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It's never too late to innovate

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When we think of innovation, we generally think of new, whizzy things that have never before been contemplated. The words innovation and creativity are often used interchangeably, but really, the whizzy, not-thought-of-before ideas are generally more about creativity. Innovation is about improving the way we do things or think about things.

This week we had the Trade Me listing, and it was encouraging that the company listed strongly despite weak international markets. Trade Me is a company that has long been associated with innovation. It left its established competitors reeling as it built market share in some key sectors – motoring, property and jobs – gaining customers by listening to what they wanted.

Some of the talk ahead of the Trade Me listing was around the maturity of the company, with the suggestion that its early innovative approach gave it a leg up, but now there are few new avenues in which it can show innovation. The company of course thinks differently and believes that there will be plenty of opportunities to achieve growth in the future. Trade Me shareholders will be hoping they're right.

In my view, a history of innovation is a fairly good guide as to whether a company will be innovative in the future. Innovation is a mindset more than anything else, and while not every idea will be a great one, if all new ideas are considered and discussed, there's a good chance one of them could be the killer idea.

Trade Me shareholders might take some comfort from a recent news story about another mature company, Kraft, and the rejuvenation of its Philadelphia cream cheese product.

You'll be familiar with Philadelphia cream cheese, it used to be packaged as a rectangle block wrapped in silver foil, and it's great with salmon and crackers!

Philadelphia has been a defining brand for Kraft, generating \$US1.7b in sales for them, and it is a mature brand dating back 130 years. While a successful brand, it had plateaued many years ago and by 2005 its market share was being chipped away by rival cream cheese brands and copycats.

Kraft set their international R&D teams to work and they found that repeat buyers of Philadelphia used it not only as a cream cheese spread, but as a cooking ingredient. So an innovative marketing campaign was launched, encouraging customers to use cream cheese in everything from spaghetti carbonara to spiced prawns.

Customers loved it; sales soared, as did Kraft's market share.



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Further innovation occurred when researchers found that European palates tended towards the sweet. The company mixed chocolate with Philadelphia to create a creamy spread that took Europe by storm. After sales increased by 20% in Europe, Kraft decided to launch their creamy concoction, called Philly Indulgence, on the US market. It is off to a good start, achieving its annual sales target after just three months.

Who would think innovation could be applied to cream cheese!

To me this story illustrates that innovation can come from anywhere, anytime, and it would be wrong to assume that maturity spells the death of innovation.