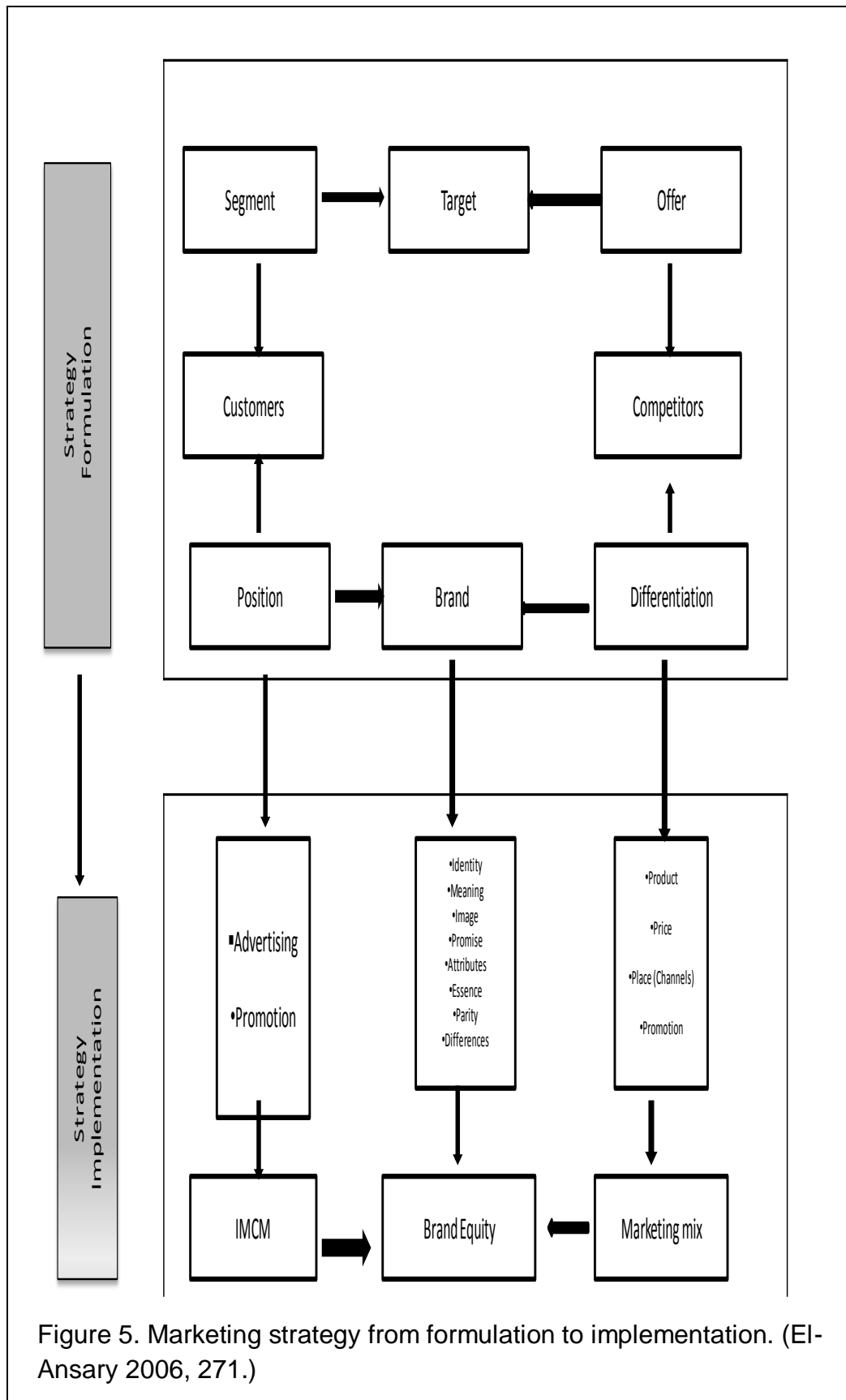


Figure 5. Marketing strategy from formulation to implementation. (El-Ansary 2006, 271.)

Figure 5 above shows clearly that the process of value creation starts with the creation of the product, followed by the branding of the product, giving it a price, communicating the value through appropriate promotion and culminates in delivering the value through defined marketing channels. These are all necessary elements for effectively implementing a marketing strategy.

From the foregoing, the pair of marketing strategy formulation and marketing strategy implementation has been differentiated. In the same line of thought, their associated variables must be classified as independent or dependent, and moderating or mediating. Earlier, it was pointed that targeting mediates the offer from a firm to its customers. Branding on the other hand mediates the products positioning and differentiation to the firm's customers. Brand names the company's product towards differentiating it from competing products, while it also entrenches the product in the consumer's mind by positioning it (El-Ansary 2006, 270).

The inseparable relationship between marketing strategy and its implementation is as summarized in figure 5 above.

To summarize, marketing strategy formulation process is two-tier, iterative and interactive. The components of the two tiers are:

1. Market segmentation, selection of target segment(s), and evolution of product to meet selected segments' needs, differentiation of the product through branding, and position the product in the consumer's mind.
2. Evolve the 4Ps or marketing mix tactical strategy involving price, place, promotion and products in line with the first tier above. (El-Ansary 2006, 282.)

2.2.1 Segmentation and targeting

Market segmentation refers to a “division of the total market into smaller, relatively homogenous groups” (Kutz & Boone 2006, 289). To be able to evolve effective and efficient marketing strategies, a target must be identified, evaluated, and selected. Segmentation may be done on the basis of geography, demography, psychograph, and behaviour.

Segmentation based on family lifecycle automatically captures income and social class. Engel, Kollat & Blackwell (1978) according to Gilly & Enis (1982, 2) stated that, "because the life cycle concept combines trends in earning power with demands placed on income, it is one of the most powerful ways of classifying and segmenting individuals and families." Furthermore, family lifecycle was found to be a stronger predictor than age (Lansing & Kish 1957; Wells & Gubar 1966; Hisrich & Peters 1974), and social class (Hisrich & Peters 1974).

Meanwhile, the segmentation of family lifecycle as a variable may be done based on standard categories for its associated values, as found in Table 2 below:

Table 1. An Overview of the Life Cycle. (Wells au Gubar 1966, 335-363 as reproduced bu Gilly & Enis 1982, 5.)

	Stage In Life Cycle	Buying or Behaviour Pattern
1.	Bachelor stage: Young, single people not living at home	Few financial burdens. Fashion opinion leaders. Recreation oriented. Buy basic kitchen equipment, basic furniture, cars, equipment for the mating game, vacations.
2.	Newly married couples: Young, no children	Better off financially than they will be in the near future. Highest purchase rate and highest average purchase of durables. Buy cars, refrigerators, stoves, sensible and durable furniture, and vacations.
3.	Full nest I: Youngest child under six	Home purchasing at peak. Liquid assets low. Dissatisfied with financial position and amount of money saved. Interested in new products. Buy washers, dryers, TV, baby food, chest rubs and cough medicines, vitamins, dolls, wagons, sleds, skates.
4.	Full nest II: Youngest child six or over	Financial position better. Some wives work. Less influenced by advertising. Buy larger-sized packages, multiple-unit deals. Buy many foods, cleaning materials, bicycles, music lessons, pianos.
5.	Full nest III: Older couples with dependent children	Financial position still better. More wives work. Some children get jobs. Hard to influence with advertising. High average purchase with durables. Buy new, more tasteful furniture, auto travel, non-necessary appliances, boats, dental services, magazines.
6.	Empty nest I: Older couples, no children living with them, head in labor force	Home ownership at peak. Most satisfied with financial position and money saved. Interested in travel, recreation, self-education. Make gifts and contributions. Not interested in new products. Buy vacations, luxuries, home improvements.
7.	Empty nest II: Older married couples, no children living at home, head retired	Drastic cut in income. Keep home. Buy medical appliances, medical care products that aid health, sleep and digestion.
8.	Solitary survivor in labor force	Income still good but likely to sell home.
9.	Solitary survivor, retired	Same medical and products needs as other retired group. Drastic cut in income. Special need for attention, affection and security.

The effectiveness of the market segment to be targeted depends largely on four basic factors, and these are: measurable purchasing power and size; effective promotion and servicing; sufficiently large enough to generate good profit and potential; and must match marketing capabilities of the firm (Kutz & Boone 2006, 289, 290).

2.2.2 Product

“Product strategy involves more than just deciding what goods or services the firm should offer to a group of consumers. It also includes decisions about customer service, package design, brand names, trademarks, patents, warranties, the lifecycle of a product, positioning the product in the market place and new product development”. (Kutz & Boone 2006, 50.)

