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You Call That Innovation?

New Survey Shows Consumers Value Unique Products -- Not Just Line Extensions

By [Barry Curewitz](#)

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It's comforting to think that we and our competitors can just hunker down to ride out this economic tsunami and land roughly where we were when it began. But as everyone struggles just to stay above water, now is exactly the time to redistribute your resources to develop unique products that deliver a new consumer experience and create a franchise capable of long-term, significant growth.

And don't think that just extending your product portfolio by adding meaningless enhancements will lead to dramatic growth. Just how many scents of Softsoap or flavors of A1 do consumers need? And how much incremental volume could such line extensions possibly generate? Instead, try offering new benefits or delivery systems through real innovation.

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Developing innovative new platforms is difficult. Last year we explored the challenges consumer-package-goods marketers face in launching successful new products, surveying 128 senior marketers from many of the world's leading companies. In [that study](#), we found that the element most critical to success was developing differentiated products. In fact, 88% of marketers identified that as the biggest hurdle.

In this year's study, "Key Determinants for New Product Success," we built on that essential finding. And we changed our approach: Rather than talking with marketers, we went directly to consumers. With the help of Candace Souweine, an independent researcher with more than 20 years of experience, we designed a questionnaire and analyzed data collected by Davis Research. Nearly 700 consumers completed evaluations of popular products from companies including Johnson & Johnson, Procter & Gamble, Campbell Soup Co., Smuckers, Dannon and Hershey.

Three of those products were Swiffer, Listerine PocketPaks and Red Bull. These brands are heralded mainstays now, but at the time they launched, they were phenomenally successful innovations. Consider the categories in which they compete. Floor cleaners, mouthwash and beverages are well-established and highly competitive, with many products fighting for shelf space and market share. Most of the items

are redundant line extensions based on similar technologies, benefits and product forms. All three of these brands have developed platforms from which they could further expand their empires.

Swiffer cleans up

When the Swiffer brand was launched, it received extensive fanfare in the business media, and rightly so. This franchise has changed how floors and furniture get clean. In the study, Swiffer excelled in a number of areas. The brand was tried by 56% of the research participants, much higher than the 36% norm. Additionally, 52% rated the brand a one or two on a seven-point scale of uniqueness (with one being the highest), vs. a norm of 47%. Why were shoppers interested in a new cleaning option? Because they wanted the benefits promised by Swiffer. In fact, half of the brand's users cited that as their reason for trying it -- 49% vs. a study norm of 32%.

As for customer retention and product satisfaction, Swiffer excelled in these areas, too. We found that more than half of consumers who had tried the brand continued to be users, exactly double the study average. Most brands scored well in the area of product satisfaction (i.e., How well did the brand satisfy your expectations for doing what it said it would do?), but 58% of consumers ranked Swiffer one or two on a seven-point scale, while the norm was 55%.

Based on this research and Swiffer's marketplace performance, it's fair to say the early fanfare was justified. Its equity has most recently been extended into the furniture-polish arena, with new Dust & Shine products. This innovative brand continues to give retailers and consumers reason to be excited. Not only is it unique, it really does "clean up" when it comes to key marketing metrics.

PocketPaks score for Listerine

Near the beginning of this decade, Listerine, one of the oldest brands in the store, launched a product that has truly changed how Americans clean their mouths and at the same time helped fuel the brand for long-term growth.

By capitalizing on technology found overseas, modifying it to meet the needs of U.S. consumers and leveraging powerhouse equity, the Listerine brand team was able to drive new users to an old franchise by developing a completely new category.

Listerine PocketPaks was the highest-scoring brand in the study in terms of uniqueness. Thirty-nine percent of respondent users rated it a one on a seven-point scale. The average across all brands was just 22%.

A majority of research participants, 59%, had tried PocketPaks. And of the current users, nearly half considered themselves frequent users -- 45% compared with a norm of 41%. The brand also satisfies in doing what it says it will do, according to six in 10 respondents. That suggests there is a correlation between fulfilling a brand's promise through product formulation and increased levels of usage and loyalty.

Kudos to Listerine for addressing the consumer need for an easy-to-use, portable product that delivers a cleaner, healthier mouth -- a real solution, not a mask for bad breath. This effort was so successful, it was followed by Listerine PocketMist. By introducing these innovative products, the brand has given a new, younger generation of users good reason to try the brand.

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Barry Curewitz is managing partner of Whole-Brain Brand Expansion, a Hulmeville, Pa.-based firm devoted to new-product identification and development. He has worked on brands including Splenda, Lenox, Lubriderm and Bic.

Red Bull charges down its own path

According to Gary Hemphill of Beverage Marketing Corp. in New York, Red Bull's wholesale revenue grew nearly 18% to \$1.4 billion in 2007. Clearly, Red Bull has achieved this level of success through marketing savvy, not through any recent launches of innovative products. By mastering the art of positioning -- keenly identifying its target audience and penetrating their psyches with effective branding and communications -- it has established itself as the leading energy-drink brand.

The role of product innovation in its model appears to be nonexistent. It seems management has determined that Red Bull is not for everyone; in fact, that's part of its allure. Unfortunately, this approach comes with a set of challenges few brand managers want.

First, Red Bull's retention rate was the lowest among all brands included in the research. Just 15% of people who had tried the brand were still users. The brand's perceived uniqueness was also very low. A miniscule 13% of users rated Red Bull a one out of seven, and only 33% rated it a one or two.

The final concern: product satisfaction. Barely more than one in 10 users said the product clearly delivered on its promise, well below the study norm.

According to Mr. Hemphill, although Red Bull continues to grow, its market share is eroding. As recently as 2004, it was estimated to be 60%. Today it's closer to 44%. Red Bull is losing share to more-aggressive brands and that appear to better deliver on the promise of energy infusion. None of this is to say that Red Bull is failing. How can that be said of a \$1.4 billion business with a dominating market share? But to generate long-term growth, the brand team may want to explore expanding its arsenal beyond positioning expertise and leverage the brand into new products.

Line extensions, brand expansion, true innovation: There's a place for each strategy in every brand portfolio. Introducing line extensions in a mature category is a pre-emptive measure to maintain share of shelf, not stimulate significant growth. Brand expansion works so long as the equity is protected or enhanced and the new products support the initial positioning and identity. Innovation, while risky, offers many more learning experiences for the company as well as much greater growth. Interestingly, there is usually a direct correlation between the resources needed for these initiatives and the potential upside. That's why it's important to include each of these strategies in your plan.

Today's economic turmoil is far-reaching, no doubt about it. But why let it reach into the future by affecting your approach to new products? Who knows, maybe your competition isn't just riding this out.

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