

Akolaa, Andrews Adugudaa; Kosiba, John Paul

Research Report

The Emergence of Opportunistic Products Amidst a Global Pandemic

Suggested Citation: Akolaa, Andrews Adugudaa; Kosiba, John Paul (2020) : The Emergence of Opportunistic Products Amidst a Global Pandemic, ZBW – Leibniz Information Centre for Economics, Kiel, Hamburg

This Version is available at:

<https://hdl.handle.net/10419/223230>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

**THE EMERGENCE OF OPPORTUNISTIC PRODUCTS AMIDST A GLOBAL
PANDEMIC**

By

Dr Andrews Adugudaa Akolaa

Lecturer, University of Professional Studies, Accra

And

And John Paul Kosiba

Lecturer, University of Professional Studies, Accra

Abstract

A review of online news items shows that the emergence of the COVID – 19 pandemic has driven firms to rethink strategies by re-fitting their operations to ensure survival and business sustainability whilst they support the global need to contain the pandemic. Firm resources are thus moved from current industry operations to ensure that they produce products required in a Covid-19 world and in similar worlds in the future.

This article argues ‘opportunistic product’ although now part of the organisation's product mix is distinct and novel from existing products in the firm’s portfolio and must be given academic discourse in its marketing and management during and post the Covid-19 pandemic.

These goods or services developed on the back of a special phenomenon especially in an emergency or disaster such as Covid-19 to solve immediate needs of society, require firms to shift operational resources; financial, human and operational from their normal production lines into new industries. The product development process is fast-track, the product characteristics are unique and the motives differ from the normal firm products, Therefore, managers must know the strategic motives behind developing such products, learn how to manage, and sustain such products into the future.

This paper provides an initial discussion aimed at attracting contributions across academia and industry to understand the motives of the producers, the characteristics, the management, and the behavioural aspects of these emerging products and industry practice in order since they are distinct to inform future directions for opportunistic products as a novel concept.

1. Introduction

The emergence of the global pandemic covid-19 has not only brought about negative consequences on business operation including the loss of business, employment opportunities, social distortion and disturbances but also have brought about positive innovation into business operations such as virtual operations and product development in the midst of the pandemic. One such positive development is the emergence of opportunistic products as a means of business sustainability and social intervention tools to support the global fight of covid-19. Some global firms have moved resources from their current portfolios to enter into industries that are not within their current operations to produce products and services. The opportunity created by the pandemic and the subsequent shift in resources by firms has in so many ways supported various countries to meet the product requirement to curb the devastating effect of covid-19

1.1 Operational Definition of Opportunistic Products

Opportunistic products refer to products or services developed on the back of a special phenomenon especially in an emergency or disaster to solve immediate needs of society. Firms shift operational resources from their normal industries or products to produce offers to satisfy societal needs and requirements of the time in global or local crises situations and catastrophes. They are normally not planned in the short, medium- and long-term strategic goals of the firm but are rolled out as necessities of the moment to solve societal problems. The concept examines the role of non-planned products or services that firms engage in momentarily to support the drive to mitigate global and local emergency needs. They are usually not within the currently industry of operations of its producers. It's a form of diversified product or service, however its not normally with thr planned scheme of the firm

2. Product mix, and opportunistic product

A company's product mix, also referred to as product assortment, is the total number of goods and service within the company's product lines offered for sale to customers. Without a product lines, an organisation has no offering for its customers. Hence, companies are deemed to be as 'good as the products they sell'. Firms thus constantly attempt to refocus their product-mix towards high profit product lines (Krishnan *et al.*, 2004). However, since the outbreak of the corona virus which has resulted in over 3.9 million confirmed cases and over 270,338 deaths as at 7th May 2020 (Worldometer, 2020), most organisation have suspended production, some have officially shutdown plants while others have shut down their factories due to the danger COVID-19 poses to employees. This has resulted in a halt in production of goods and services that constitute the mainstream of revenues for these organisations. Also, most customers need of merchandise and manufactured products has declined d (Nicola *et al.*, 2020). Management of recent times are therefore faced with the dilemma of how to ensure firm survival amidst the COVID – 19 pandemics on the world's industry.

