

COVID-19 : A Huge Opportunity for Innovation in Marketing

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Abstract

Peter Drucker famously said that innovations and marketing are the only two basic functions of a business enterprise. Further, innovations are a great way to enhance marketing function. Historically, pandemics and recessions led to more innovations and an overall improvement in life in the long term. The greatest of all pandemics, the Great Plague of 1331–1353, brought several innovations such as more parity in the society as compared to the past, and creation of modern science-based medicine. Pandemics and recessions in the past forced companies to innovate with fewer resources. COVID-19 is a great godsend opportunity to invest in innovations for marketing. It is a time to grow strategically as done by Airbnb, which started in December 2007, and used the recession of 2008 to make it big with its innovative ideas. Contrary to general perception, instead of stopping funding innovations during crisis times, great companies in the past put focused efforts and funds to come up with innovations during crisis times. Some companies are using COVID-19 as a shock therapy to kill the inertia against innovation. The increased risk perception has created opportunities for marketing innovations. The learning from the innovation examples in the 7Ps of marketing shared in the paper is that many companies and government departments have already come up with innovations to face the changed reality. It has implications for practitioners, academicians, and researchers. One interesting idea for future research is to come up with a cause-and-effect model for investments in marketing innovations during crisis times.

Keywords : COVID-19, innovation, marketing, opportunity, shock therapy

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Innovation has a very important role in marketing (Baksi & Panda, 2019 ; Ilic, Ostojic, & Damnjanovic, 2014 ; Kashani, Jeannet, Horovitz, Meehan, Ryans, Turpin, & Walsh, 2005 ; Ram & Sheth, 1989 ; Rozdolskaya, Ledovskaya, & Afanasiev, 2013 ; Shahshishekar & Anand, 2019 ; O'Cass & Ngo, 2011). As the purpose of business is to create a customer, the business enterprise has two – and only two – basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs. Marketing is the distinguishing, unique function of a business (Drucker, 1954).

Innovations are a great way to enhance the marketing function further. It is not surprising that Philip Kotler, the “father of modern marketing,” calls Peter Drucker the “grandfather of modern marketing.” That's because Peter Drucker's ideas still influence all aspects of a business to this very day (Cheung, 2016).

COVID -19 is an unprecedented situation faced by humanity since at least the last few decades. It is a big crisis, but it is also a great opportunity to go for more innovations. As famously said by Winston Churchill, “Never waste a good crisis.” We cannot waste this crisis and must use it as a godsend opportunity to come up with innovations to make our life better (Pillania, 2020). Marketing organizations and professionals need to leverage this opportunity of COVID-19 to come up with more innovations.

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Why COVID-19 is a Huge Opportunity for Innovation

The Key Learnings from Past Recessions and Pandemic

Organizations must stay away from the blunder of cutting on investments in innovations during pandemics or recessions because innovations can help in survival during pandemics and recessions by cutting costs, and help in cashing on the growth post the pandemics and recessions.

The history of pandemics has one common feature ; the pandemics have resulted in innovations and have moved the world forward. Just to mention only one, the greatest of all pandemics was the Great Plague of 1331–1353 in Europe, which killed between 30% – 60% of Europe's population. However, it brought several innovations such as more value and better wages for labor, longer working hours, more focus on education, more parity in the society as compared to the past, and creation of modern science-based medicine.

Similarly, historically, generally recessions are followed by growth, and so, investment in innovation in recession will help in fast growth during and post-recession. The global leading innovation thought-leader Prof. Vijay Govindarajan rightly pointed out that the history of past recessions shows that recessions change the competitive landscape, and the winners are the ones who invest in innovations (Govindraj, 2008).

