

Whole-Brain Head-Lines

INSIGHTS, SOUNDBITES & HIGHLIGHTS
ON BRAND EXPANSION & NEW PRODUCTS



WHOLE-BRAIN
BRAND EXPANSION

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New Product Success – It's the Recipe and the Chef

Successful new products result from the right ingredients and the right touch

Making a great dessert and achieving success with new products are similar activities. Each requires the right ingredients (which may vary depending on who's in the kitchen) and the right skill set.

Every business manager responsible for growing revenue through new products wonders "What is the magic ingredient that causes one introduction to succeed while others fail?" While many variables influence the outcome, a postmortem is usually limited to market-metrics such as:

- Did the product/service meet a relevant need?
- Were the features and benefits communicated clearly?
- Was the introduction timely?
- Did the distribution network sufficiently support the effort?
- Did the competition respond, limiting your opportunity?



Rarely do we see examination of:

1. The *process* involved in new product definition and development
2. The *resources* involved in designing and managing the process

The reason *why* the process itself receives little attention during a postmortem is that it typically reflects the priorities of the organization. Whether a company chooses to make decisions based on the long-term management of a brand's equity, or based on near-term financial goals, it is reflective of the company's culture. So, it is assumed to be right.



Additionally, a company may possess basic research concerning a new category they want to expand into; so they are familiar with their "surroundings" and have confidence in what they are trying to achieve. **Continued...**

New Product Success – It’s the Recipe and the Chef

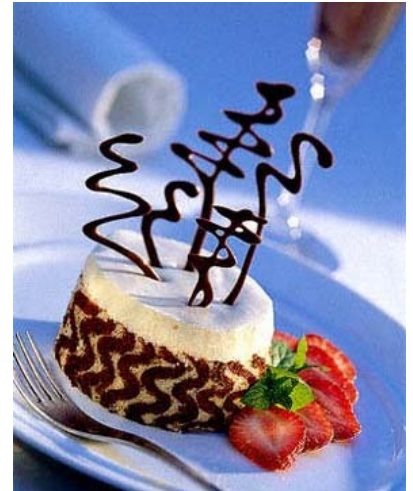
Successful new products result from the right ingredients and the right touch, continued

With this basic level of information, a process which reflects the company’s priorities, and confidence in what they are doing, where does the process fail? In companies that don’t have dedicated resources to manage an innovation process (most everyone outside of the Fortune 50), ***the failure often lies in the way human capital is deployed.***

Here’s an example:

A *Business Unit Director* identifies an adjacent category in which their brand name can offer an equity-based point-of-difference. The director is thinking the company has the technology to develop and introduce a differentiated product.

An *Assistant Product Manager* is asked to evaluate this new category based on standard analytics (size, trends, competitive dynamics, recent developments). This person is trying to complete this task while managing budgets, forecasts, FSI approvals, and shipping issues. This first step alone may take 4–6 months. This cursory analytical review shows an opportunity may exist for a brand expansion effort.



Now *Market Research* gets involved. They complete some consumer exploratory work and identify some “behavioral nuggets” from which to facilitate an ideation or brainstorming session.

Now it’s time to “*Brainstorm*,” for people who are “smart and creative” to work their magic. Ideas are churned-out by the dozens. Somebody, usually an “analytical” sort, is asked to put the prime ideas into consumer language to share with consumers.

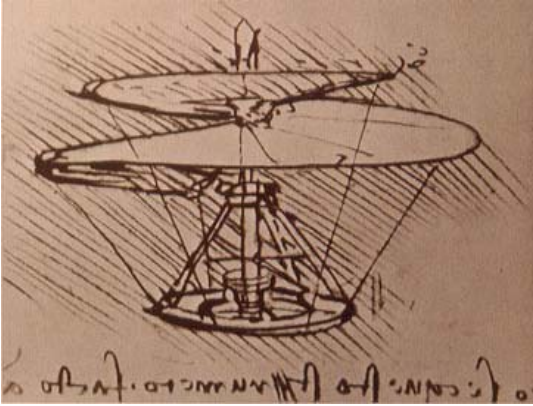
Consumers are involved one, two, even three times. And finally some idea bubbles to the top for product development and introduction.

This is a condensed example, but many companies follow a process that is fundamentally similar. So why does this process fail to deliver more success stories? There are several reasons:

Slow utilization of market research. Market research is a valuable tool for measuring past or current behavior and desires, but it’s inconsistent at projecting what will work in the future. And, if we know one thing about consumers, it’s that their behavior and desires change—frequently and without warning. So, the research in-hand has a limited shelf-life and companies need to leverage it as quickly as possible. **Continued...**



New Product Success – It’s the Recipe and the Chef
Successful new products result from the right ingredients and the right touch, continued



Lack of creativity. The Business Unit Director, Assistant Product Manager, and Marketing Research professional are all qualified to do their jobs but they are all *analytical* types; trained to compute, assess, evaluate, decide and manage. They are generally not trained in human psychology, nor do they have a creative mindset. And yet, creativity expands the thought process and helps identify broader opportunities. While the analytical types see the “trees”, the creative types can often see the “forest.”

