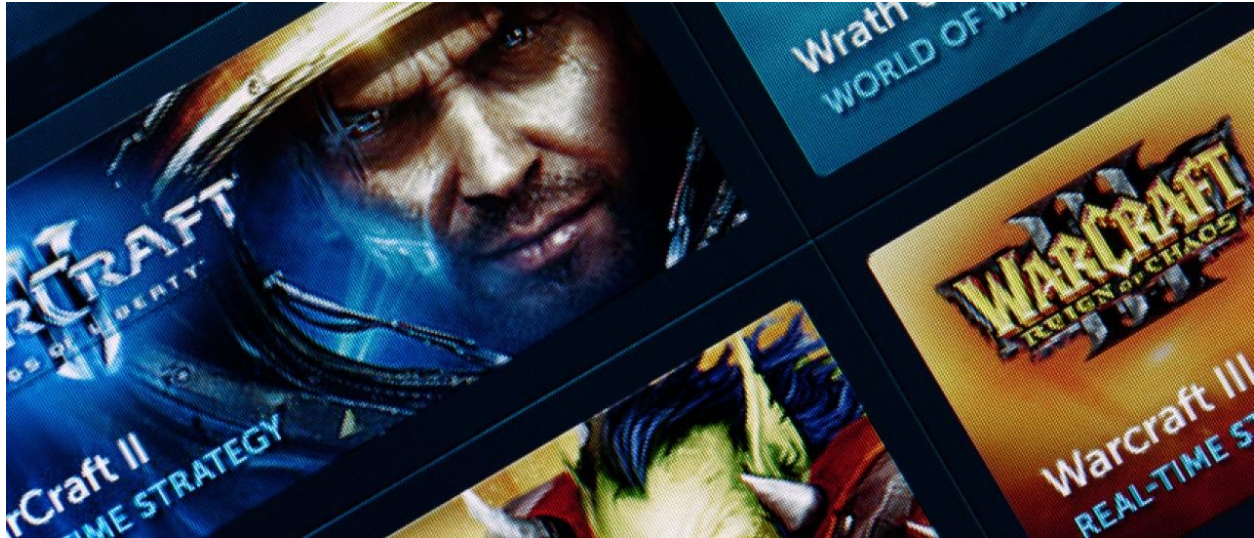# Inject Novelty into Your Innovations

By Paulo Albuquerque , INSEAD Associate Professor of Marketing

Making sure customers are familiar with your products is essential, but so is a strong dose of occasional novelty.

What we find most attractive are things that look familiar, including people and faces. Our species needed this trait to survive because we needed to separate friend from foe. At the same time, novelty is the spice of life. These two dimensions – familiarity and novelty – create an interesting trade-off for managers regarding innovation: should they launch product updates that lower familiarity but increase the novelty?

The entertainment industry—TV shows, video games, and mobile apps—frequently introduces new content, so that the "story line" evolves and feels new, while keeping some familiarity with the characters. The Serial TV show "24" or video game "World of Warcraft" are good examples; each TV episode or game expansion adds to the understanding of the story line, feeding consumer loyalty and interest, while maintaining well-known and popular features.

In our paper, **The Impact of Innovation and Social Interactions on Product Usage**, Yulia Nevskaya (Washington University in St Louis) and I study these managerial problems by building a model that explains how consumers react to products updates. We tracked the usage experience of hundreds of users of World of Warcraft, an online game that has its 10th anniversary in 2014 – celebrated with parties in Paris, Berlin, and London this November - and currently with more than seven million active players.

We look at game participation using the information about in-game achievements, which are now common practice across video-games: measures of how accomplished players are, so that they can have bragging rights with their friends.

The evolution of participation in the expansion "The Wrath of the Lich King" is displayed in the graph and shows clear insights about how players respond to product updates. Before each product update, users are forward-looking, anticipating new content that is very likely more exciting than what was launched before, which leads to waiting for the new content and drops in participation (red circles in the graph).

When the product update is introduced, excitement is at its maximum, with a spike in playing and enjoyment (green circles), especially if the content is challenging and exciting, as it was in the third big update, where players could kill the Lich King in one of the most exciting "boss fights" of the game.

Overall, during most of the first half of the expansion, content feels new, and the pleasure of becoming familiar with it, solving its puzzles, as well as progressing in the overall storyline increases participation (familiarity, progression). However, once the content becomes too familiar, boredom kicks in and as time progresses, users choose not to play as often.
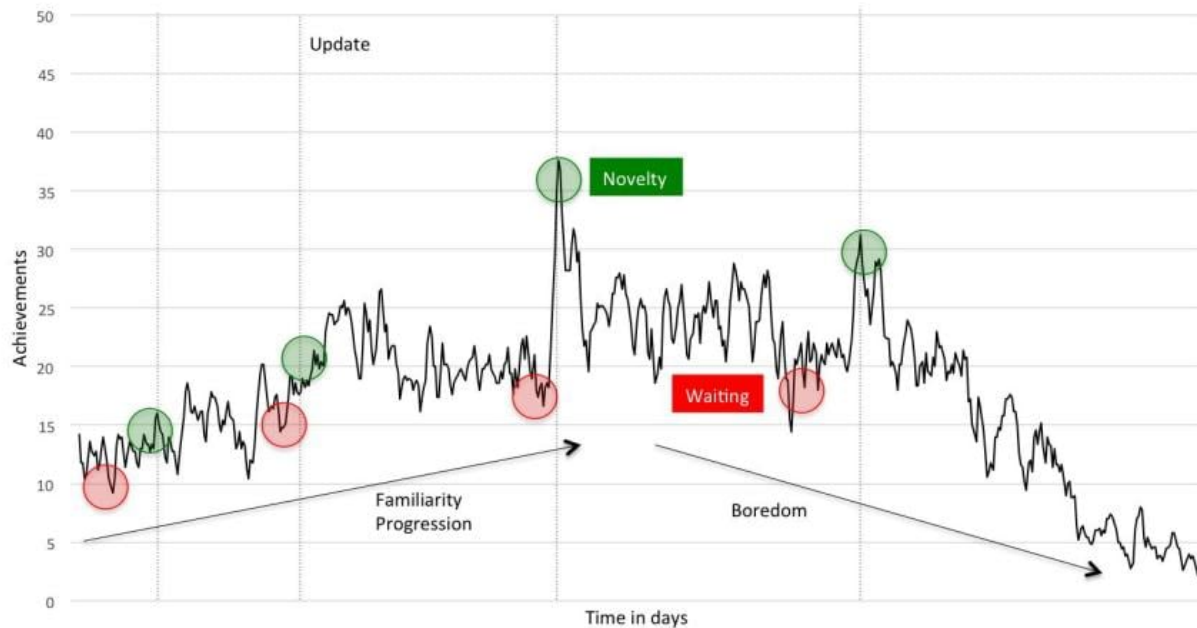
Once these patterns are well understood, the paper shows that the firm can optimise the timing of the innovation – delay innovation by two months because of bugs and you can lose ten percent of participation; anticipate it by a week with a flawless design and participation can grow by five percent. Given the social aspect of online games, these small percentages have long-term impact that can make or break the success of similar games.

A balance between the novelty and familiarity is essential to keep people involved with the product. It's about managing the excitement and the satiation around an addicting storyline.

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