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Innovation and the story of a drunken man

Richard Bordenave looks at ways to increase the odds of successful new product research for CPG.

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Still searching for the keys?

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The story of new product testing in the industry strongly echoes the tale of the drunken man trying to find his keys under a streetlight at night. A passerby asks him, "Are you sure you lost them here?" The drunken man answers, "No. I lost them in the park behind me." The passerby then replies, "So, why are you searching for them here?"

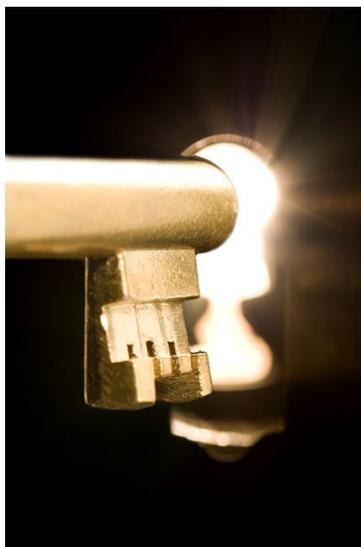
"Because the light is much better here," answers the drunken man.

This story portrays the reality of new product research practices today: Everyone is rushing into one-size-fits-all methodologies, mostly because they are fast and cheap, but they rarely question whether anyone has ever found the keys to success here. Submitting a nice marketing concept to consumers via an online questionnaire asking for their purchase intent (or any derived magic indicator) will at best help you eliminate the terrible ones but hardly predict future success. Of course, everyone has an excuse for that: There is a long road between idea and execution and it's hard not to fall into the many traps of new product development. At least testing concepts serves to align functions behind a convenient norm: the shared

“light” everyone uses. But deriving a sales forecast from a few clicks on a concept is another story.

Had some true merits

Looking back in history, concept testing has had some true merits for CPG. It was born in a time when television was the queen of media and advertising was the No. 1 marketing tool. The art of persuasive copywriting helped create the first “concepts” traditionally known as a combination of insight, benefit and reason to believe.



“Positioning” brands was the new mantra and concept-writing was soon extended to new products. Testing in a concept form was quickly adopted as a fairly good proxy to measure consumers’ new-product acceptance. This is mainly because, at that time, supermarkets were hungry for more items and consumers would often buy into marketing promises. Since then, new product concept testing has been institutionalized in a Stage-Gate process: a series of hurdles to help prioritize initiatives before they move further into the R&D funnel.

This was the golden age of marketing and using concept-based tests certainly helped harness the overwhelming creativity of marketers. However, no evidence proved that companies using concept-based tests were any better than those who did not. The failure rate for innovation has always been debated, mainly for its rear-view of norms and idea-killing reputation.

Empower consumers

A couple of years later, an era when shelves became saturated, the media landscape started fragmenting and brand trust was eroding; the rise of social media networks also helped empower consumers. After using consumer responses to filter out concepts, technology would now allow communities to participate in concept co-creation but the call for ROI evidence remained. With digital acceleration, marketing can actually do “faster and cheaper” but, in fact, they keep doing more of the same thing: concept-based tests as a proxy to a reality that does not exist anymore. But because it is easy, fast and cheap to collect this questionnaire-based data, that is where the light remains for most companies.

Unfortunately, that’s probably not where the keys are.

An opposite premise

While marketing research firms were industrializing their concept-testing factories, new players like design-thinking firms successfully entered the innovation arena. They come from an opposite premise: You can’t separate

ideas from execution. To evaluate consumer appeal to a value proposition, design thinking has been promoting the use of empathetic observation instead of asking questions and early prototyping instead of concepts. The new agile project management methods inspired by startups are backing their credibility, as they are informed by entrepreneurs' real-life success and failures. Experimentation is the new mantra to capture true prospect engagement. Real user experience with touch-and-feel prototypes has also become the best way to design faster, more innovative value propositions that work.

This shift in ways of working found positive feedback in many companies that would cease asking large samples of consumers to evaluate their marketing story but instead observe a select few in context. Having consumers use the new product prototype, marketers see with their own eyes whether prospects find the expected level of utility and learn from there. The question of standards remains unsolved but the sequential paradigm of ideas screened prior to execution has been replaced by iterative evolutions of viable prototypes, in the digital and start-up culture. An idea isn't just good or bad, it can become "great" from early fails turned into improvements. The question of when this is good enough is still around but successful entrepreneurs suggest that embedding business models creatively with iterative feedback with consumers is what makes execution flawless with the right level of costs. Maybe this is where the keys to viable market fit are: designing an adaptive value-based business model.