The benefits that a product offers may be discerned when the product is viewed from three levels of core product, actual product, and augmented product (Kotler & Armstrong 2008). This is summarized as in figure 6 below:

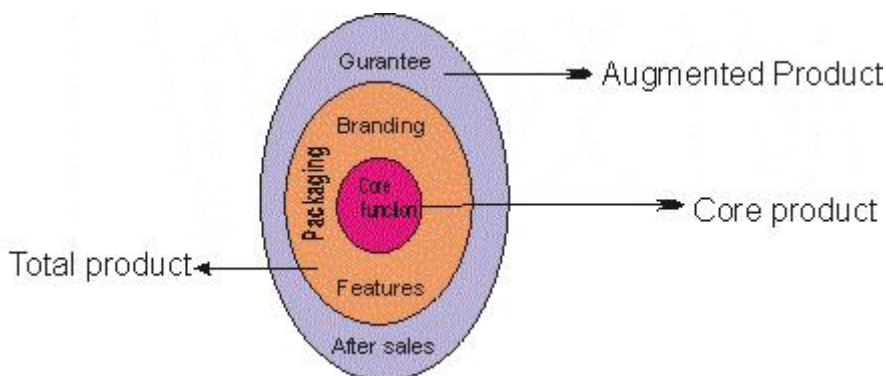


Figure 6. The total product concept. (Kotler & Armstrong 2008.)

The core product stands for the benefits accruable to the consumer through the use of the product. This is what the consumer primarily set out to buy. In this particular case, the consumer who purchases the Vitafoam Early Days products actually set out to buy comfort. A solid foam chair provides comfort in sitting to the consumer.

The tangible product is the actual or physical product. The product on offer must be designed in such a way as to persuade the consumer to make purchases. Key decisions to be taken in designing the product at this level include level of quality, features of the product, style, packaging and branding (Kotler & Armstrong 2008).

Brand name, as a part of branding, is a critical issue in the total marketing strategy of a firm (Douglas et al. 2001). The choice of a brand name and its building is critical as many high flying companies rely on their well established brand names. The brand names actually serve for instant product recognition and quality reassurances. Hence, brand names must be chosen based on the relative advantages it offers, with the following criteria found in literature as below:

1. It suggests our company's well known name and quality;
2. It is well protected under a registered trademark;
3. It is easy to pronounce;
4. It is attractive;
5. It stands out among competitors' brand;
6. It is easy to remember;
7. It is also easy to recognize. (Kotler & Pfoertsch 2006.)

Augmented product refers to the additional services that may provide added value to the consumer in the course of purchasing and using the product. The additional service provided may include dedicated customer service (telephone lines and internet). However, to provide a source of motivation to first time buyers of the innovations, *money back guarantee* may be provided. Each pack of the new product may carry the inscription that the Company is willing to refund spending if the product does not meet the consumer's expectation, enhancing trialability. Trialability, the extent to which an innovation may be experimented with before adoption or rejection, is one of the characteristics that determine the rate of diffusion of an innovation. It is positively related to rate of adoption of an innovation.

2.2.3 Price

Pricing may be said to be the most important of the marketing mix. This is because only price of the other elements of the marketing mix generate revenue for the Company, while the other three: place; promotion; and products are variable cost. In deciding the price of a product, a firm must identify certain objectives, such as the expected profit margin or return, the quantity of the product that may be sold, and the market share to be secured in relation to competition. Equally important to be considered are the consumers' expectation as relate to price, that is, the target groups and their willingness to pay the charged price; and the positioning strategy to be employed for the product. (Kotler & Armstrong 2009)

There are many different available pricing strategies that may be employed by a firm, however, in the context of this research three of these shall be considered. These are skimming pricing, premium pricing, and penetration pricing. (Kotler & Armstrong 2009, 203)

Skimming pricing: The firm may set and sell a product at an initially high price, but then lowers the price at intervals so as to capture the wider market. The high initial price is usually due to the firm having a higher competitive advantage. However, this advantage quickly wears out as competitors enter into the market space attracted by the high price. This leads to a consistent lowering of the initially high price.

Premium pricing: This is a pricing strategy that may be employed for a unique brand or exclusive product. It is may be employed in high class market and with a firm fully convinced that it has adequate equity to charge for its products or service in a higher price segment (Kotler & Armstrong 2009, 303).

Penetration pricing: This is a pricing strategy where a firm may charge a low price for its product or service so as to gain sales and market share, and subsequent increase the price at the capture of the market share. Penetration pricing is most ideal in high price sensitive market where the consumer may be

unable or unwilling to pay high price for the product, but where the low price may guarantee high market share. (Kotler & Armstrong 2009, 303)

2.2.4 Place

There are a number of distribution or place strategies available to firms for the distribution of their products. One of such strategies is the exclusive distribution where a retailer is granted sole rights in serving a given area. Other distribution scope strategies available include intensive distribution, where a product is made available at all possible retail outlets; and selective distribution where many but not all retail outlets in a given area distribute a product.

An effective distribution strategy must take into consideration such factors as the customer buying habits; gross margin/turnover rate; capability of dealer to provide service; capability of dealer to carry full product line; and product styling (Kotler & Armstrong 2008). Furthermore, the distribution channel selection decision need take into consideration a number of factors. These factors include chosen target market, the adopted marketing mix of product, promotion, price, and place; and the economic context (Corey et al. 1989). Lilien & Kotler (1983) identified a number of dimensions associated with decisions related to selecting distribution channel. The most important of these dimensions are distribution structure, distribution intensity and distribution management.

The distribution process has been observed through numerous researches to influence diffusion (Jones & Ritz 1991; Chandrasekaran & Tellis 2007). The adoption process for new product has two sides, namely: retailers' adoption; and consumers' adoption (Jones & Ritz 1991). "Moreover, the number of retailers who have adopted the product determines the size of the consumer's potential market." (Chandrasekaran & Tellis 2007, 50).

2.2.5 Promotion

The innovation-decision process is critical to the diffusion of innovation as it is the process than spans from the consumer's or potential adopter's first contact with the innovation to his/her decision to either accept or reject the innovation (Kautz & Larsen 2000, 12). This is a 5-step process comprising: knowledge; persuasion;

decision; implementation; and confirmation. The different communication channels identified earlier find their individual significance at the different stage(s) of the innovation-decision process. Therefore, Rautz & Larsen (2000, 13) concluded that identifying the different communication channels that are most applicable to each of the stages of the innovation-decision process and/or adopter groups may provide effective strategies for reaching them.

There a number of marketing strategy options available to a firm at the different stages of the product life cycle. First, slow-skimming strategy is when the products are launched with a high price but with minimal effort on marketing. This strategy guarantees higher returns in margin and profit. However, it may only be effective under the condition that the market is large and the largest proportion of the target market is aware of the product; the potential consumers are willing to purchase the products at the high price; and in the absence of any current or impending threats from a rival firm. (Mäkeläinen 2011.).

Second, rapid-skimming strategy is one, where the new product is launched at a premium price coupled with high marketing budget. Extensive marketing effort is expected to quicken product penetration. However, for this strategy to succeed, the consumers must be unaware of the product and those who become aware must be willing to purchase the product; the consumers must be, generally, able and willing to pay the high price; and the product must be competing against rivals. (Mäkeläinen 2011.)

Third, slow-penetration strategy is where the product is introduced at low price and low marketing budget and activities. However, this strategy is only effective when the target market is aware of the products and large and price-sensitive but less sensitive to advertising. (Mäkeläinen 2011.)

Fourth, rapid-penetration strategy is another that may be deployed at the introductory stage of a new product. With this strategy, the new product is launched at a low price coupled with huge investment in marketing. This strategy guarantees fast product adoption and market dominance. However, the following conditions must prevail for the strategy to be successful:

- The target market must be large;
- The target market must be largely unaware of the new products;
- The largest proportion of the target market must be price-sensitive;
- There must exist a current or looming threat of strong competition; and
- The Company must be able to leverage on economies of scale in its production process. (Mäkeläinen 2011.).

Meanwhile, an essential component of the rapid-penetration strategy is heavy investment in marketing. The investment in marketing must be targeted to maximize its output. Figure 7 below provides a summary of possible promotion activities, their content, and objectives that may be employed at the different lifecycle stages of a product. Of particular interest to this research are the introductory and growth stages of the product lifecycle, since the Early Days products are at the introduction stage, and preparatory for the growth stage.

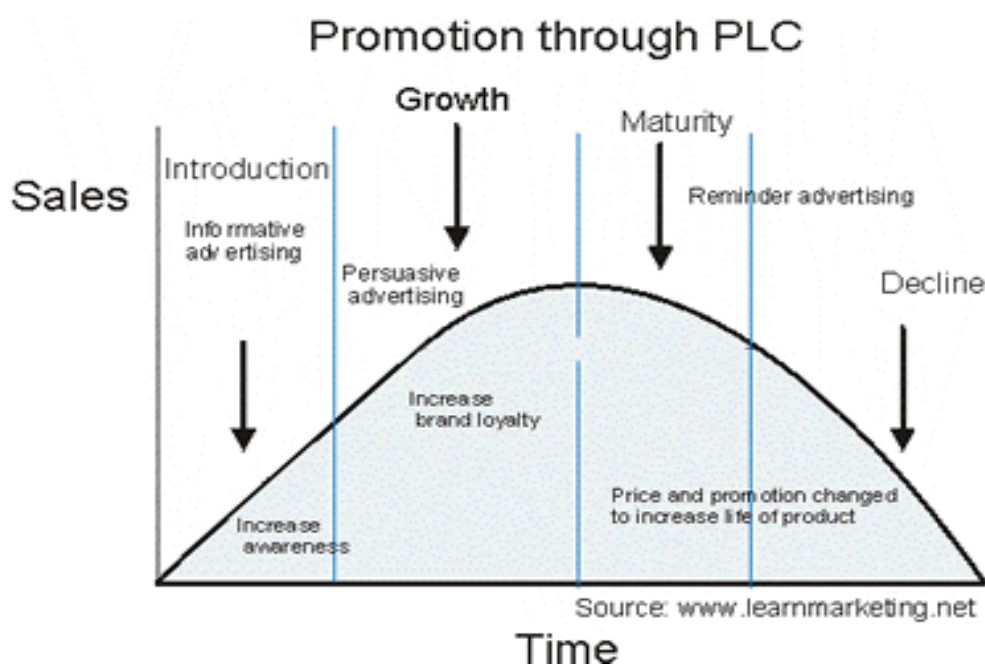


Figure 7. Promotion through product life cycle. (Learnmarketing 2013.)

