Did you know that some of the most noteworthy products sold by companies were first developed by consumers?

This fact is highlighted in the pages of this white paper, which was developed to help you recognize and capitalize on the hidden resources found in the work of consumer innovators.

Through my longstanding work with innovators, I have found that they often have a fresh take on products and brands that consumers would be interested in—a perspective that represents an often-untapped resource. Their wealth of knowledge and insight into consumer trends and unique designs make them an obvious go-to partner in the innovation process. And, depending on where in the process a company engages, consumer innovation opportunities can range from the prototype stage all the way through market-ready products and fully commercialized businesses with successful and growing sales, ripe for acquisition, wholesale or licensing deals.

It's crucial to acknowledge the evolving landscape of the household products marketplace, influenced by recent global events. This recognition underscores the importance of competition and relevance. As this white paper demonstrates, consumer innovators will continue to play a pivotal role in the process of introducing new products to the market.

We are confident that this white paper will provide you with valuable insights into the future direction of the household products industry. It also presents timely opportunities for you to enhance your company's value through strategic partnerships with consumer innovators.

I hope you enjoy it and find it useful.

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WHITE PAPER:

Leveraging Consumer Innovators for Competitive Advantage in the Household Products Industry

Leveraging Consumer Innovators

Exploring Innovation as a Strategy to Excel in the Household Products Industry

"Household sector innovation is becoming a pervasive phenomenon, representing a significant share of the innovation activity in any economy."
(de Jong et al., 2021)

Introduction: Navigating the New Normal in the Household Products Marketplace

The household products industry continues to navigate a landscape reshaped by the COVID-19 pandemic. The pandemic has significantly impacted many consumers, with enduring effects on how they interact with their homes and the products they use. It is crucial for companies to understand these changes in order to maintain and grow their market share.

Another important challenge facing the household goods industry involves consumers' changing spending habits in response to the sharp increase in inflation and the looming fear of a recession. The potential decrease in spending makes competition within the industry for fewer consumer dollars even more palpable. Companies that are agile in their response to these challenges will survive and thrive.

This paper will present an opportunity for companies operating in the household goods space to increase their market share and advance their goal of becoming a notable pioneering influence favored by consumers.

Factor One: Ongoing Influence of the Pandemic on Consumer Spending Habits

The pandemic has transformed consumer behaviors, with many individuals spending more time at home. Recent statistics from a 2023 study done by *HomePage News* (Bily, 2024) reflect this trend.

"If you're competitor-focused, you have to wait until there is a competitor doing something. Being customer-focused allows you to be more pioneering."

-Jeff Bezo, founder of Amazon

Some of the important insights include:

Eating at Home: Fifty-four percent of surveyed consumers report eating at home more often.

Home Entertainment: Thirty-five percent of consumers plan to entertain at home more frequently.

Special Occasions: Despite economic challenges, plans for special occasions and home-based celebrations remain strong.

These statistics present a silver lining for companies operating in the household products industry, despite the uncertain economy. They highlight the potential for growth, as those with discretionary income are more inclined to spend it on home improvements and items that will make the home a more comfortable and amenable place for entertaining guests.

Because of the intensity of competition, finding ways to take full advantage of this opportunity will be essential to thrive in the new economy. The speed of commerce in the digital economy demands that companies seeking to develop their market share explore all possible means to improve and expand product offerings. Those that prove to be most nimble in responding to changes in customer interests will ultimately be most successful.

Factor Two: Economic Challenges Facing Consumers

The U.S. economy is grappling with significant challenges, a situation that has intensified competition for a shrinking consumer base. This economic pressure has elevated affordability to a paramount concern for consumers in their purchasing decisions, with durability and versatility also emerging as crucial considerations.

“A 2020 McKinsey US consumer sentiment survey stated that more than 60 percent of respondents said they’d pay more for a product with sustainable packaging” *(2023)*.

The main challenges for household goods companies include:

Affordability: Implementing strategies that keep prices low without affecting quality.

Durability and Longevity: Highlighting the long-term value and durability of products.

Multi-purpose Products: Designing products with multi-functionality, providing better value for money.

Studies consistently show that companies that can adapt rapidly to changing consumer demands and interests are more likely to engage successfully with consumers by offering the products they want.

By leveraging all available tools to uncover consumer preferences and consistently delivering goods that meet these preferences, household goods companies can significantly boost consumer loyalty and profitability.