Key success factors

Recently, academic researchers (in behavioral economics, social psychology and neurosciences) have documented a number of behavioral insights that can now help marketing better understand what the key success factors for innovation are. At our firm, for example, we have developed our behavioral testing methodologies, including volumetrics, using the learnings from behavioral science. Our innovation-testing KPIs (using Shopper Lab, eye-tracking and various observational techniques) aim to tackle the true hurdles for innovation: its behavioral "affordance" and not simply its attitudinal appeal. Here are some of the behavioral economics concepts which helped design executions that work in real life, not just in concept testing, with the vast majority of consumers and not just a few of them.

Fast thinking and salience. When shoppers are under time pressure and scanning the shelves, the brain does not process rationally the massive flow of information received. Our autopilot mode (System 1) uses non-conscious heuristics to deselect what will be considered. Salience or visibility is then not just about concept or package differentiation, it is about decoding shoppers' search goals and contextual cues used by the brain to navigate. Reading a concept or answering questions will only activate consumers' System 2 thinking, the one of conscious rationality. It cannot provide insights on how to crack these upstream filters that on average eliminate 70 percent of prospects who become blind to the new

product when in a shopping context.

First impression and cognitive ease. As more than half of purchase decisions made in the store happen in seconds, the design must instantly engage with users. In our research, we have seen that the second hurdle to pass is immediate understanding. Most shoppers don't understand what the product is about in the few seconds they see it. So being able to measure the first impression is essential to get the right message across. But you also need to understand the cognitive flow to remove all barriers to engagement. Indeed, the new product has to cope with minimum implicit expectations that shoppers have engrained in their minds from regular category usage. Combined cues (utilizing shape, size impression, appeal of images, reassurance claims, etc.) need to converge toward an intuitive and positive emotional engagement before shoppers consider the innovation's benefits. You can't measure this from a concept where the nature of the product and differentiating elements are fully prompted and reading time is unrealistically extensive.

Framing and decoy effect. When making a decision, our brain always uses implicit comparisons. Hence, choices do not necessarily reflect stable preferences but the result of arbitrations that depend on the proposed alternatives and relative salience of attributes. It is not the USP per se that will be evaluated in store but the relative perceived advantages versus alternative solutions. Immersing the new product into a competitive environment and putting shoppers in action for testing helps understand what truly drives choice. It also avoids confusing claimed marketing promise with perceived relative advantages in context. The problem with concepts is that they are often evaluated in absolute terms, without any competition, and that all attributes are presented on the same stimuli. You then can't tell which elements have driven the purchase intent (which most often does not correlate with observed purchase behavior).

Anchoring and habit loops. Most consumers quickly develop habits that are difficult to change, particularly because with CPG, they have already adopted a set of solutions that meet their needs. Innovation trial most often means changing and that requires effort and risk-taking. So, for everyday products, the most common choice we make is not to choose because status quo is effortless; we like to stick to our habits. Innovations then have double the hurdles to pass: to break current habits by nudging trial and to anchor new product usage into existing routines, creating behavioral triggers that finally convert usage into new mindless habits. None of this can be reflected with just a concept; it is the main behavioral blind spot of traditional innovation research. When testing concepts, consumers are asked to rationally evaluate the strategy, not how execution in the retail context would influence their purchase and usage behaviors including conscious and non-conscious aspects.

Not the best proxy

Don't get me wrong – I'm not saying concept testing isn't important; it's a fantastic tool to create sharp positioning strategies. Concept-based testing

might also be used to screen out half-baked ideas. But using the same concept stimuli to predict future success, or even volumetric sales forecast from declared answers to a questionnaire, is certainly not the best proxy of today's reality. No behavioral hurdle can be measured from questions and attitudes only. But marketers and researchers are like consumers – they're influenced by behavioral biases such as cognitive ease (that's simple to test), habits (we have always done it like this), social norms (everyone does the same) and loss aversions (I want to keep my norms) – and that often prevents change.

Having said that, at our firm, even if our stimuli mostly consists of packaging executions on shelves or products at home, we also do inject concepts into our innovation research methodologies because there are some benefits in having both concept and execution in the same test, like measuring the gap between intended positioning and the actual shopper perceptions to define reality-based rework directions. You can also better tell which message should be carried out by the pack and which should be handled by other touchpoints.

We strongly believe that a key to success for innovation is to deliver an experience that truly improves or makes a consumer's life more enjoyable, something that you can only measure this in real-life context. Another key is to adapt marketing touchpoints with the right nudges across the consumer's path of purchase. Testing executions and using behavioral science are definitely ways to find these keys!

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