The diffusion of innovation has to do with the ability to broadcast the existence and the functionalities of an innovation in use across a community of potential adopters through the community's social network structure (Muzzi & Kautz 2004). The target market for the innovation has to be prepared for the launch of the product since it is imperative for the successful adoption of the product and/ or service in

completing the innovation process. This involves dealing with the complex area of buyer behaviour and its associated process of adoption.

At the product introduction stage, actions have to be taken to successfully influence the known stages of adoption, namely: awareness; interest; trial; evaluation; and adoption. Such actions include creating awareness for the product; interest generation by linking the values of the new product and/ or service to the user's needs, among others (see Figure 7). The awareness created must be targeted at the innovators and Early Adopters. Targeting these individuals with appropriate information provides a useful avenue for reaching the late adopters as the early adopters are expected to propagate information about the novel products within their social system (Citrin et al. 2000, 295).

The channels of communicating information about an innovation may be broadly divided into "mass-media channels" and "interpersonal channels" on one hand (Rogers 1983). Mass-media channels including television, radio, internet and newspapers must first be used to propagate the arrival of the products among its target market. The message delivered through the mass-media channel should be tailored towards appealing to the innovators, and early adopters.

Subsequently, interpersonal channels including face-to-face conversation between/among members of a social class whether it is in a formal or an informal setting may be used to target the late adopters. This may be achieved by providing fora for early adopters to interact with the late adopters, sharing their positive experience about the products with the late adopters. Such avenue may be found at exhibitions, playgroups, and similar formal and informal meeting.

The commercial success of a product is marked by the adoption of the product by the critical mass in the given social system. The critical mass, in Figure 7 above, is represented by the "growth stage" (Early Majority) and the "maturity stage" (Late Majority) which together account for the 68% of the total units in the social system. The critical mass, however, occurs when enough units in the social system have adopted an innovation such that further rate of adoption in the system becomes self-sustaining. Hence, the mass-media channels must be used to propagate:

awareness-knowledge; principles knowledge; and how-to-knowledge about the products to the early adopters. Interpersonal communications between the early adopters and late adopters must be encouraged for the propagation of innovation-evaluation-knowledge from the early adopters to the late adopters.

2.3 Diffusion of innovation and the marketing mix variables

The diffusion of innovation models since their introduction to marketing have become increasingly useful and complex tools that may aid managerial decisions about

“the life-cycle dynamics of a new product, for forecasting the demand for a new product, and as a decision aid in making pre-launch, launch and post-launch strategic choices” (Radas 2005, 31).

Earlier, these models were limited due to the non-inclusion of external variables that may also influence the adoption of an innovation. The ability of the diffusion models to more effectively improve managers' marketing strategy decision making may then be improved with the inclusion of such external variables as the marketing mix variables (Radas 2005).

Diffusion models are used to forecast the sales of an innovation as a function of time. However, practice has shown that the sale of a product is affected by a number of external variables. These external variables include such factors as advertising, distribution channels and intensity, and price. Therefore, without the external variables such as advertising, distribution channels, and prices “the practical use of diffusion models would be limited indeed” (Radas 2005, 32). These variables when incorporated into the diffusion models must be dynamic to reflect the dynamism of the market. In essence, the marketing or brand manager must be able to respond to changes in the environment concerning a product adoption with appropriate alterations to the marketing mix strategy (Putsis 1998).

To illustrate, in Figure 8 below, Bass Model shows coefficient of imitation or word of mouth generating sales represented by the bell shaped curve.

Furthermore, Figure 9 below depicts Bass Model where sales were shown to have declined steadily as a result of word of mouth coefficient being smaller than the influence of mass media. However, actual product sales rarely follow the ideal patterns depicted by Figure 8 and 9 classical models. This is because

“sales reflect the decisions made on many marketing variables. For example, if advertising slows down, the sales might follow as well. If the price of the product decreases, the number of new adopters is likely to go up”. (Radas 2005, 38.)

The actual sales figures from real life situation is usually as depicted in Figure 10 below where the spikes are often as a result of advertising or promotional activities.

The examples given above jointly illustrate that other external variables influence diffusion of innovation and its elements, variables such as level of advertising, alterations in price, intensity of distribution and activities of competitors. In similar vein, Horsky & Simon (1983) according to Radas (2005, 43) “*assumed that advertising has an impact on the innovative characteristics of adopters.*”

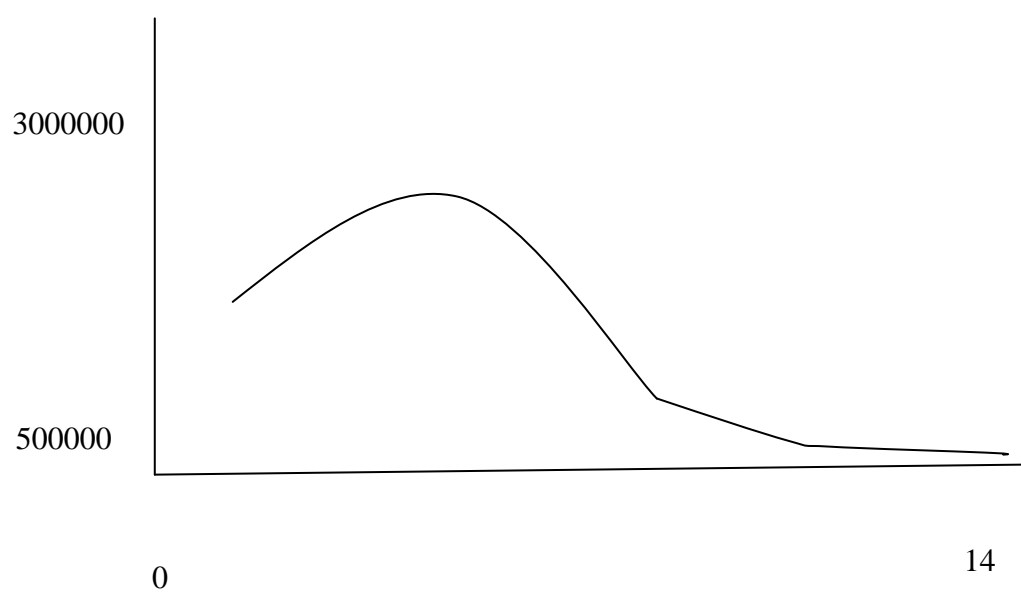


Figure 8. Downward slope shaped Bass model. (Radas 2005, 37.)

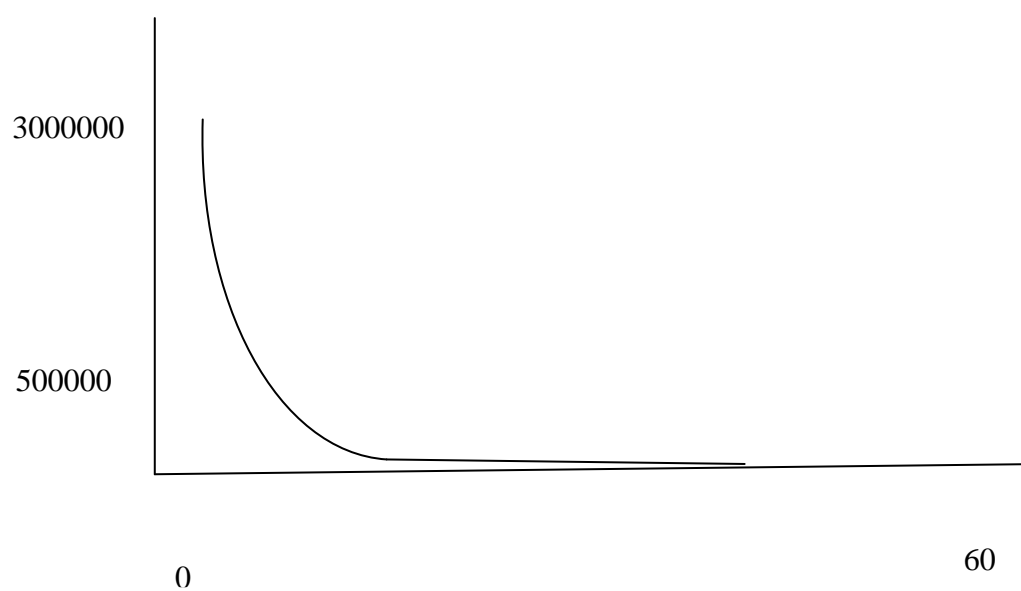


Figure 9. Bell shaped Bass model. (Radas 2005, 37.)

