

Viewpoint

In defense of incrementalism

by Gerry Katz, Executive Vice President, Applied Marketing Science, Inc. (gkatz@ams-inc.com)

The debate in New Product Development (NPD) rages on over the value of “radical innovation” versus “incrementalism.” In this viewpoint article, author Gerry Katz argues vociferously that New Product developers should not underestimate the value of incrementalism in NPD.

In all of my Voice of the Customer (VOC) activities, one of the most common questions I am asked is, “How can we be sure to uncover the latent needs—those unspoken, unarticulated needs, the needs that people don’t even know they have?” My usual answer to these questions is always less than satisfying because the truth is that there are no guarantees. Certainly, if you follow the tried and true principles of VOC—using contextual observation and focusing on customers’ experiences, and desired outcomes in your interviews rather than such direct questions as “What do you want and need?,” you’ll surely increase the odds. But guarantees? Sorry.

It’s easy to understand where these questions are coming from. Everyone is looking for the next *Post-It® Notes* or the next *Call Waiting*, that grand slam of a new product that addresses a need that people didn’t even know they had—the type of product that creates an entirely new category worth hundreds of millions of dollars almost overnight!

“New-new” products

Much has been written about this subject, and much of it is excellent work. They’re often referred to as *new-new products* or *breakthrough products*. Clayton Christensen refers to disruptive technologies, and Gina O’Connor and her co-researchers at Rensselaer Polytechnic Institute (RPI) call it *radical innovation*. But the truth is that most companies are lucky to come up with more than one or two of these grand slams in a decade.

In my experience, most new products are

really more like a series of bunts and base hits than a grand slam. A few turn out to be doubles or triples, but very few ever go out of the park, especially with the bases loaded. Yet, we all know that bunts and base hits can still score a lot of runs and win a lot of games. (Please forgive the baseball analogies; I am a finally content Red Sox fan.)

These sometimes small, gradual product improvements are referred to as *incrementalism*; and for the life of me, I can’t understand why so many product developers think of them as a disappointment or a failure to achieve true innovation. The truth is that most new prod-

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ucts, even many highly successful new products, are often based on relatively small incremental improvements—just a slightly better solution to a well known, but important need.

Radicalism versus incrementalism

The invention of the Automated Teller Machine (ATM) was a true breakthrough. But today, there is still a lot of money to be made coming up with slightly better menus, faster printed confirmation slips, clearer screens, and easier user interfaces. And those in the laptop computer



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business keep finding ways to make the devices just a little smaller, a little lighter, and a little faster—grabbing huge sales in the process. I’ll guess that the first *redial* button on a telephone was based on an unarticulated need. But the next set of product extensions—stored, pre-programmed numbers, surely wasn’t.

In the air travel industry, I can’t think of a single new need in the last twenty or thirty years. Yet the industry has continuously found ways to make it cheaper and better—notwithstanding the lousy food and the shrinking leg-room. We now have Web-based ticketing; Web-based

and automated check-in kiosks; automated Web, phone, and PDA flight status reporting; and frequent flyer miles to reward the biggest, most loyal customers.

Sometimes these improvements can have little to do with the product itself, just an improvement in the process by which it is sold and distributed. One of my clients whose product had an expiration date, found that its customers resented being stuck with expensive inventory that couldn’t be used. But since their cost of manufacturing was quite small compared to the selling price, they simply moved to

What is “incrementalism” in NPD?

Incrementalism: A product, service, or process improvement on a benefit or need that has already been identified and addressed.—Gerry Katz

a policy of selling the product on consignment, thus removing the financial risk from the customer. This small incremental change allowed them to remove a major irritant and capture a vastly higher share of the market.

A sleepy incremental idea

But without a doubt, my favorite example of successful incrementalism comes from the Starwood Hotel chain that came up with the Heavenly Bed® concept for their Westin Hotels. Was this a hidden or latent need? Hardly! *A comfortable bed and a good night's sleep* are needs that have probably been well understood by the lodging industry since the middle ages. But Starwood found a clever way to innovate in order to better satisfy this need, starting with the bedding itself. Thicker pillow-top mattresses, higher thread count sheets, lots of fluffy pillows, plush down comforters, and crisp white duvets created a sense of luxury that far exceeded what most people have in their homes. Now they've even extended the concept to the bathroom with the Heavenly Bath® concept—thicker towels, a double adjustable showerhead, and a curved rod to keep the shower curtain from touching you while you shower.

At last year's IIR/PDMA 7th Annual Voice of the Customer Conference, Scott Williams, chief creative officer at Starwood, talked about some of the more controversial aspects of the decision to go forward with this “product.” At the time, almost the entire hotel industry was using dark floral patterned bedspreads. A recent “60 Minutes” story had educated the public to all of the unsavory things found in hotel rooms, and dark floral bedspreads were an inexpensive way to mask all of the dirt and stains. The idea to change over to snow-white duvets? Ridiculous! But as they thought about it and began to test market the idea at a few of their properties, they came to realize that these changes could actually present a real advantage. Instead of expensive, infrequent dry cleaning of those floral bedspreads, these white duvets could be easily and frequently laundered and bleached. This change created not just an image of better cleanliness, but a *reality*.

Galloping incrementalism

Perhaps the funniest and least anticipated irony in all of this was that, almost from the first day, customers would come

down to the front desk the next morning and ask, “Where can I buy one of those Heavenly Beds?” Today, Westin has a massive side business that sells millions of dollars worth of bedding every month! (See cartoon on this page.) They even have an entire section on their Web site devoted to it. In hindsight, according to Williams, they were able to achieve a significant boost by simply installing new bedding throughout the chain—and for an expenditure that was comparable to what they usually spent to renovate a single property.

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It's fun now to watch all of the competition scrambling to catch up with their own versions of the concept. Crowne Plaza has their Sleep Advantage™ program, which includes eye masks, ear plugs, lavender aromatherapy spray for the linens, a drape clip, a night light, and a guaranteed wake-up call in the morning (the room is free if they miss it). And Cristina Binkley wrote

a major story about the bedding wars last January in the *Wall Street Journal On-Line* in which she compared all of the various programs at Marriott, Radisson, Sheraton, and Westin.

Is any of this based on an unspoken need? Absolutely not! But it certainly is innovation—some would even argue that it is “radical” innovation—even though the needs are old and well known. Remember that incrementalism doesn't have to be insignificant. Those bunts and bloop singles can add up quickly and win lots of games!

So, let me assert once again that there is nothing to be ashamed of in incrementalism. Rest assured that if you aren't lucky enough to hear one of those magical unspoken needs, there is plenty of opportunity out there in choosing an existing need and finding a clever way to raise the bar in addressing it.

Of course, you should go on looking for those latent, unspoken needs and the next disruptive technology. But while you are looking, don't be afraid of incrementalism. There is a lot of success to be found there! ♠

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