Innovation: Discovering the Key to Competitive Advantage

Across all industries, innovation is essential to maintain a competitive edge. Companies that do little in the realm of innovation will likely find that the pressure exerted by companies that continuously promote innovation will threaten to make many of their product offerings obsolete over time.

The current market demands present significant innovative opportunities:

Product Development: Developing innovative product features, design, and functionality are essential to meet evolving consumer needs. Continuous improvement and creativity in product offerings can distinguish a company from its competitors.

According to de Jong et al., "Since 2012, surveys in over ten countries found that household sector innovation constitutes a major share of an economy's innovation activity and output" (2021).

"The value of an idea lies in the using of it."

-Thomas Edison, Inventor (1847-1931)

Photo by Engin Akyurt from Pexels: https://www.pexels.com/photo/green-leafed-plant-on-sand-1438404/

Adding to this realization is the fact that consumer innovators have been found to spend billions of dollars each year to create novel products designed initially to meet their own needs (Sichel, 2021).

Consumer innovators, those who develop new products or brands that solve problems in their everyday lives, represent an untapped source of innovation that could yield great returns for corporations that pursue it. The active quest for new products should be an obvious area of focus in a company's strategy to thrive within the household goods marketplace.

Technology Integration: Incorporation of smart technology and IoT in household goods to significantly enhance functionality and convenience, meeting the growing interest in tech-savvy home solutions.

In fact, according to a Mordor Intelligence Industry forecast report for 2024-2029, "The Smart Homes Market size is estimated at USD 120.10 billion in 2024, and is expected to reach USD 370.95 billion by 2029, growing at a CAGR of 25.30% during the forecast period."
(Source: https://www.mordorintelligence.com/industry-reports/global-smart-homes-market-industry)

This statistic represents a massive opportunity for companies in the household goods industry, especially those willing to seek innovative product concepts from a variety of sources. Due to their unique vantage point within the industry, consumer innovators, in particular, may be more aligned with consumer interests and with how technological developments allow for the creation of new products.

Sustainability: As the issue of sustainability becomes increasingly important to many consumers, companies that develop eco-friendly products will continue to realize a competitive advantage as environmentally conscious consumers seek out such products.

According to a study done by McKinsey and NielsenIQ in 2023, the growth of the sale of environmentally and socially responsible products has experienced exponential growth within the past five years when compared with similar products without the same claims regarding sustainability (McKinsey & Company, 2023).

Embracing the issue of sustainability presents an opportunity for companies to become leaders within the household goods industry, especially for those who consider product innovations from outside sources. Many of these concepts come directly from consumers who already use their existing products.

Influence of E-commerce: E-commerce has transformed the household goods market. Consumers now expect the purchasing process to be easy and seamless. Companies must stay abreast of digital shopping solutions to outperform competitors to meet consumer needs.

In another study, McKinsey & Company also highlights how consumers now view digital sales as an acceptable way to purchase goods. In the household industry, the survey respondents indicated they are much more likely to purchase goods from online venues than before the pandemic. Those purchasing household supplies increased by a considerable margin of 10 percent, while those considering appliances and furnishings increased by 14 percent (McKinsey & Company, 2020).

This same study indicated that consumers have become much less brand loyal throughout the pandemic- a period plagued by unprecedented supply chain issues. This fact presents an opportunity for companies to vie for consumers' attention, who are now much more likely to try new brands that offer a fresh take on a staple product. Additionally, innovations to make the online shopping experience easier and more convenient will continue to separate leaders in the online marketplace from their competitors.

Photo by Karolina Grabowska: https://www.pexels.com/photo/think-outside-of-the-box-6375/

Winning with External Product Innovators: Your Path to Market Leadership

To maximize opportunities within the industry, companies should consider internal and external sources of new and innovative products.

"Household sector innovation is still a poorly understood phenomenon vastly underestimated by decision-makers" (de Jong et al., 2021). A study by de Jong and Associates in 2021 emphasizes an emerging trend highlighting consumer-innovators who are more likely than corporate entities to identify and fill gaps in the market for new products. They are often motivated by personal factors to create products that will enhance existing products' functionality to meet their own needs (Sichel, 2021).

Partnering with consumer innovators offers several attractive advantages over relying solely on in-house development:

Identifying Market Gaps

External innovators can often more quickly identify market gaps and emerging product demands, providing timely and relevant solutions that internal teams may overlook.