Information integrity breakdown. Now consider what happens as the information passes from the Assistant Product Manager to the Market Research Manager to the “Brainstormer” to the Concept Writer to Product Development. The integrity of the information and the potential for better and deeper insights is weakened. By transferring the data from group to group, the company loses an opportunity to develop new product concepts with greater potential for success.

So what’s the moral of the story? Simply that the recipe for organic growth is no secret. Everyone knows that the way to a consumer’s heart (and Wall Street’s, too) is to cook up innovative new products that answer real needs. But what takes one company from ambition to fruition is not just the recipe, but also the chef stirring the pot. It’s what happens in the kitchen, and who’s behind the stove, that makes the difference.



SPECIAL OPPORTUNITY

Recently, we developed a Lunch and Learn presentation titled “Crafting Better Concepts for Testing”. If you’re interested in scheduling an opportunity to review this deck, give us a call. Barry (215-736-9862), Alan (610-834-7785)

Creativity

We're not sure what it is, but we know it when we hear it and we love its effect on business

David Bowie. Annie Lennox. Jim Morrison. Prince. Gwen Stefani. Jimmy Page. Stevie Wonder. Peter Gabriel. You can hear them in your mind's ear, Bowie belting "Suffragette City"; or Annie Lennox's masterpiece of heartache wrapped in a pop bow, "Walking on Broken Glass".



When thinking about these disparate artists (brands), whose styles and identities created millions of loyal fans (consumers), one thing in common stands-out. They realized that in order for their work to be heard, their music and performing personas had to be *different*. Not just good or polished, but distinctive. **And that is the essence of innovation and creativity, distinction with a purpose; being relevant yet different.** Devotion to that cause can energize the process and take us to something truly inspired.

Oh sure, to be a successful recording artist you have to deliver the basics, the building blocks of a strong song. It helps to have a hooky zeitgeist phrase like "I ain't no Holla Back, Girl!"; and you'll want a killer rhythm track like Prince's "This is the Life of the Party" to get things rolling. But in addition, the great performers know that everything they create must also be fresh, and then filtered through their unique point of view (brand equity). And the result becomes Led Zeppelin IV, or the Beatles White Album. How would you like to have a new product like that in your pipeline?

Remarkably, however, not one of these musical masterpieces was tested before it was aired. After Stevie Wonder wrote "I Just Called to say I Love You", his manager didn't run off BASES scores to tell him about purchase intent, or to identify which verses didn't connect with the listener. No, these pioneers write, refine, record and launch. Now, there's a scary thought.



As business people eager for innovation, we acknowledge the need to "think outside the box", to develop "blue oceans" where we can define our own product categories. We hold ideation sessions, attend focus groups, watch in-home ethnography until we're bleary eyed. **Continued...**



Creativity

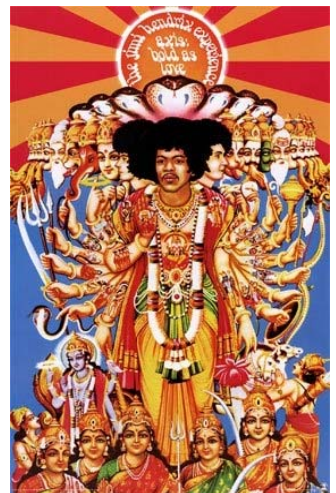
We're not sure what it is, but we know it when we hear it and we love its effect on business, continued

Yet our good intentions face the real pressures of next quarter's earnings, shrinking shelf space, hitting a price point. We experience corporate cultures that talk "organic growth" yet act incrementally. It's real, normal and understandable.

But consumers demand that we offer them something uncommon, something new and fresh. Otherwise, what's their motivation to seek out our products? And happily, true creativity pointed in the right direction pays off Bigtime, *"I'm on my way, I'm making it"*, whether with a hit song or an iPod revolution. To witness how creativity steals market share, look to Eric Burdon, the brilliant songwriter and lead singer of The Animals. Burdon was an influential force in The British Invasion, the 60's tsunami that gave America the Beatles and the Rolling Stones, among others.



During an A&E interview, Burdon told a story about Pete Townsend and Eric Clapton. They were competitors and not on speaking terms when Townsend suddenly called Clapton to suggest they go to the movies. Clapton agreed and found himself sitting for hours next to a silent Townsend. Finally, Clapton looked up and said, "Peter, is there a reason why you invited me here?". Pale and shaken, Townsend looked at Clapton and replied, "Eric, there's this black dude named Jimi Hendrix, and he's going to put us both out of business."



If we want to take some of our competition's business, we might start by taking a page from the Jimi Hendrix songbook. Don't fear creativity. Embrace it, nourish it, and guide it along. Then watch what it does for your bottom line.



Ah, the retailer's shelf. It's either a red carpet runway for a brilliantly conceived new product, or the last stop before the dollar store.