It is a Good Time to Innovate with Less

Another interesting impact of recessions is reducing the cost of innovation. As rightly pointed out by one of the all-time great thinkers on innovation, Harvard Business School Professor, Late Professor Clayton Christensen in an interview with *MIT Sloan Management Review* during the financial crisis of 2008, the crisis will have an unmitigated positive effect on innovation as it will force innovators to not waste nearly so much money. One of the banes of successful innovation is that companies may be so committed to innovation that they will give the innovators a lot of money to spend, and statistically, 93% of all innovations that have ultimately become successful started in the wrong direction ; the probability that you'll get it right the first time out of the gate is very low. So, if you give people a lot of money, it gives them the privilege of pursuing the wrong strategy for a very long time. And in an environment where you've got to push innovations out of the door fast and keep the cost of innovation low, the probability that you'll be successful is much higher (Mangelsdorf, 2008).

Time for Making a Strategic Move

For any organization, it is a great innovation opportunity. For an organization at the top, it is an opportunity to move to the next level. To name one such company that is resilient during downturns is Apple. Tim Cook, Apple's former COO and current CEO said in a 2016 press briefing, “We believe in investing during downturns”. Apple took it to the next level during the dot com crash and 9/11. There are many more such great companies. For an organization at the bottom, it is an opportunity to move up the ladder ; whereas, normal startups following the market leaders will find it difficult during the recession, Airbnb, which started in December 2007, used the recession of 2008 to make it big with its innovative ideas.

Bain & Company tracked 700 companies through multiple recessionary cycles and observed that 25% were able to leap the bottom quartile of sales and margin growth to the top quartile, but nearly 20% from the top fell right to the bottom (Baveja, Postma, & Pritzl, 2002).

Innovation opportunities are for all kinds of organizations. Small and mid-tier brands have unique opportunities to provide value in the new consumer environment (Knowles, Ettenson, Lynch, & Dollens, 2020).

Leveraging the Increased Risk Perception

The increased risk perception has created opportunities for marketing innovations. An increase in risk perception makes consumers more willing to pay for safety features (Luo & Galasso, 2020). Due to increased risk perceptions, governments and companies across the world such as in the USA and India have shed pretenses and set up innovation challenges asking the citizens to help find a solution to the Covid-19 problem, and the citizens and companies have risen to the challenge with innovative solutions to the pandemic situation. Some solutions are geared towards solving the logistics issue with regards to the availability of quarantine beds like Oyo, while others focus on addressing information awareness concerns through phone notifications like QKopy. This COVID-19 pandemic is a big external force that can be used as an opportunity to kill the inertia against change, and it can be used as shock therapy.

Often, businesses would like to go with on with BAU (business as usual) because they don't want to mess with things already going ok-ok, not even great. The law of inertia holds back many organizations from change. Organizations resist change because something is already running, though not at the best possible level, and there is uncertainty about the change. This COVID-19 pandemic is a big external force that can be used as an opportunity to kill the inertia against change, and it can be used as shock therapy.

Now, when the world has come to a standstill, it is time for governments, organizations, and professionals to relook at themselves, identify where they have messed up, where they can improve, what they can leave behind, and what new they can start during and post this pandemic.

Rise in Marketing Innovations Due to COVID-19

In medicine and related areas, it is probably one of the best times in recent decades in terms of innovation activities. Due to the pandemic, it is probably the first time that the scientific community and companies around the world are going for finding and developing a vaccine in record time. Not only in medicine, in other fields too, people are coming up with innovations to fight COVID-19, for example, innovations in social distancing, online education, online meetings, etc. Companies and government departments are innovating to find solutions to function within the constraints of COVID -19 such as social distancing and the need for sanitization.

Let's see some of the innovations in the marketing mix along the lines of 7Ps of marketing.