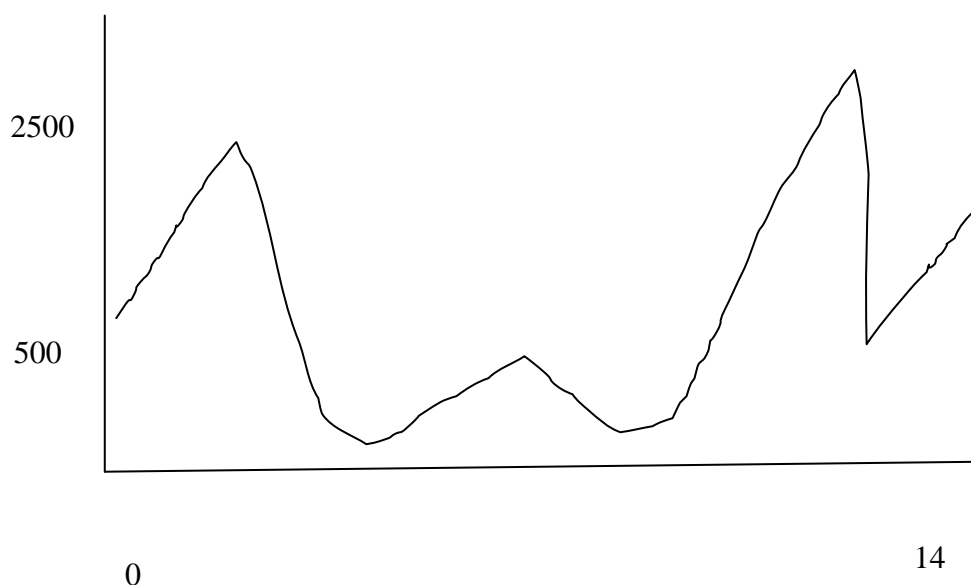


Figure 10. Real monthly sales data of a durable product. (Radas 2005, 37.)

Moreover, these variables that influence diffusion of innovation may also be referred to as diffusion drivers and they have found support, direct or indirect, in literature (Chandrasekaran & Tellis 2007). However, the key drivers were identified from literature and listed according to empirical support as communication through word of mouth, economic condition, and the marketing mix variables (Chandrasekaran & Tellis 2007; Bass 1990; Van den Bulte & Stremersch 2004; Dekimpe et al. 2000).

The reduction of the price of a new product may cause a household to purchase a new product whose price was initially perceived to be beyond their acceptable price demand. Therefore, a reduction in price may increase the adoption probability by encouraging prospective adopters to change adoption status to adopters (Chandrasekaran & Tellis 2007). Kamakura and Balasubramanian (1998) according to Chandrasekaran & Tellis (2007, 50), price may only drive adoption probability for goods that command high prices, meaning that the action of price on adoption varies from one product type to another.

Advertising and promotions have positive influence on diffusion of innovation. Horsky & Simon (1983) demonstrated that the higher the expenditure of a producer on advertising at a given the time, the higher the product sales.

Distribution or place in the marketing mix also exercise influence on the diffusion of an innovation. In fact, the adoption process may be classified into two as retailer adoption process and consumer adoption process, and the relationship between the two is that the consumer potential market size is determined by the population of retailers who have adopted the innovation under consideration (Jones & Ritz 1991; Chandrasekaran & Tellis 2007). Researchers also suggested that the use of online channels may result in faster adoption and higher sales compared to brick-and-mortar outlets (Chandrasekaran & Tellis 2007).

3 METHODOLOGY

The research strategy employed in this research is the case study research strategy. According to the The American Heritage Dictionary of the English Language (2000), as cited in The Free Dictionary (2008), a case study is:

"a. A detailed intensive study of a unit, such as a corporation or a corporate division that stresses factors contributing to its success or failure.

b. An exemplary or cautionary model; an instructive example."

There are five essential components of a case study design, and these are: the research questions; the research proposition; the unit or units of analysis for the research; a linkage of the acquired data to the research proposition; and the standard for result interpretation (Yin 1994). All of these factors are observable throughout this research.

Case study research strategy may be exploratory, descriptive, or explanatory. Exploratory case study is used

"when "how" or "why" questions are being posed, when the Investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context" (Yin 1994, 1).

The descriptive case study is used when when the problem area is well isolated, known and properly structured. The explanatory case study is used when there exist different variables concerning the problem area and the researcher's intent is to prove or disapprove one or several possible alternatives. It is often used to establish causal linkages between variables by employing data gathering methods that results in hard facts. (Yin, 1994)

This research was an exploratory one.

"Exploratory research seeks to discover the cause of a specific problem, by discussing the problem with informed sources both within and outside the firm and by examining data from other information sources" (Kutz & Boone 2006, 261).

“Most diffusion researchers have followed the methodological path set forth by Ryan and Gross in the hybrid corn study” (Rogers et al. 2009, 21) in their research of diffusion of innovation. Data collection is mainly through telephone or personal interviews. The respondents are asked to look back in time and thought and provide information about their adoption, the time of it, the communication channels or sources of knowledge about it leading to their adoption, their links within their social system relevant to the adoption process, and among other variables (Rogers et al. 2009). Although the unit of analysis is usually the individual, the organisation was the unit of analysis in not a few studies afterwards (Wildemuth 1992; Zaltman, Duncan & Holbek 1973 according to Rogers et al. 2009, 21).

Furthermore, qualitative research methodology, according to Yin (1989; 1994), is the most effective methodology for this type of studies, generating deep and useful insight as to the “what”, “why” and “how” questions concerning the occurrence being studied.

As in the preceding paragraph, qualitative research methodology was employed in this research for the in depth primary research. This methodology was able to provide insight as to “why” the Company has not being able to yet successful establish its innovative Early Days products in the target market. Insight was also gained as to “how” the Company may be able to successfully establish its innovative Early Days products.

Yin (1989; 1994) and Chetty & Stangl (2010) recommended and practised selecting a sample size from a larger population where the factors or phenomenon being investigated may be readily observed. Hence, sampling took place within the case Company and its immediate environment. Interviews were then conducted with these selected individuals to gain valuable insight into “why” and “how” questions. The participants drew from their experience of, expertise and knowledge in the marketing of new products as expected (Gummesson 1991).

Although, analytical generalization may be drawn from qualitative researches according to Chetty & Stangl (2010, 1740), **but the result of this particular**

research cannot be generalized being a case study involving only one reference case. Hence, the result from this research may not be “generalized” since the sample was principally drawn from a single environment or unit of study.

3.1 Sample and sample selection

The sample or unit of analysis employed for the study were drawn from various relevant departments of the Company and its customers. As in previous diffusion research of this nature, sample size that includes individuals with experience relating to the phenomenon under study is appropriate (Barnett et al. 2011, 3). *The individuals interviewed from the case Company have spent an average of sixteen (16) months on their current role, directly related to this study. 40% of them now have direct responsibility for the launch of Early Days product, in response to the poor products performance.*

Furthermore, Kurtz & Boone (2006, 261) stated that in exploratory research, the researcher may “talk with their **wholesalers, retailers, and customers** ... also ask for input from the **sales force**”. For this purpose, the following individuals were interviewed from the case Company: Marketing Manager; National Sales Manager; Regional Sales Manager; Management Accountant; Distribution Manager; two key distributors; and three consumers. A summary of the 10 interview participants is provided in Table 1 below:

Table 2. Information on interviewees

	Interviewee	Position of interviewee	Number of months on current role
	Vitafoam staff		
1.	Sola Owoade	National Sales Manager	24
2.	Ben Collins Okosun	Marketing Manager	12
3.	Alfred Savage	Distribution Manager	8
4.	Julius Familoye	Management Accountant	34
5.	Dahiru Gambo	Regional Sales Manager-Lagos	2
	Customer		
6.	Abiola Lawal	Retailer	60
7.	Samson Ajibulu	Key Distributor	240
	Consumer		
8.	Matilda Prah	Consumer	Not applicable
9.	Kate Udoette	Consumer	Not applicable
10.	Gideon Elegbede	Consumer	Not applicable

To reduce and/ or minimize the occurrence of random measurement error, respondents from the business unit representing the different possible stakeholder groups in the environment as indicated by existing literature were employed. This will ensure cross-validation of responses as the responses are expected to be based on perceptions which in turn are usually based on individual experience on complex social issues (Tarofder et al. 2010; Barnett et al. 2011) that could easily increase the problem of common method bias.

