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**Institute for International Research
Eighth Annual Future Trends Conference:
"Visionary Information for Business Now"
South Beach, FL -- November 17-19, 2003**

For NP Success, Take Each Step on the Road

SPEAKERS: Robert Shulman, CEO, Markitecture (Norwalk, CT), and Fred Hermann, Corporate Director of Marketing, Sorrento Lactalis, Inc. (Buffalo, NY)



Robert Shulman

THE BIG IDEA: A model new product approach's nine key steps incorporate trends, primary and secondary information, plus qualitative and quantitative feedback. It also offers 5 quant forecasts--each getting more precise.

IMPLICATIONS: The model approach can seem cumbersome and overly detailed. Many products don't follow its tenets. Only 10% of new product succeed, but 90% of new products with a simulated test market do achieve forecast potential.

"In a recently-conducted study among marketing executives, several core issues of new product success became apparent," spelled out Shulman. The need for new products is as high as ever and companies want to be good at developing them--but "most executives do not rate their company's ability to launch new products very highly," he summed up.

He outlined the nine "model approach" research steps in new product creation. (See box at right)

Hermann verified Sorrento management's commitment not only to new products, but its belief in research and its desire for a standardized process. Together, the duo detailed the nine step "model approach" used behind Sorrento *Shapesters*.

A two-pronged Market Structure Analysis approach was taken. The chunk, shredded and snack mozzarella sectors were studied, identifying key segments, drivers of purchase, unmet needs, competitive strengths/weaknesses and product areas for development. (It revealed for a new form of mozzarella to transform the market, an opportunity to replace processed American slices as a kid's snack, the appeal of mozzarella and cheddar flavors with kids, strength in Sorrento's name and 'fun' in kid's snacking.) A follow-up environmental scan examined women, food/restaurant and cheese trends in the vein of a new product.

As Sorrento moved into Idea Discovery & Generation, a fact-based, cross-functional process yielded numerous new product ideas. This stage called on a trend/industry/category innovation review, expert interviews/mystery shoppers and work sessions involving a building block approach.

In Concept Development Qualitative, top-screened ideas from the previous ideation step were presented to focus groups for preliminary consumer reaction and refinement. Sorrento *Shapesters* generated 22 testable concepts, 13 of which were deemed quantitatively test-worthy. Some concepts--a lactose-free cheese and a cheese-based energy bar--were on trend, but either not positively received or not recommendable.

Concepts that made the cut were ranked for purchase interest, frequency and uniqueness. Rough volume estimates were done to assess each concept's true potential (taking into account size of the target and cannibalization of current products). Some of *Shapesters*' concept competition was on trend but had low purchase

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interest, low frequency scores and limited targets. Another option was very on trend with convenience, but lacked high frequency scoring. "*Shapesters* was the most profitable, competitively unique and sales executable choice," Hermann explained.

During the subsequent Product Design stage, a conjoint analysis quantitatively tested numerous variables to set the best *Shapesters* execution. Trade-off analysis provided the optimal product configuration: white- or orange-colored American or cheddar-flavor cheese in nine-oz. packages, sold in multi-pack bags with various shape types.

Product Performance tested *Shapesters*' delivery against expecta-

Model Approach to Research for New Products

- 1) Market Structure Analysis (Market and trend overview, plus industry expert opinions)
- 2) Idea Discovery and Generation
- 3) Concept Development Qualitative (Forecast #1)
- 4) Quantitative Concept Screening (Forecast #2)
- 5) Product Design (Forecast #3)
- 6) Product Performance Test (Forecast #4)
- 7) Tactical Testing
- 8) Simulated Test Market (Forecast #5)
- 9) In-Market Performance Tracking (Forecast #6)

Source: Markitecture

"At each step, there is an opportunity to evaluate the potential of the project before committing additional time and money based on market potential--not normative data," Shulman explained. "Increasingly-detailed forecasts help make smart investment and capital decisions."

tions. A refined concept statement was rolled out in support of the hoped-for brand. Some improvement opportunities were identified and addressed by R&D prior to simulated test marketing.

Tactical Testing focused on advertising's delivery of the message and its memorability. *Shapesters*' advertising was improved to enhance purchase interest.

In the Simulated Test Marketing phase, the entire new product bundle was given the once over to gain the most accurate potential business estimate. The package, product and promotions proved viable, but ads needed upgrading. Regional variations were studied.

In-Market Performance tracking measured actual results versus those forecasts (and acted as an "early warning system" for issues/problems/opportunities). "The product is tracking at or slightly above forecast," Hermann noted at the time of his speech. ☺

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