Product Innovations

From hands-free door openers that can be 3D-printed to basic ventilators, the COVID-19 pandemic has ushered in a new era of urgent innovation (Beech, 2020). There are a lot of product innovations happening in companies and government departments. The Government of India has launched a COVID-19 tracking app Aarogya Setu to share information on risk exposure to COVID-19. The Government of India has also started a Zoom Challenge for innovating an alternative to the Zoom platform in India. The most emergent situation is the lack of centralized, publicly accessible data regarding the availability of hospital beds in the city. Startups are working on developing a platform that can integrate data across different hospital management systems (HMS) and make it publicly available ; BMC (Brihanmumbai Municipal Corporation) is also developing an app which would be meant for their official use only. This platform could then become the precursor to many advantages of enabling the sharing of electronic health records (EHR) across hospitals pan India, moving healthcare digitalization to the next level. Indian firms have the government go-ahead to produce PPEs to reduce the earlier dependency on China. Automakers like Tata Motors and Mahindra & Mahindra, in collaboration with DRDO, are in the process of using their production facilities to manufacture multi-patient ventilators to overcome the shortage.

Price Innovations

Due to lockdown and stopping of economic activity, many consumers have become more price-conscious. To fight the COVID-19 war, organizations in India have come up with low-cost testing kits, ventilators, and personal protecting equipment (PPEs). Google has made its Meet SKU available for free to all Gmail users for 6 months (starting March 2020) which, while increasing digital adoption, will also help drive additional businesses post lockdown, purely by habit formation. Companies like Parle, Amul, ITC are innovating internally to absorb the cost increase due to restricted operations and unavailability of labour such that the increased cost of goods does not impact the consumer. ITC has, infact, taken a step to make the Savlon sanitizer easily accessible to the common man by reducing the price on each unit. CavinKare, known for disrupting the shampoo market in the 1980s with sachet SKUs, has launched hand sanitizers at ₹ 1. Will it turn into another fortune at the bottom of the pyramid story?

Netflix announced on May 21, 2020 that it will deactivate all accounts inactive for over 1 year, which is barely 0.5% of its total revenue. But what is interesting to note is the incremental publicity that the company has gained as a result, without having spent an extra dime.

Promotion Innovations

While OOH and print ads have taken a hit, digital ads and social media are experiencing its heyday. Many companies such as Asian Paints, LIC, etc. have included 'stay home' in their advertisements. Many companies are offering free hand sanitizers and masks to the lower strata of the population. Responsible marketing started with the social distancing trend on all digital platforms; McDonald's, Coca-Cola, Audi, Volkswagen – all separated the elements in their logo to spread the message. Closer to home, to propagate the usage of face masks, companies like Vodafone, Dunzo, Redbus changed their app icons to include a face-mask.

Place Innovations

In the changing environment, innovations are happening in the place of the marketing mix, that is, retail, distributions. Since the physical point-of-sale is currently unavailable, companies have moved to the digital – either launching their delivery services by tweaking their logistics model or partnering with firms like Swiggy to provide the last-mile delivery. Bisleri has started the Bisleri@Doorstep initiative to deliver water to the doorsteps. To support the shortage of hospital infrastructure, the hospitality giant, Oyo, has leveraged its wide reach to provide institutional quarantine options to the government on a pay-per-use basis. While Byju's was already in the business of online education, they have ramped up with over 6 million new students post lockdown and conveyed dependability to the students during this period.

Process Innovations

Many services such as police departments and health authorities are developing new processes to monitor lockdown and spread disinfectants using drones in various parts of India. Disinfectant tunnels are put in crowded places such as vegetable markets, for example, Thennampalayam vegetable market in Tirupur, Tamil Nadu. Dominos has launched a 'touch-free' delivery choice promising safe pizza delivery to consumer homes. ITC repurposed its perfume production unit to produce additional units of Savlon sanitizers. Many restaurateurs, with an outlook towards reopening their books, are looking at 'contactless dining' to remove non - essential human interaction and continue to safeguard both diners and staff interest (Mehrotra, 2020).