3.2 Data collection procedure

Both secondary and primary data were employed in this research. The secondary data for exploratory study of a problem within a firm may come from the company records, including but not limited to sales records and analysis. *Sales records and data from other sources such as newspapers, government reports and records, official statistics, web information and previous research related to Vitafoam and the Early Days products from Vitafoam were the secondary data employed in this study.* Secondary data were also used in the Porter's Five Forces and the SWOT analyses of Vitafoam and its Early Days' products.

Semi-structured interview was the main procedure for primary data collection employed in this study. The author single-handedly conducted the interviews with each interviewee, with individual session lasting approximately one to two hours.

Furthermore, the interview instrument and its items were isolated mainly from existing literature to help gain insight into the variables under study (Barnett et al. 2011; Fitzgerald et al. 2005) based on the interviewees' responses. However, some items were added while others were modified to accommodate the peculiarity of this particular study. The questions generated information on the development of the innovation, "traced decision-making processes, and established the influence of different factors on diffusion" (Fitzgerald et al. 2005, 13). The individual interviews sessions were taped and later transcribed. The transcribed texts were taken through content analysis against the core research questions.

3.3 Data analysis

Transcribed interview data was subjected to system search or content analysis for the data analysis process. The diffusion of the Early Days products of the Company was examined as to the strategies employed against the success recorded so far with special attention to the marketing mix strategies employed against the standard literature recommendations. Finally, the generated data were then compared to the standards defined from existing literature as to the marketing mix strategies that may be employed at the introductory stage of innovation diffusion to make the product adoption process successful. Recommendations and conclusions were drawn from this comparison.

4 FINDINGS AND DISCUSSIONS

This section of the thesis has been divided, primarily, into two parts to reflect, one, analyses, related findings and discussions emanating from secondary data, and two, findings, analyses and discussions emanating from primary data (interviews).

4.1 Findings and discussions from secondary data

Sales records and data from other secondary sources related to the Early Days products from Vitafoam were the secondary data employed in the Porter's Five Forces, SWOT analyses of Vitafoam and its Early Days' products, and in the determination of the stage of the Early Days products on the adoption curve. The result of these analyses are as below:

4.1.1 Porter's Five Forces analysis of Vitafoam Early Day's products

Competitive Rivalry

- The degree of rivalry is low.
- There are few firms in the plastic industry that produce baby chairs and non in the foam industry with the exception of Vitafoam.
- The market for baby product is huge and fast growing, hence, there is ample opportunity for all players to capture market share and improve on their revenue generation.
- Low fixed costs limit rivalry that may results from a necessity to produce at maximum capacity.
- Non-perishability of the product(s) reduces the degree of rivalry as firms are not under immediate threat to unload before the products expire at the same time.
- The cost of switch between the hard furniture baby sits (plastics, metals, wood) is low. However, switching between the hard furniture and the soft furniture baby sit produced by Vitafoam is high. Hence, the rivalry is reduced.

- There is high level of product differentiation due to brand identification and innovation. However, there is low level of product differentiation among the hard furniture manufacturers, effectively resulting in higher levels of rivalry among them.
- There is a low exit barrier as all firms producing competing products may easily deploy their asset for other functions. In fact, most currently use these assets to manufacture their core products.

Threat of Substitutes

- The threat of substitute is high since consumers may easily switch from one baby sit to the other within the hard furniture and across the soft furniture products
- However, the threat of substitute is lower within the soft furniture baby sit.

Buyer Power

- The buyers are weak.
- The manufacturers, especially Vitafoam, may assume distributors/retailers status for their products.
- The buyers, especially the consumers, are numerous and largely uncoordinated. There is not a single buyer with significant influence on neither the products nor their prices.
- There is significant switching cost for Vitafoam baby sit. However, a product from the hard furniture rivals is either standardized or may be easily swapped for others.

Supplier Power

- The suppliers to the industry (ies) are weak.
- The inputs for the manufacture of the Vitafoam baby sit and for the manufacture of rival products are highly standardized.
- The supplies are basically commodities in the industry (ies).
- The industry players, the purchasers, have demonstrated credible backward integration, with ability to directly source for their inputs from the global market.

- The industry players, the purchasers, are highly concentrated.
- The customers to the finished products are weak.

Threat of New Entrants and Entry Barriers

- The threat of new entrants is high while the entry barriers are generally low.
- The government has set extremely low patent laws that are largely unenforced; hence, innovations may be easily copied in the second mover fashion.
- The government has set put the importation of all furniture on the restriction list. However, importers of these contrabands easily circumvent the process to bring the furniture into the country.
- Asset specificity does not apply in the industry. Old and new entrants may easily convert their assets and technology to other use. Furthermore, the current players in the foam industry may easily adapt their operations and machineries to produce the baby sit while still produce the other conventional and core products.
- There is almost easy access to the distribution channels available to all the players as the distributors rarely stay loyal to a manufacturer.

4.1.2 SWOT Analysis of Vitafoam and its Early Days products

The drawing of a competitive strategy is preceded by interactive and iterative analyses of both the internal capacity and external environment of a firm. The subject of SWOT Analysis may include a company, proposition, offer or product. For instance, a new product in the stable of a company will require a SWOT Analysis to determine if there is any competition to it or the level of competition where it exist.

Strength

- Brand Equity: The Vitafoam brand is well known and has been around longer than any of its competitors. This may add to the new Early Days products in the market place.

- Innovative products: many of the products in the Early Days product bouquet are innovative products with no direct competitor in the market place.
- Good quality products: the products from the stable of Vitafoam including the Early Days products are of high quality that meets consumer expectation
- Marketing: Overall, the Company boasts of biggest marketing budget and spend in the industry. The Early Days products are expected to be supported with promotion from this marketing war chest.
- Distribution network and reach: The Company has an extensive distribution network across the country that may be exploited to make the Early Days products easily accessible and available to the consumer.
- Resources, Assets, People: The Company has at its disposal necessary financial and human resources to deliver on the financial expectations of the Early Days products.
- Experience, knowledge, and data: Over the years, its sales personnel have garnered extensive experience and knowledge of the general foam market as well as acquired data of current and prospective consumers. This data may be used to broadcast information about the new Early Days products.
- A unique selling point for most the Early Days products is that they are baby and safety friendly in design, and design material.

Weaknesses

- Poor market penetration of the Early Days products even as it has been around for a while.
- Low visibility of the Early Days products in the market place having failed to effectively put the Company's extensive distribution network to good use.
- Early days products reflect higher price in comparison with direct and indirect competing products or brands.
- Lack of product awareness by the general consumer populace due to poor or non-existing promotional activities around the innovations.
- Limited product varieties in terms of product designs and fabric options. Most the Early Days products come in just two fabric colours with the same

fabric and product design. This leaves the consumers with very narrow choices.

- Production lead time sometimes jeopardize product availability. This often frustrate the customers and consumers and ultimately resulting in lost revenue.
- Although the Company boasts of an extensive distribution network and channels for its traditional products, getting the regular players in the network to effectively distribute the Early Days products has been unsuccessful. This indicates the need for unique distribution channel(s) for these products.

Opportunities

- Market developments: The primary target of the Early Days products account for approximately 30 – 40% of the 170 million people of Nigeria. Currently, less than 1% of this population patronize the Early Days products indicating a huge opportunity for market development.
- Competitors' vulnerabilities: The major competitors of Vitafoam are yet to come-up with or imitate the Early Days products, presenting a good opportunity for the Company to further increase its market share and revenue.
- Industry or lifestyle trends: The industry is highly competitive with all players competing largely through similar traditional offerings. The Early Days products presents Vitafoam with an opportunity to further differentiate itself. Furthermore, with fast growing middle-income class growth in the country, new parents in this category are
- Technology development and innovation: The products being innovations may appeal to the target market that is desirous of new things and ideas.
- Niche target markets: There is a huge niche target market of infants and children in relation to the larger Nigerian population that the products are designed for waiting to be tapped.
- Business and product development: a new business development unit/team has recently been created by the Company to drive the market penetration of the innovative Early Days products.

- Information and research: There is ongoing research to continually improve the Early Days products, fine tuning them in response to the market's dictates.
- Partnerships, agencies, distribution: There are opportunities to create totally new and most relevant distribution channels in partnership with the many maternity shops scattered nation-wide. This will make for extensive distribution of the products, exposing them to the primary consumers.
- Volumes, production, economies: The Company has adequate production capacity to meet product demand with proper planning. With increase in demand due to adoption, it may be able to take advantage of economies to scale and reflect such in decrease products prices.

Threats

- Political effects: the political environment of Nigeria is not particularly stable, especially in the restive north where there is an ongoing economic disruptive activity of Islamic terror groups. This may limit exploitation of the products sales potential of that region.
- Legislature: Lack of adequate legislation to protect inventions means that the innovative Early Days products may be easily copied by Vitafoam's competitor.
- Competitor intentions: There are feelers that Vitafoam major competitors are intended on imitating the innovative Early Days products even before Vitafoam could earn any decent returns on its investment in the product development spending.
- Vital contracts and partners: Vitafoam does not have exclusivity right to its current and prospective distribution partners. Hence, it may be easy for competitors to employ those for the distribution of their competing products.
- Loss of key staff: Recently, the new product development manager of Vitafoam was employed by the major competitor. He was principal responsible for the creation of the innovative Early Days and Lifestyle products of Vitafoam. Hence, it may be assumed that the competitor may roll out its set of mother and baby products in no time.

