

New product insight

Consumer insight research can help to get the market positioning of a new product right and act as a pathway to success

By Jules Berry, *Engage Research*

Consumer insight has a vital role to play in creating and developing a product proposition. Classic 'innovation funnel' approaches, widely adopted in the consumer packaged good sector, often demand the product concept is driven by real consumer needs. Consumer insight is then critical to the honing of the concept and, eventually, the product itself. Thus a lot of the consumer insight agenda is focused on the concept creation and physical product and optimisation.

Consumer insight, though, is just as critical in positioning the new product and thus optimising the chances of success in the marketplace. A great product can, and probably will, fail if any element of the mix is not working.

For example, a strong product proposition may fail if any of the following are not optimised: the price; the name (and particularly how this interacts with existing brands/sub-brands); the packaging; and the merchandising.

Price, name and packaging should be considered at an early stage in the testing process. No-one wants to stop a great idea progressing because it is tested at too high a price or with a weak name, but, conversely, the market success of a product will depend on the mix of elements above.

Research often shows that a product at a higher price point is expected by consumers to be higher quality. For example, the same premium vodka concept was tested at two price points. At the higher price point, it was perceived to be for special occasions. The price also impacts on perceptions of the actual product delivery. This is seen in analgesic tests, where more expensive products are thought to relieve the pain more quickly than cheaper ones (in

both cases, the product was exactly the same). In tests, those who are told a wine is expensive think it tastes better than those who are testing the same wine but who were told it was less expensive. More interesting still is evidence that not only is the more expensive wine rated more highly, but it produces a more pleasurable experience in the consumer's brain when MRI scanned. This is not simply the consumers rationalising their experience; they have been conditioned at a subconscious level by the price.

MULTIPLE PRICE POINTS

The research implication is that, to understand these impacts, our testing needs to be done in a priced context. It is likely that at an early stage of development, you may not know whether you want to premium price or be more mainstream. The key is to research at a range of different price points. With cost-efficient online research techniques, this is usually quite practical. The insights derived from testing a concept at two or three price points are much more powerful than testing unpriced. While you might think that respondents will be 'neutral' when presented with an unpriced concept, they will usually be trying to contextualise the positioning in some way, but, across the sample, these contexts will be different and unknown.

Getting pricing strategy right where your proposed price point sits relative to competitors is crucial. This is because consumers will consider the price in relation to other products, either directly because the prices are displayed together, or indirectly by using the nearest available benchmark. This relational way of viewing prices can be exploited by marketers. For example, the launch price may be set at a premium to the competition in an attempt to establish high-quality credentials,



Stella Artois: invested heavily in positioning as a premium product in the UK, but in reality the beer brand was strongly discounted



even if the typical selling price would be lower. You could then effectively 'anchor' a price point in the consumers' minds and then lower the price to make it appear good value in comparison. Stella Artois, for example, invested much in positioning itself as a premium brand in the UK, particularly with its "reassuringly expensive" strapline. In reality, beer is a heavily promoted sector and Stella Artois was discounted as strongly as other brands.

There may be a number of different price settings for different sized retail environments. Consumers will tend to respond to the relative differences in price between products in the same retail environment rather than differences in absolute prices between retailers. You can account for this in the research by presenting a competitive set of products and prices before showing the test product. Different sample groups can see different competitive contexts.

DON'T DELAY NAMING

The product name is a key part of the positioning and naming should be part of the insight-driven development agenda. If the name options are unresolved at a late stage in the development process, a low-cost online survey can provide consumer input to move the process forward. Again, testing different routes with separate but matched samples is the best approach. But, for practical reasons, we may want to present consumers with a range of options and ask preference and 'fit' – how well the name fits with the product.

This testing approach is particularly key when looking at line extensions utilising some element of the existing branding. The temptation is to try to gain some leverage by referencing the parent brand, even at a recessive level. The theory is that this will help consumers 'cut-through' in a crowded retail environment because they have a familiar point of reference. Such thinking can be misguided and actually harm the prospects of a new product. A sub-brand approach may make it difficult for a new product to achieve stand-out. It may be swamped by the parent brand identity. It is key to test line extensions in the context of the full brand range. While the line extension may be appealing when tested on its own, when displayed with the full range of brand SKUs, the familiar colourways or logo may prevent differentiation.

A larger problem may be the impact the core brand is having on the positioning of the new product. There may be benefits in linking to the core brand values, but there can be downsides too. It is difficult for a sub-brand

to be seen as very different to the core – the consumer will use the brand as a shortcut and the brand's values will be the default position for the new product. We can compare the positioning scores of the new product and the core brand by testing the latter as a control. The ideal might be for the main imagery elements to be similar, but for the target (ie who it appeals to) and the usage to be different. This way, growth is achieved by bringing in new people and getting existing customers to extend the usage footprint of the brand.

SETTING NEW PRODUCTS APART

There are situations where you may actively want to put some distance between the core brand and the new product. Toyota realised that, as a mass market manufacturer focusing on value and reliability, it did not have the credentials to play in the luxury sector, so it created a whole new brand in Lexus. The same was true of Midland Bank, a former UK high street bank, now part of HSBC, when it wanted to launch a premium telephone banking service. This became First Direct. Consumer insight is key in understanding such issues as the fit or dissonance between the core brand and the product concept.

Some names don't translate internationally. Ford launched its US Pinto marque in Brazil. Alas, pinto in Portuguese means 'small male sex organ', necessitating a change of name to Corcel, which means 'horse'. The research implications are obvious.

The packaging design and the merchandising also provide key consumer cues about the product. In the crowded retail environment, consumers use shortcut reference points to navigate through the complexity. For example, where a product sits in-store can have a profound impact on what people think about it: end-of-aisle not only gives the brand a greater prominence, but often is as a result of promotion or discount, while the consumer's perception of the freshness of food kept in a chiller cabinet is not the same as merchandise on an ordinary shelf.

No new product is an island entire of itself. All aspects of the marketing mix are relational and it makes sense to test these aspects in the product development process. It is the role of consumer insight to understand not only the intrinsic appeal of a new product, but how consumers use context to make decisions about that product in the market.

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