If businesses are to survive amidst pandemics of this nature, managers must become more astute, at generating revenue while keeping the equipment running to take care of the fix cost amongst others. The big question here is how do organisation ensure that their product is needed in a covid-19 world. Some orgnisations have been able to achieve this as "the need for medical supplies has significantly increased" (Nicola *et al.*, 2020). Under Covid 19, the world has witnessed the emergence of firms both local and multinational switching production capabilities and capacities to produce products outside of their industry domains. For, examples in China, Foxconn Technologies Group, a supplier of iPhone has refitted its equipment to produce surgical mask to

support the fight against Covid-19. The introduction of the products was never part of their plans or portfolio research and development plans before Covid-19 outbreak in China. In Europe, LVMH the French luxury products and perfume company also switched resources from the production of perfumes to hand sanitisers in response to Covid-19. Breweries around the world have also begun using technology from their non-alcohol beer brewing process to create disinfectants from the surplus alcohol. For instance, in Belgium, the global beverage giant ABInBev from beverage sector has produced hand sanitisers as a response to Covid -19 pandemic and shortages of hand sanitizers. The case is not different in the United States of America, where Pernod Ricard the global spirits giant also used four days to discuss, refit and seek regulatory approval for the production and distribution of hand gels. In Scotland, BrewDog the Scottish brewery giant BrewDog responded to the pandemic with production of Brew gel and hand sanitizer for distribution across Scotland to help curb Covid-19. Also, in Africa, the biggest local spirits production firm in Ghana - Kasapreko company limited, used one week to refit their system and operational structures to produce hand sanitizers to support the local demand for sanitisers.

These are but just a few firms across the world responding to the call to service in the midst of Covid-19 pandemic and the list is in no way exhaustive. These firms have shifted resources from their known businesses and industries into the production of healthcare sector goods and services which is new to all of them. We term these products as *opportunistic products*. Hence, we refer to opportunistic products as goods or services developed on the back of a special phenomenon especially in an emergency or disaster to solve immediate needs of society. This requires firms to shift operational resources from their normal production line to produce offers to satisfy societal needs and requirement of the time in global or local emergencies and catastrophes. Also, the

production of these products is normally not planned in the short, medium- and long-term strategic goals of the firm but are rolled as necessities of the moment to solve societal problems.

The introduction of opportunistic products has become the new wave in manufacturing practice although a few service industries like the hospitality companies like hotels have accepted and converted to Covid -19 isolation centers with virtually no experience in managing these unusual guests and the consequences thereof.

Globally the world has applauded the effort of some multinational firms and local firms for their response to providing opportunistic products when the world needs them most to fight Covid 19. Despite the impressiveness of the emergence of these opportunistic products in the current global pandemic of Covid-19, the questions to ask; (1) are the firms in this business for the long hall; (2) are they sustainable in the future, (3) are firms ready to invest resources into industries they have little knowledge and experience post the pandemic? and (4) how do they management these products through the value system?. These questions must be answered hence, the need to initiate this discussion aimed at attracting contributions across academia and industry to understand the motives of the producers, the characteristics, the management and the behavioural aspects of these emerging products and industry practice in order to inform future directions for opportunistic products as a novel concept in the 21st century.

3. Paradigms and Concepts

To ensure clarity of the opportunistic product concept we next differentiate between opportunistic products and existing close practices and concepts.

3.1 Product innovation vs. opportunistic products

Opportunistic product as posited differs from product innovation which constitute the normal strategic posture or competitive strategy of a firm using its internal and external research and development capabilities to introduce new products or processes for competitive advantage. Product innovation requires organisations to generate, adopt, and implement new ideas, processes, products, or services (Thompson, 1965). Though product innovation takes many forms, it is the element of novelty and newness that distinguishes it (Johannessen et al., 2001). Product innovation is associated with activities - such as research and development and technological breakthroughs relating to new products or services introduced to the market to serve market needs or developed to meet the needs of external customers (Kammerlander *et al.*, 2015; Jansen *et al.*, 2006; Carboni and Russu, 2018). Product innovation is therefore an essential part of the effectiveness of a firm's research and development (R&D) (Heij *et al.*, 2020). Thus, innovation is planned and purposive in the medium to long term and backed by company current structures and systems to be delivered. This can be differentiated from opportunistic products that are not supported by immediate systems and structures. Opportunistic products are not planned in the medium to long-term, they are instantaneous and with little time for planning as the pandemic and demand dictates. With opportunistic products, organisational systems and structures must be re-structured or constructed and configured for opportunistic products to be launched and managed successfully.