- Sustainable financial backing: The Company is determined to have the Early Days products to be financially self sustaining, paying for its staff, and advertisement among others. However, the rate of adoption of the products and associated revenue if not urgently reversed may result in the failure of the innovations.
- Economy - home, abroad: Although there is a fast emerging middle-class in the country, the largest populace are not economically buoyant.

4.1.3 The stage of the Early Days products on the adoption curve

The stage of any product on the adoption curve is determined by the number individuals of the target audience that have adopted the product. The different adopter categories and their associated proportion include: Innovators (2.5%); early adopters (13.5%); early majority (34%); late majority (34%); and laggards (16%). Growth stage for instance is achieved when the critical mass has adopted the products, and this encapsulates the part covered by the early adopters and early majority on the adoption curve. However, in ascertaining the life cycle stage of the Vitafoam Early Days products, it is important to consider the size of its total market, which is the age group within the total Nigeria population that may use the products.

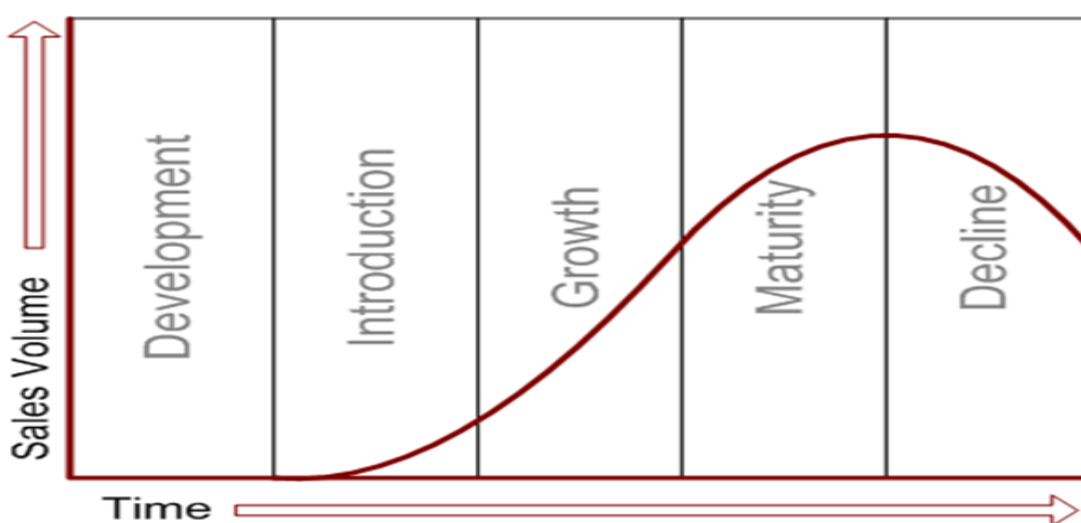


Figure 11. Product life cycle. (Kotler 2003)

The population of the country stands at 170,123,740 (July 2012 estimate). However, a second look at the age structure reveals that 0-14-year olds account for 43.9% of the total population, meaning that 74,468,321.86 Nigerians are age 14 years and below. Furthermore, the country currently boast of a population growth rate of 2.553% (2012 estimate.) and a birth rate of 39.23 births/1,000 population (2012 estimate.), while total fertility rate stands at 5.38 children born/woman (2012 estimate.) with a total women population of 86, 928, 840. (CIA, 2013.) We the purpose of this study, it is assumed that 74.5 million individuals may adopt the Vitafoam Early Days products.

Now, Vitafoam's innovation Early Days products are the only players in the country within their product segment, and it has the highest peak of 11,222 units sold in year 2012/2013. For the purpose of this study, it is assumed that each product is bought by a unique consumer, although it is acknowledged that this quantity includes multiple purchases by individual buyers over the same period. Hence, only 11, 222 individuals from an approximately 74.5 million children in the market segment have adopted the use of Early Days products, representing only 0.02% of the target market!

Going by the analysis above, the theory of diffusion of innovations (Rogers 2003) and as demonstrated in Figure 11 above, Vitafoam Early Days products may be said to be at the introduction stage (innovators stage on the diffusion of innovation curve) still, despite its years of existence in the market. This is because the largest proportion of its potential market is yet to adopt the product.

Having established the current life cycle stage of the Early Days products, it now becomes imperative to suggest possible innovative strategies that may be used to manage the brand from its current introduction stage (innovators stage) to the growth stage, so as to significantly increase its market share and maintain its market leadership.

4.2 Findings and discussions from primary data

Here, insight generated from the primary research shall be stated showing the appropriateness or otherwise of the Company's current strategies. However, recommendations shall subsequently be provided on strategies that may be used effectively going forward in Chapter 5.

4.2.1 Segmentation and targeting strategy

The interviews and their analyses reveal that Vitafoam' based its segmentation of the market for its Early Days products on demography. The primary target are the children. This is substantiated by some of the interviewees responses as below:

“... the target market are the children, we need to catch their attention, children will now force their parents to pick these products unless this is done I don't think we will make a head way” (*Dahiru 2013*).

“Because it is children stuff, and it takes, ordinarily, parents will not go into a shop to buy it, but when we project it, it's the children that will really move their parents to really want to buy all of these ones, so there must be segments” (*Familoye 2013*).

However, it became evident that the target market is not yet extensively defined. This concern was encapsulated by the Distribution Manager of Vitafoam, Savage (2013), who believes that the products may have been better and successful launched from the beginning if some rigour has been applied to answering such questions as “how do we break into the market? Who is the target, the consumer we are looking at?”.

4.2.2 Product Strategy

During the interviews, when asked about their reactions on seeing the products for the first time, the Key Distributors and the consumers expressed convergence as to the novel nature of the products. Statements such as "I felt they were beautiful, unique, lovely and attractive" (Lawal 2014); and " ... the Company has moved away from traditional mattresses. It really impressed me. It was a new idea and innovation" (Ajibulu 2014) summarize this position.

All the interviewees also expressed satisfaction with the design of the products. A distributor stated that "The design is very OK and very unique. At least, it sits the kids comfortably" (Lawal 2014), while another stated that "The designs are fine. But, there is a lapse to work upon. For instance, the fabric cannot retain water" (Ajibulu 2014).

As relates to packaging, key short-comings were uncovered as per the fabric cover for the products and the protective packaging materials. The fabric covers were found to be monotonous and just fairly interesting to the target market. Also, the protective nylon packaging was found to be unbranded and poor. The appeal of the fabrics must resonate with the children. The Company's Management Accountant, Familoye (2013), is of the opinion that cartoon related packaging generally appeal to children, however, the fabric in use by Vitafoam though cartoon related may not be so appealing. This is because the cartoon characters on the fabric may be outdated as children may now be following more recent and popular cartoon characters. He suggested that the Company should constantly follow this trend and then deliver the products in line with the trend. This view was corroborated by the National Sales Manager with the following statement:

"It's not that those products are not good looking and also in that market we need to constantly innovate, change designs, change patterns, even fabric. We use different type of fabric not that we will stick to one particular fabric. What is the trend? Then we constantly must follow the trend. Children watch a lot of cartoon and they know those names, they are demanding for the characters in those cartoons ... Those are the factors however little it might sound but it means a lot." (Owoade 2013.)

The core product, the benefits accruable to the consumer through the use of the Vitafoam Early Days products, is actually comfort. When asked "How do these products meet your children need?", the consumers interviewed stated that "The child feels comfortable when seated ..." (Ajibulu 2014) and "It will make them comfortable" (Udoette 2014). Hence, the Early Days products deliver at this product level.

For the tangible product, Vitafoam Early Days products are good quality products, as Owoade (2013), the National Sales Manager, states that "We came out with a product that is very robust, that can last for years". The distributors and consumers agreed with him with such statements as "The quality is excellent" (Lawal 2014); and "The quality is OK, because it is made of foam because wood can injure children while playing, but foam is safe" (Ajibutu 2014).

As per the Augmented product, the additional service provided by Vitafoam as per its Early Days products includes dedicated customer service (telephone lines and internet). These were set-up to collect active feedback from the customers as to ways in which the product meet their needs. This will serve as a useful source of information for improving the products.

4.2.3 Pricing strategy

Primary research reveals that the pricing strategy Vitafoam currently employs for its Early Days products is premium pricing, coupled with no above-the-line advertising. This is the view expressed by the interviewees. For example, Familoye (2013) states that "... we are still the price leader in that segment" ; Dahiru (2013) believes that "... we used premium strategy, there are no penetration strategy for that product ..." (Dahiru 2013), while Okosun (2013) is of the opinion that the pricing strategy "...was based on the premium pricing that is why we are a bit where we are."