As consumers, these innovators have closer ties to emerging consumer trends through informal surveying, which helps to identify which products other consumers may find useful. These informal and widespread efforts toward innovation are often more valuable than their corporate counterparts' traditional internal product development efforts (Gassmann et al., 2010).

Their close connection with fellow consumers and other innovators, coupled with their ability to operate independently, may give them a unique perspective that could offer great benefits to corporate entities striving towards the same goal—discovering and fulfilling consumer interests in new products.

"Consumers are usually first to discover a broader need to a problem they initially solved for themselves—a well-known example being that of Jack O'Neill, who developed the wetsuit so that he could surf in cold waters, then commercialized his invention when his friends kept asking for a copy of his invention" (de Jong et al., 2021). This is just one example illustrating the potential benefit of collaborating with independent consumer innovators to yield unique products.

"Indeed, it has been shown that many of the most important products sold by producers were first developed by consumers" (de Jong et al., 2021).

Shortening Product Development Cycles

Collaboration with outside innovators can streamline the product development lifecycle, reducing the time to market. Agile development practices are highly desirable in a fast-paced market environment.

Many consumer innovators have already addressed initial product development challenges and, often, the business, intellectual property, and manufacturing setup. The opportunities for companies can vary from product to brand. They may also have a working prototype stage of the invention through full development and established and growing businesses before their first conversations with interested corporate entities. Many have also dealt with legal considerations by having their products patented appropriately to avoid any possible questions regarding intellectual property ownership. With these steps already properly handled, companies should feel more comfortable interacting with those innovators who demonstrate a professional approach to the issues that a potential partnership may entail.

Role of Third-Party Administrators

Third-party administrators (TPAs) are vital in facilitating partnerships between companies and external innovators. Their benefits include:

“The riskiest thing we can do is just maintain the status quo.“

-Bob Iger, Media executive & businessman

Streamlining Engagement: TPAs simplify the process of engaging with external innovators and managing logistical and administrative concerns. Many such entities, such as MarketBlast, LLC *(www.marketblast.com),* conduct regular "hunts" in specific industries for interested companies that want to participate. These activities can help save companies a great deal of time in their quest to acquire new products by streamlining the process for innovators to submit their products for consideration.

Every TPA may approach its role in bringing innovations to potential partnerships differently. It is advised to seek out the type of arrangement that best aligns with your company's goals.

At MarketBlast, for example, there is no cost or obligation involved with the regular "hunts" executed on the MarketBlast platform. Many participating companies find this an advantage over their competitors, who rely solely on in-house development teams to produce new products. As mentioned, consumer innovators are likely to deliver high-quality products that will surely be in demand by consumers because of their unique position within the industry. Partnerships with corporate entities that result from the use of TPAs repeatedly prove to be a "win-win" situation.

Identifying Innovations: Through partnerships with consumer innovators, TPAs like MarketBlast often have a closer connection to consumer trends and can help identify promising innovations. They can virtually hand off these innovative products on a "silver platter" to interested companies. The companies and the product innovators are then left to hash out the details of the partnership. Because innovators trust TPAs as a main source of access to interested corporate entities, this represents a hub of innovation activity that should not be overlooked.

Connecting Innovators and Companies: TPAs like MarketBlast link companies with innovators who are ready to act quickly on potential product opportunities, ensuring timely development and market introduction. As already described, a great benefit to using external innovators is that innovators have often already dealt with the issues of product development, such as intellectual property rights, patenting the product concept, and prototyping the product.

Recommendations and Next Steps

The household goods industry faces significant challenges in a post-pandemic, economically strained environment. However, these challenges also present opportunities for innovating and adapting.

By partnering with consumer innovators and leveraging third-party administrators, companies can:

- ✓ Identify and fill market gaps more effectively.
- ✓ Accelerate product development and reduce time to market.
- ✓ Offer affordable, durable, and versatile products that meet the evolving needs of consumers.

Companies must embrace innovation and focus on adding value to gain a competitive edge in the household goods industry. By collaborating with external innovators and using the services provided by third-party administrators, businesses can more effectively and rapidly navigate the current market landscape to meet the demands of the modern, budget-conscious consumer. Embracing these winning strategies will be key to thriving in the ever-competitive household goods market.

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