3.2 Emergency goods vs. opportunistic products

Emergency goods are consumer goods purchased quickly when they are urgently needed in times of emergencies. Typically, emergency goods are distributed at various retail stores to ensure they are readily available when needed. Examples of emergency goods include umbrellas when the weather looks cloudy and rainy, candles when lights suddenly go off or a torchlight when going into an unlit environment. Opportunistic products are per its conceptualisation and definition quite different from emergency goods as discussed. Opportunistic products also differ from emergency goods which are delivered in times of natural disasters such as floods, storms or earthquakes. Emergency goods are usually from stocks of the local governmental, social or international donations and supply productions; emergency logistics centers (ELCs); and demand points (DPs): temporary local facilities in the affected area where emergency goods are given directly to the disaster-stricken individual (He *et al.*, 2013).

2.3 Product diversification vs. opportunistic products

Opportunistic product as theorised is different from diversification which is a company's strategic approach and normal strategic plan to enter industries not currently in their portfolio of operations and which they do not currently operate but explore for long term survival and business sustainability. Diversification as defined by Igor Ansoffs is a corporate strategy to purposively enter into a new product or product line or new markets different for their current industry with the objective of managing risk based on economic analysis for competitive advantage and knowledge (Ansoff, 1957). Opportunistic products are not planned in the normal operations of the firm as a growth strategy but emerge as a solution to global or local disasters or pandemics such as Covid-19 in the current situation across the world. Speed to market makes a wide difference between the two concepts and strategies.

3.4 Crisis products vs. opportunistic products Crisis products refers to products or brands facing negative challenges or image crisis in a marketplace due to product liability or functional crisis. Such products focus on crisis management strategies to regain their image. Those brands capable of a better crisis management strategy bounces back and take market share. Opportunistic products as conceptualised are unique and are different from crisis products.

4. Strategic motives for firm's engagement in the production of opportunistic products

4.1 Serve as societal products (social responsibility)

Opportunistic product development is driven foremost by the critical security needs of society and does not follow the normal new product development process step by step approach. The Covid-19 pandemic has hit the world unexpectedly and many firms are concerned about the survival of their customers, employees and businesses after the pandemic for which reason they are doing everything possible to support the fight. This is evident in the statements made by some Chief Executives of Global companies involved in opportunistic products development and distribution under Covid-19. Basically, driven by societal good! For examples in France, LVMH Chairman and Chief Executive Bernard Arnault pledged to produce and deliver hand sanitizer to French health authorities and hospitals, free of charge (Smith, 2020). This is the genuine spirit that drives opportunistic products in the marketplace. They are considered more of societal products than driving commercial value across the world. It also supports corporate image building in a crisis such as Covid-19 pandemic.

4.2 Keep production facilities running

The interest of various firms involved in opportunistic product development may also be driven in addition to societal thirst for support by the real needs to keep plant and operations running as in the case of Foxconn Group Technologies. Whilst China's Foxconn Technologies Group was busy supporting with the production of surgical mask, they were also pushing to be allowed to reopen its regular production lines making electronics, which have been closed due to the coronavirus (Covid1-9). This simply means that the firm also has its key objective of production operations running during the pandemic as a strategic objective even in the middle of the Covid-19 pandemic.

4.3 Demand Opportunity

Marketers work to meet the demands of society by researching to unearth the latent needs of potential customers to satisfy them at a profit whilst serving societal needs. Marketers may also respond to societal needs as an emerging phenomenon by allocating production resources to satisfy the emerging societal need profitably. In the case of opportunistic products, marketers simply respond to an environmental change in society that requires a shift of resources from one industry to another without prior planning in the operational trajectory. In the case of Covid-19 pandemic, which has enveloped the world and where countries are challenged with shortages of essential protective goods required by society now, firms are switching production resources into industries outside their original domains. Beverage to Healthcare, Luxury cloths and perfumes to Healthcare and electronics to heath care due to demand hikes driven by the Covid -19 pandemic.