However, this strategy has been demonstrated to be ineffective going by the low volume of sales recorded for these products till date against a huge target

audience. This reality was expressed by the distributors and consumers interviewed. For example, Lawal (2014), a key distributor, advised the Company to work at reducing the prices of the products, since the high prices "prevents" them from selling, as "people (consumer) have been saying the price is high ... it could be better if the price can be addressed lower". Another stated that:

"Some parents want to buy, by the time they want to buy and you tell them the price, they walk away. Their children will be crying for the products. The parents always promise to come back but never do due to the high price ... I think something should be done about the price. They (the Company) should reduce it a bit. Many are willing to buy but cannot buy due to the high price ..." (Ajibulu 2014)

And, a consumer is of the opinion that:

"Well, if you want to meet the middle class or lower, the prices are on a high side ..." (Udoette 2014)

In addition, all those interviewed, Key Distributors and consumers, stated that, apart from the products themselves, the other major factor that may influence purchase decision concerning the Early Days products is price. Many will readily buy if the prices are perceived as being reasonable. *The distributors and consumers interviewed, independently, all agreed the current product prices be reduced by 46% to 56%!*

For Vitafoam and its Early Days products, the overall object is market dominance and profitability, and the products are positioned to be adopted by all in its target market. This position, as well as the pricing strategy implication, was adequately expressed by Vitafoam National Sales Manager, as follows:

"We are using premium price strategy, that is what the company has chosen but in choosing premium we can also look at what is the target audience. Even if we say premium how much are they willing to pay, from what they are willing to pay we then look at what margin will that leave us with. If our finance department is satisfied with that margin then we go for it so that we don't say premium and less that 0.1% of the target market will buy it. Because at the end of the day if we are saying premium, we can also use turnover, we can look at a strategy of using turnover to grow. We want this product to be in every home ... By the time the brand is well accepted then we can gradually play with your margin, but you are not yet accepted in the market and you want to offer premium pricing". (Owoade 2013.)

4.2.4 Distribution strategy

Primary research reveals that current distribution scope strategy of Vitafoam for its Early Days product is exclusive distribution where a retailer is granted sole rights in serving a given area. This strategy is what it employs in the distribution of its core products, mattresses. This distribution scope strategy and its attendant failure are made clear by the following comments from the interviewees:

“We used our regular channels through the KDs (Key Distributors), and of course because it’s a new product they are not taking to it, so automatically the movement of the product into the market is slow ...” (Dahiru 2013)

“I think it’s our normal distribution channels, through our key distributors outlets, through our comfort centres. I think that is what basically what we used ... if we still also want to go by the volume of sale, it has not been effective”. (Familoeye 2013.)

“So, when we started the early days products we did not have any distribution strategy, we thought it can go along with mattress but experience has shown us that it will not ...” (Owoade 2013).

“We are using the Vitafoam distributors’ channels nationwide; we use our normal distribution network to get it to the consumers ... Not as much as it should be (effective) again ...” (Savage 2013)

Furthermore, the consumers interviewed reported not to have seen the products in any other places besides Vitafoam distributors’ outlets. Not a single sighting of these products in mothercare specialty shops and other neighbourhood stores were reported. And, these are places first thought of at the consideration of purchasing baby products. These reports corroborate with the impression of the Marketing Manager, Okosun (2013), who believes that “ ... not everybody will want to go to a Vitafoam shop to go and buy products for their kids, some will want to go to the places they are already used to, the mother care shops ... our products should find their road into those shops.” The Regional Sales Manager, Dahiru (2013) stated that more emphasis should be placed on making the products available through new channels as against the existing distribution channel by a ration 3:2 respectively. Furthermore, the Distribution Manager, Savage 2013), thinks the products ”will do well on the retail side ... that will make it much more

effective.” as against the mainly wholesale strategy currently employed (Savage 2013). This view was corroborated by the National Sales Manager, Owoade (2013) with the following statement:

“Yes more of retail, definitely retail, if we must succeed with that product we should do more of retail or our strategy should have that in mind.” (Owoade 2014)

4.2.5 Promotion strategy

All the consumers interviewed reported to have seen the products first and only at some Vitafoam outlets. They have never heard or seen any advert related to the products before, and only became aware of the products when visiting some Vitafoam outlets to purchase mattresses. They were also averse to the high prices demanded. A consumer, Udoette (2014), stated that “At least if people get to see it and know it, they will buy. Without it (advert) you are nowhere.”, while a key distributor, Ajibulu (2014), states that “If you advertise and the price is reasonable, more people will buy. The children like it and when they learn the price the parents cannot afford it”.

The general state of lack of product awareness in the market is evident to the managers as in the following statements:

“... We have really not push that segment of our product bouquet ... because I bought some of these for my children when people come into my house they say, ‘so Vitafoam does something like this’. It means that people have not catch-up with it, may be by our not actually projecting that segment of our products very well.” (Familoye 2013.)

“... for me I believe awareness is the key. For people who see it and understand what the product is made for they immediately appreciate it but the generality of the public are not yet aware of this product.” (Savage 2013.)

“I cannot talk about the promotion strategy that was employed for that product because when I came in it was more of mother branding ... When we started there was no promotional advertisement strategy for that product.” (Owoade 2013)

“Well, I have not seen any, what I have always seen; I saw general TV series that was played segment of children playing with their mum and all that. I understand that it was a mother brand TV scene. Not specific to the segment ... creating awareness for this brand we need to run a very strong show of mind. The teaser, we will start it very well as in proper practise, we will do a teaser and we get people guessing, finally we break a new campaign and all that I think this the only strategy that will help this segment at this level not the cosmetic one.” (Okosun 2013.)

“... awareness of the product, it was not properly done ... I don't think there was any promo done on this product. No single promo either ATL (Above-the-Line) or BTL (Below-the-Line) none, and I repeat none ... Capturing the children? Good, there are lots of amusement parks and programs for children, then children love cartoon this days, they like watching cartoon channels so I think if we are going on ATL we should focus on those TV stations and at the same time the likes of writing pad, to schools nursery schools, we should have a partnership with them. This will be an avenue for us to introduce this product to the mind of these children.” (Dahiru 2013.)

Meanwhile, the empirical research into the promotion or advertising strategy of Vitafoam for its Early Days products reveal that slow-skimming strategy is in use as discussed under 4.2.3 above. Slow-skimming strategy means that the products were launched with a high price but with minimal effort on marketing. This adopted strategy has failed the Company because the conditions for its success are absent in reality. Although the market is large, the largest proportion of this market are unaware of the products, neither are they willing to pay the high prices demanded due to their not so buoyant economic conditions. Furthermore, there is an imminent threat of a competitor introducing similar products. The use of the low-skimming strategy by Vitafoam for the Early Days products also means that no strategic attempt has been made to reach the different adopter groups with appropriate messages.

5 RECOMMENDATIONS

From the primary research, a number of recommendations are proffered in relation to the marketing mix strategy of Vitafoam for its Early Days products.

For market segmentation, it is recommended that the Company should segment the market based on family lifecycle stage. Why? Segmentation based on family lifecycle automatically captures income and social class. Engel, Kollat & Blackwell (1978) according to Gilly & Enis (1982, 2) stated that, "because the life cycle concept combines trends in earning power with demands placed on income, it is one of the most powerful ways of classifying and segmenting individuals and families." Furthermore, family lifecycle was found to be a stronger predictor than age (Lansing & Kish 1957; Wells & Gubar 1966; Hisrich & Peters 1974), and social class (Hisrich & Peters 1974).

Meanwhile, the segmentation of family lifecycle as a variable is to be made based on standard categories for its associated values, as found in Table 2 above. The effectiveness of the market segment to be targeted depends largely on four basic factors, and these are: measurable purchasing power and size; effective promotion and servicing; sufficiently large enough to generate good profit and potential; and must match marketing capabilities of the firm (Kutz & Boone 2006, 289, 290).

Hence, it is recommended that Vitafoam targets family the full nest I and II stages of the family lifecycle as in Table 2 above. First, there lies the children of six years and below for whom Vitafoam has designed most of its innovative Early Days product. Furthermore, 0-14 –year olds account for 43.9% of the total population, meaning that 74,468,321.86 Nigerians fall below the age of 14 years. Furthermore, the country currently boast of a population growth rate of 2.553% (2012 estimate.) and a birth rate of 39.23 births/1,000 population (2012 estimate.), while total fertility rate stands at 5.38 children born/woman (2012 estimate.) with a total women population of 86, 928, 840. (CIA 2013.)

Second, primarily, the target markets to be served by the Vitafoam Early Days products are children, these children, however, live in households. Hence, secondarily, the target market should include the entire households and families with which these children live. Products supported by adverts targeted at this group have been demonstrated to succeed (McDonald's nd). Furthermore, the children and young people as targets are accessible through various media and channels (Marketing Teacher 2010), whereas such families are interested in new products, especially children related offers (Wells & Gubar 1966).

In relation to product Strategy a number of recommendations may be made. To successfully attract the target audience; the packaging of the Early Days products must be improved in the following ways:

1. Provide fabric covers with different and current cartoon characters that interest children;
2. Provide effective protective packaging that is both branded and attractive.