Consumer product companies have a wretched track record when it comes to launching new products that result in sustained success. They often struggle to generate incremental volume and justify shelf space. Thus to improve their odds, they've embraced qualitative and quantitative testing of product ideas expressed as concepts. So urgent is the need to pick a winner that Fortune 500 companies will spend anywhere from several hundred thousand to tens of million of dollars annually developing and assessing ideas. The crescendo of all this effort is "The Concept Test", where a brand exposes their can't-miss ideas to a target audience, hoping to tease out which products to launch and what changes need to be made before going to market.

Unfortunately, no matter how advanced testing methodologies become, the old axiom still applies: Garbage In, Garbage Out. In other words, all the money in the world and the most sophisticated testing tools don't mean a thing if the concept doesn't have that swing. Said another way, you'll never know if you have a winner or a loser, or know what to fix, if your concepts are poorly developed. Here are some pointers about what makes a new product concept ready for testing.

Testing Methodologies and Goals: Write to the Consumer and to the Test

Remember the nerd in High School who aced her final exams and nailed her SATs? She not only understood the material; she understood the tests and had a strategy for taking them. Whether you're using Synovate, Bases, Accu-Poll or a custom study, it helps to keep in mind the elements your test will be measuring *as your team is developing the concepts*. Most testing methodologies try to estimate each product concept's level of:

- Uniqueness - how truly different is this product from others currently available in the marketplace.
- Believability – the product promises to solve a problem or fulfill a wish; but have you supported this promise, made it credible, by explaining how the product will do what you promise it will do?
- Purchase Intent – this is where the rubber meets the road. What is the consumer's intention with regard to buying this product if it were offered for sale as described in the concept.

Typically, the topics listed above are addressed through close-ended questions. However, adding supplemental open-ended questions can help unearth "why" specific responses were chosen, revealing areas of weakness and opportunities for improvement. Asking respondents why they rated the product concept a 6 on believability could lead to a whole new world of understanding and opportunities.

How to Improve Concepts: Summarize, Reiterate and Elaborate Conversationally

Naturally, the star of the show is the product idea itself. And the best way to improve test results (scores) is to improve the concepts themselves. Fortunately, we know what high-scoring concepts typically include:

Continued...



How to Improve Your Product Concepts – and Your Concept Tests, ... Continued



- A headline that summarizes the product's ultimate benefit - in consumer terms
Make Quick Work of Your Lawn Maintenance and Get More Enjoyment from the Fruits of Your Labor
- A sub-head that reiterates and elaborates on the ultimate benefit
Introducing the most versatile garden tool you'll ever own, the new Garden Edge makes short work of tedious lawn work
- The opening sentences of the product's story need to engage the consumer by setting up the problem, wish, or desire
Few things are more rewarding than admiring your beautiful lawn. Yet, maintaining your lawn can be time-consuming. Along with mowing, someone has to edge the borders; and trim the hedges; and cut back overgrown branches and tree limbs. And that someone is YOU!
- The rest of the copy explains what the product does, with reasons to believe that the product will perform as described
The new Garden Edge will save you time because now you have one tool instead of three. Without so much as swapping a blade, you can go from hedges to edges to tree limbs, because everything is built into one tool.
- A great picture really is worth a thousand words. A clear illustration, maybe two -- one of the product itself and another of the environment the product is used in-- reinforces the copy and enhances the conversational "feel" of the concept.
- A statement providing a suggested retail price along with information as to where the product will be available for purchase will reinforce its positioning in the market.

In short, "don't just sell it - tell it". Explain what the product is, how it works, and why the reader should trust that it will do what you promise. And never ever "oversell". Eliminate all boisterous claims, promotional gimmicks, and uninformative catch phrases. Consumers reviewing concepts need to be reassured about the fundamentals of the product idea, not be made suspicious by hype or self-indulgent rhetoric. You can't address their fundamental or unspoken needs if you appear the least bit over-reaching in the product's promise.

Most importantly, make sure your concepts engage the reader with conversational writing. Remember, consumers are like your sister, your mother or your spouse. The concepts shouldn't sound like an internally-circulated marketing brief or a science report developed to satisfy the engineers or food chemists or lawyers.

Finally, make sure you avoid the classic new concept trap. It's easy to get so focused on layout and style that you forget that someone back at the office has to deliver on the technology that makes the concept so appealing. That's why after the concept is developed, ask Research & Development to review it – not for style but for pragmatism. Can the product described really be developed and manufactured?

Once you've developed stronger concepts, you should expect better scores. And when the concept test results come back and the winner is chosen, everyone involved can pat themselves on the back and be happy... but not for long. The next key step is translating the successful concept into a comprehensive and actionable product brief that R & D can use to develop the final SKU. But we'll save that process for another article.

WHOLE-BRAIN Brand Expansion builds product pipelines through three strategies: equity expansion, technology development and licensing design. Our unique approach leverages Left-Brain Strategy with Right-Brain Creativity delivering Whole-Brain Solutions. Visit us at www.wbbe.biz.

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