5. Characteristics of Opportunistic products

Opportunistic products by their conceptualization and purposes are unique in terms of their creation and features and are different from the normal products portfolios managed by the firms engaged in opportunistic products. Opportunistic products have three main characteristics. Below we discuss these uniqueness for the purposes of future studies into the concept.

5.1. Shorter product development timelines-

Opportunistic products hardly go through the typical new product development (NPD) process from idea generation, screening, idea testing, prototype development, test marketing and commercialization. This process involved a series of go or no-go steps that takes several months to develop new products. However, with opportunistic products the idea is moved into development stage and once tested the products is commercialized due to the essence of timeliness. The process is shortened with the eye on quality parameters. Regulators are ready to work fast track with developers to meet the market need without the typical bureaucratic process for approvals. Pernod Ricard under Covid-19 for example used only four days to conceptualize, develop and distribute its hand sanitizers in the United States of America Opportunistic products are developed as societal products to support humanitarian effort like Covid-19 as the firms mentioned above.

5.2. Evolve as an end to themselves –

In the development of a product, marketers idealize customers as both the end and means to the end of economic gain and business growth. In the case of opportunistic products, they are conceptualized as an end only to the extent that the customer gets the satisfaction. The

consideration for business growth and profitability is rarely the case as stated above as societal products to solve societal quest to cure a pandemic. The focus here is the customer and humanity than firm benefits

5.3. May have shorter live spans –

Opportunistic products may have shorter life as fads since their development is as a result of global emergencies and catastrophes which in themselves may last but for a short while. It is most likely firms that go into the development of opportunistic products may maintain these lines and develop the expertise or may sell the rights of the brands to traditional firms in healthcare products.

6. Post Pandemic Sustainability Strategy Options for opportunistic products

We conclude by examining how opportunistic products are sustained post the pandemic by proposing the opportunistic product post pandemic sustainability matrix (fig 1.). Just as any other innovation, however the challenge is, these products emerge from societal calamities or disasters such as witnessed under Covid -19 and post the pandemic the demand as a matter of course will slow down as the effect of the pandemic slows down or even ceases.

PLACE FIGURE 1 HERE

1. Invest to grow

Firms producing OPs under Covid-19 with the strategic intent to maintain and sustain such products may have to develop branding strategies to ensure their survival. This is a situation where the firm has high interest in further developing the product beyond the pandemic and the potential of the product is high into the future. First such firms may identify new uses for the products in

different industries. Nose mask for example can be promoted to the sanitation industry for use as working gears or the further developed for the mining sector thus, maintaining the resources in terms of finance, human and machines to return on their investment.

2. Franchise

The second approach will be to franchise the OPs. Although the firm interest may be high but the OPs potential may be low. To further operationalize such a product, the firm may have to invest in building capacity in the long term requiring quite a huge investment and since the firms engaged in opportunistic products are usually operating outside their original industry domain, these products can be franchised or licensed out to firms operating within those industries to produce, market and return earn royalties. The interest may be high, but the potential is low, thus the strategic option will be to franchise.

3. Alliance for joint production

Where the firm interest is low but the potential is high for the OP, the option available for sustaining opportunistic products is for the originating company to form operational alliance with a firm in the core industry to do joint production and marketing of the opportunistic product. In such an option, the firm would have engaged in permanent diversification for products and market portfolio to add value, diversify risk and gain competitive advantage.

4. Sell Out

The final option, where the firm interest is low and the OP potential is low, the firms may sell off the rights to any firm that will be interested in pursuing the OP product and market development for value. This allows the OP originating firm to rake in some finances to recoup their initial cost of investment in the developing the product.