Furthermore, to provide a source of motivation to first time buyers of the innovations, *money back guarantee* may be provided. Each pack of the new product may carry the inscription that the Company is willing to refund spending if the product does not meet the consumer's expectation. This is expected to boost trialability, the extent to which an innovation may be experimented with before adoption or rejection, is one of the characteristics that determine the rate of diffusion of an innovation. It is positively related to rate of adoption of an innovation.

However, the choice of using Vitafoam as mother brand name with which to market the Early Days products may be appropriate because of its relative advantages based on the following reasons found in literature:

1. It suggests our company's well known name and quality;
2. It is well protected under a registered trademark;
3. It is easy to pronounce;
4. It is attractive;

5. It stands out among competitors' brand;
6. It is easy to remember;
7. It is also easy to recognize. (Kotler & Pfoertsch 2006.)

In recommending a pricing strategy that may be effective in establishing these products with the target market, it is imperative to consider closely critical factors such as competition, both fixed and variable cost, adopted positioning strategy, the firm's overall objective, and the target market and their willingness to purchase the product (Kotler & Armstrong 2008). Based on the overall business objectives of Vitafoam for its Early Days products as expressed by the National Sales Manager, a penetration pricing strategy, where a low price is set so as to achieve increased sales and market share, and at the capture of a dominant market share, the Company may then consider increasing the products' prices is recommended.

This pricing strategy is strongly recommended for a number of reasons. One, there is market intelligence that competition may as well be on the verge of introducing competing products to the market while Vitafoam has yet to take the first mover advantage, highlighting the urgency of the situation. Two, although the market is large, the largest proportion of the target market are not economically buoyant and are thus price sensitive. Three, the market is largely unaware of the products. Four, research has shown that If the price of product decreases, the number of new adopters is likely to go up (Radas 2005, 38); the reduction of the price of a new product may cause a household to purchase a new product whose price was initially perceived to be beyond their acceptable price demand (Chandrasekaran & Tellis, 2007). Therefore, a reduction in price may increase the adoption probability by encouraging prospects to change their adoption status to adopters. For the pricing strategy to be effective, however, it must be backed up with heavy marketing activities. Possible marketing or promotional activities that may be carried out for the rapid penetration pricing strategy to be successful has been discussed under promotion in Chapter 2 above.

For the distribution strategy, a strategy that will make the Early Days products widely available and easily accessible to the target market must be pursued, going by the previous discussions on distribution strategies in Chapter 2 coupled with the

Vitafoam's objectives of market penetration and dominance of market share. Possible selling channels that may be engaged simultaneously include selling directly to consumers, especially through online medium; selling to consumers through retailers; through wholesalers and/or distributors. Selling places that may also be exploited at the same time includes stores, supermarket and online stores. The intensive distribution strategy will ensure that the product penetrates the nooks and crannies of the geographical market, up to saturation level. This satisfies the overall marketing objectives for the new product, including to gain market recognition, penetration, and sizeable market share (Kotler & Pfoertsch 2006).

6 CONCLUSION

Firms do employ different growth strategies, such as acquisitions and continuous process improvement, as well as product innovation to generate exceptional shareholders' value. Among all, innovation is less risky and highly sustainable, even guaranteeing profitable margin, firm and product differentiation, and market leadership status. However, inventing a new product in itself does not complete the innovation process until there is a commercial success and wide use of such product.

The Company, Vitafoam Nigeria Plc, evolved new product innovations for a huge target market of infants and children in its environment but has not been able to successfully commercialize them and take the first mover advantage. Hence, the reasons for the failure were investigated employing a case study strategy using the qualitative research methodology. Both secondary and primary data were employed in the research.

The secondary data for the exploratory study of the problems within the Company came from the Company records, including but not limited to sales records and analyses. Sales records related to the Early Days products from Vitafoam were the main secondary data employed in this study. Secondary data were also used in the Porter's Five Forces and the SWOT analyses of Vitafoam and its Early Days' products. Semi-structured interview, as the main procedure for primary data collection, was employed, with participants drawn from various relevant departments of the Company and its customers. The participants included the Company's Marketing Manager, National Sales Manager, Regional Sales Manager, Management Accountant, Distribution Manager, two key distributors, and a few consumers.

Analyses of the secondary data, and the interviews in particular reveal that, first, the product strategy is generally acceptable as the products deliver at the core, tangible and augmented levels except for the need to make the fabric more dynamic and appealing, and the need to offer a more robust opportunity for

product triability at the tangible and augmented product level respectively. Second, the pricing strategy currently employed is premium pricing, coupled with no advertising for the products. However, this strategy has been demonstrated to be ineffective going by the low volume of sales recorded for these products till date against a huge target audience. Third, the current distribution scope strategy is exclusive distribution where a retailer is granted sole rights in serving a given area. This strategy is what the Company employs in the distribution of its core products - mattresses . This distribution scope strategy and its attendant failure were made clear. Fourth, the promotion or advertising strategy currently employed is the slow-skimming strategy, which has failed the Company because the conditions for its success are absent in reality. Although the market is large, the largest proportion of this market are unaware of the products, neither are they willing to pay the high prices demanded due to their not so buoyant economic conditions. Furthermore, there is an imminent threat of a competitor introducing similar products to the market.

The key drivers for successful diffusion of an innovation identified from literature and listed according to empirical support as communication through word of mouth, economic condition, and the marketing mix variables (Chandrasekaran & Tellis 2007; Bass 1990; Van den Bulte & Stremersch 2004; Dekimpe et al. 2000), have been considered in the strategies proposed to Vitafoam in this research. A comprehensive strategy through which Vitafoam may recoup on its investments on the innovation process that generated its Early Days products, capturing the lion share of the market was evolved.

The product strategy includes providing fabric covers with different and current cartoon characters that interest children; providing effective protective packaging that is both branded and attractive. Providing a source of motivation to first time buyers of the innovations, such as money back guarantee may be necessary.

A penetration pricing strategy where a low price is set so as to achieve increased sales and market share, and at the capture of a dominant market share, after which the Company may then consider increasing the products' prices is canvassed. This is largely due to imminent strong competition, a price sensitive

target market, and the prevailing lack of product awareness. Furthermore, decrease in price often result in increase in number of adopters.

An intensive distribution strategy will ensure that the product penetrates the nooks and crannies of the geographical market, up to saturation level. This satisfies the overall marketing objectives for the new product, including to gain market recognition, penetration, and sizeable market share.

The promotion strategy is expected to be tailored and intensive to be able to support the penetration pricing strategy. The mass-media channels must be used to propagate: awareness-knowledge; principles knowledge; and how-to-knowledge about the Early Days products to the early adopter, while Interpersonal communications between the early adopters and late adopters must be encouraged for the propagation of innovation-evaluation-knowledge from the early adopters to the late adopters. It is expected that, when implemented appropriately, Vitafoam may be able to successfully achieve its goals of establishing its Early Days products in the market.

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APPENDICES

APPENDIX 1. Semi-structured interview instrument for Vitafoam Staff Interview

1. Conception and development of the innovation
 - a. Where did the idea for the Baby solid chairs and Baby feeder come from?
 - b. Can you tell me about the process of developing this?
 - c. How much opposition/interest did you meet along the way?
 - d. How was the product innovation viewed by your organization/in your local context? Did that change at all over time?
2. Diffusion of innovation
 - a. Has your innovation been picked up by consumers?
 - b. How did this come about?
 - c. What do you think were the main reasons for their interest?
3. Perceived barriers and facilitators of innovation diffusion
 - a. What factors do you think have encouraged/constrained its uptake by others?
 - b. What do you think are the main reasons for this?
 - c. How could this have been different?
4. Marketing mix element – the products as values; promotion/advertising; distribution channels and intensity; and price
 - a. Product strategy
 - I. What product strategy was employed for the innovation?
 - II. Was it effective?

III. How could this have been done differently?

b. Pricing strategy

I. What pricing strategy was employed for the innovation?

II. Was it effective?

III. How could this have been done differently?

c. Promotion strategy

I. What promotion (advertising) strategy was employed for the innovation?

II. Was it effective?

III. How could this have been done differently?

d. Distribution strategy

I. What distribution (channel) strategy was employed for the innovation?

II. Was it effective?

III. How could this have been done differently?

APPENDIX 2. Semi-structured interview instrument for Vitafoam Key Distributors and Consumers

1. What were your first reactions after seeing these products?
2. How would you describe the design of these products?
3. How will you describe the quality of these products?
4. How do these products meet your (child's) needs?
5. What will you change about these products?
6. Do you agree that the current prices for the products are feasible/
affordable?
7. In line with your expenditure, do you consider these products to be
affordable?
8. What do you think is a reasonable price for these products?
9. Where will you prefer to purchase these products? – Online, local retailer,
no preference, others.
10. At what type of shops do you expect to find and buy these products?
11. Are your local stores well stocked with these products?
12. How did you first hear of these products? Or, how did you find out about
these products?
13. Are you aware of other people such as friends and family members who
use these products?
14. Would you have bought these products before now if you have known
about it earlier than this?
15. Which [of the following] marketing activities would attract you the most?
16. Do you think more people will buy these products if advertised?
17. Apart from the products themselves, what other factors may influence your
purchase of these products?
18. Will you recommend these products to others?