Physical Environment

Due to the increased risk of COVID-19, digital environments are being accepted more and more. Due to COVID-19, the focus on digital tools has increased. It has become common to organize online meetings and classes using Zoom, Google Meet, and other platforms. Even in the physical environment, innovations are happening. A start-up from Kerala, Asimov Robotics, has put robots at the entrance of office buildings and public places to give sanitizers and public health messages. These robots are also used in hospital isolation wards to give food and medicines to patients. To increase brand visibility, companies are launching face masks that carry their logo.

People

People are at the forefront of fighting COVID - 19 and they are coming up with innovative ways to serve. There are so many stories about innovative policemen enforcing the lockdown in innovative ways. During a time when firms across the board are issuing pink slips and/or salary cuts, Asian Paints went against the trend to provide salary hikes to its employees. Vistara, a Tata brand, chose to keep people at the core of its business and lead from the front and ensure social distancing in its flights when other aviation agencies decided to operate at full capacity to recoup the losses incurred during the lockdown. Numerous other Indian firms including the Godrej Group, Bisleri, Viacom18 have donated money and essentials to people serving in the medical frontline as well as the millions of migrants affected by the consequences of this crisis.

The learning from the innovation examples in the 7Ps of marketing is that many companies and government departments are already innovating to face the changed reality. Other companies also need to focus on innovation during these COVID-19 times. These innovations need not be all breakthrough innovations, but many small incremental innovations are very critical.

Conclusion and Take Away for Practitioners, Academicians, and Researchers

To summarize, the major learning for organizations is that pandemics and recessions result into more innovations; it is a good time to innovate with less; it is time for making a strategic move; opportunity for leveraging the increased risk perception ; and an opportunity to kill the inertia against change, it can be used as shock therapy. This is not a time to cut down on innovations to zero, but organizations need to utilize these times as a focused way to innovate in marketing. Many organizations have already started it. To look at one example is the digital transformation happening during the lockdown, which is making people use more online platforms for working from home, and students learning from home.

Take Away for Practitioners

Practitioners should not blindly follow the wrong perception of cutting down investments in innovations to almost zero during crisis times such as pandemics and recessions. Instead, they shall look at the contrarian view of investment in marketing innovations during crisis times as done by many successful companies.

Take Away for Academicians

We, academicians, must propagate the idea of innovations for marketing during crisis times by showing evidence from past successes. We should also come up with easy ways to follow for investments in innovations during crisis times.

Take Away for Researchers

Researchers need to look at history and go through diverse literature to come out with models and frameworks for innovation for marketing during crisis times such as pandemics and recessions.

Limitations of the Study and Directions for Future Research

This is a conceptual paper and in-depth research needs to be carried out in several areas. One interesting area is to do a comprehensive literature review on successful cases of investment into innovations during crisis times. Another area is to come up with a cause-and-effect model for investments in marketing innovations during crisis times.

Author's Contribution

Dr. Rajesh K. Pillania has used his extensive experience of research, teaching, training, and consultancy, both in India and abroad, to put forward this paper on using COVID-19 as a big innovation opportunity. Over the years, he has gone through a lot of literature on innovations, crisis, and marketing ; conducted research and consultancy ; written papers and books, guest-edited special issues of international journals ; had discussions with senior academicians, corporate leaders, and policymakers. Based on the synthesis of this accumulated knowledge, experience, and insights, he is suggesting the need and importance of innovations for marketing, particularly during the COVID-19. He enlists reasons behind the focus on innovation in COVID-19 times and gives examples of already happening innovations in marketing in India. He enlists the implications for practitioners, academicians, and researchers. He suggests that one interesting idea for future research is to come up with a cause-and-effect model for investments in marketing innovations during crisis times.

Conflict of Interest

The author certifies that he has no affiliations with or involvement in any organization or entity with any financial interest, or non-financial interest in the subject matter, or materials discussed in this manuscript.

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Rajesh K. Pillania is ranked jointly Number # 1 in average research productivity among Indian management faculty. He is on the advisory board of many esteemed research journals and has published 80 research papers and eight books. He is a Professor of Strategy with Management Development Institute, Gurgaon.