7. Conclusion

In this paper we have discussed an emerging and novel phenomena of opportunistic product development in a global or local pandemic using the current Covid-19 pandemic and switch of production resource by some multinationals as diagnostic pivot. We discussed the emergence, motives, characteristics, and the sustainability of these products post the Covid-19 as preliminary pointers for academic discourse and further examination by both academics and industry players. The contribution of this discussion to academic discourse is numerous and diverse given the perspectives of the paper for further deep diving. Academics interested may look to study the contributions of OPs to the owner's portfolio. Critical area of interest for further discussion will be how to operationalize the marketing mix elements in the commercialization of opportunistic products; managing OPs along the entire firm portfolio for value, pricing, distribution and promotional strategies to adopt in marketing opportunistic products. That is how the traditional marketing mix approach to building and sustaining will come to play as the product is non-traditional. Industry players and entrepreneurs are the biggest beneficiary of this paper as current operators of opportunistic products will have a model to guide their decisions post the pandemic based on our opportunistic product sustainability matrix.

Reference

- Ansoff, H. I. (1957), "Strategies for diversification", *Harvard business review*, Vol. 35 No. 5, 113-124.
- Carboni, O.A. and Russu, P. (2018), "Complementarity in product, process, and organizational innovation decisions: evidence from European firms", *R&D Management*, Vol. 48, pp. 210–222
- He, X., Hu, W., Wu, J. H. and Wang, C. (2013). "Improving emergency goods transportation performance in metropolitan areas under multi-echelon queuing conditions", *Procedia-Social and Behavioral Sciences*, Vol. 96, pp. 2466-2479.
- Heij, C. V., Volberda, H. W., Van den Bosch, F. A. and Hollen, R. M. (2020), "How to leverage the impact of R&D on product innovation? The moderating effect of management innovation", *R&D Management*, Vol. 50 No. 2, pp. 277-294.
- Jansen, J.J.P., Van den Bosch, F.A.J. and Volberda, H.W. (2006), "Exploratory innovation, exploitative innovation, and performance: effect of organizational antecedents and environmental moderators", *Management Science* Vol. 52, pp. 1661–1674.
- Johannessen, J. A., Olsen, B. and Lumpkin, G. T. (2001), "Innovation as newness: what is new, how new, and new to whom?", *European Journal of innovation management*. Vol. 4 No. 1, pp. 20–31.
- Kammerlander, N., Dessi, C., Bird, M., Floris, M. and Murru, A. (2015), "The impact of shared stories on family firm innovation: A multicase study. *Family Business Review*, Vol. 28 No. 4, pp. 332–354.

Krishnan, R. A., Joshi, S. and Krishnan, H. (2004), “The influence of mergers on firms' product-mix strategies” *Strategic Management Journal*, Vol. 25 No. 6, pp. 587-611.

Nicola, M., Alsafi, Z., Sohrabi, C., Kerwan, A., Al- Jabir, A., Iosifidis, C., ... and Agha, R. (2020), “The Socio-Economic Implications of the Coronavirus and COVID-19 Pandemic: A Review”. *International Journal of Surgery*.

Open Contracting Partnership (2020). COVID-19 data-driven monitoring in Ukraine: how much do masks cost? Retrieved April 26, 2020, from <https://www.open-contracting.org/2020/04/07/covid-19-data-driven-monitoring-in-ukraine-how-much-do-masks-cost/>.

Smith, E. (2020). LVMH Hand Sanitizers Live in Dior and Givenchy Soap Bottles. Retrieved April 26, 2020, from <https://www.thecut.com/2020/03/lvmh-hand-sanitizer-dior-soap-bottle.html>.

Thompson, V. A. (1965). Bureaucracy and innovation. *Administrative Science Quarterly*, 10(1), 1–20. In Tidd, J., Bessant, J., & Pavitt, K. (2005). *Managing innovation: Integrating technological, market and organizational change* (3rd ed.). Chichester, UK: John Wiley & Sons.

Worldometer (2020). Coronavirus Update (Live): 3,946,013 Cases and 271,662 Deaths from COVID-19 Virus Pandemic. Retrieved May 7, 2020, from <https://www.worldometers.info/coronavirus/>

LIST OF FIGURES

Fig 1 Proposed Post Pandemic Opportunistic Product Sustainability Matrix

OPs POTENTIAL		FIRM LEVEL OF INTEREST	
		High	Low
	High	1 Invest to Grow	3 Alliance for Joint Production
	Low	2 Franchise	4 Sell Out