





Designing a new product to meet an identified market need

The Australian Wine Research Institute
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Hi.

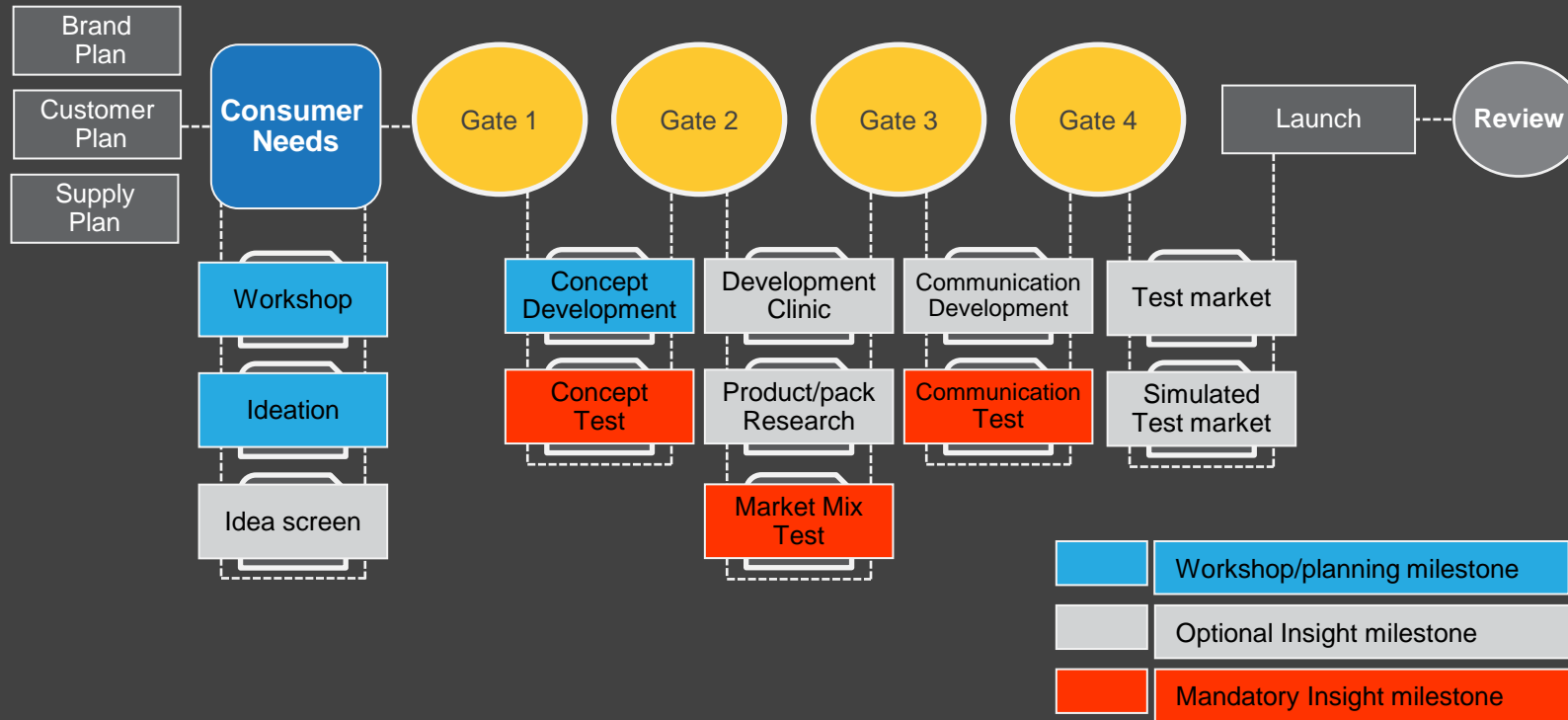
Agenda

- ◉▶ How the big FMCG companies do it
- ◉▶ Identifying needs
- ◉▶ Develop and test concepts
- ◉▶ Develop and test products and packs
- ◉▶ Volumetrics
- ◉▶ Conclusions

How the big FMCG companies do it



Stage and Gate





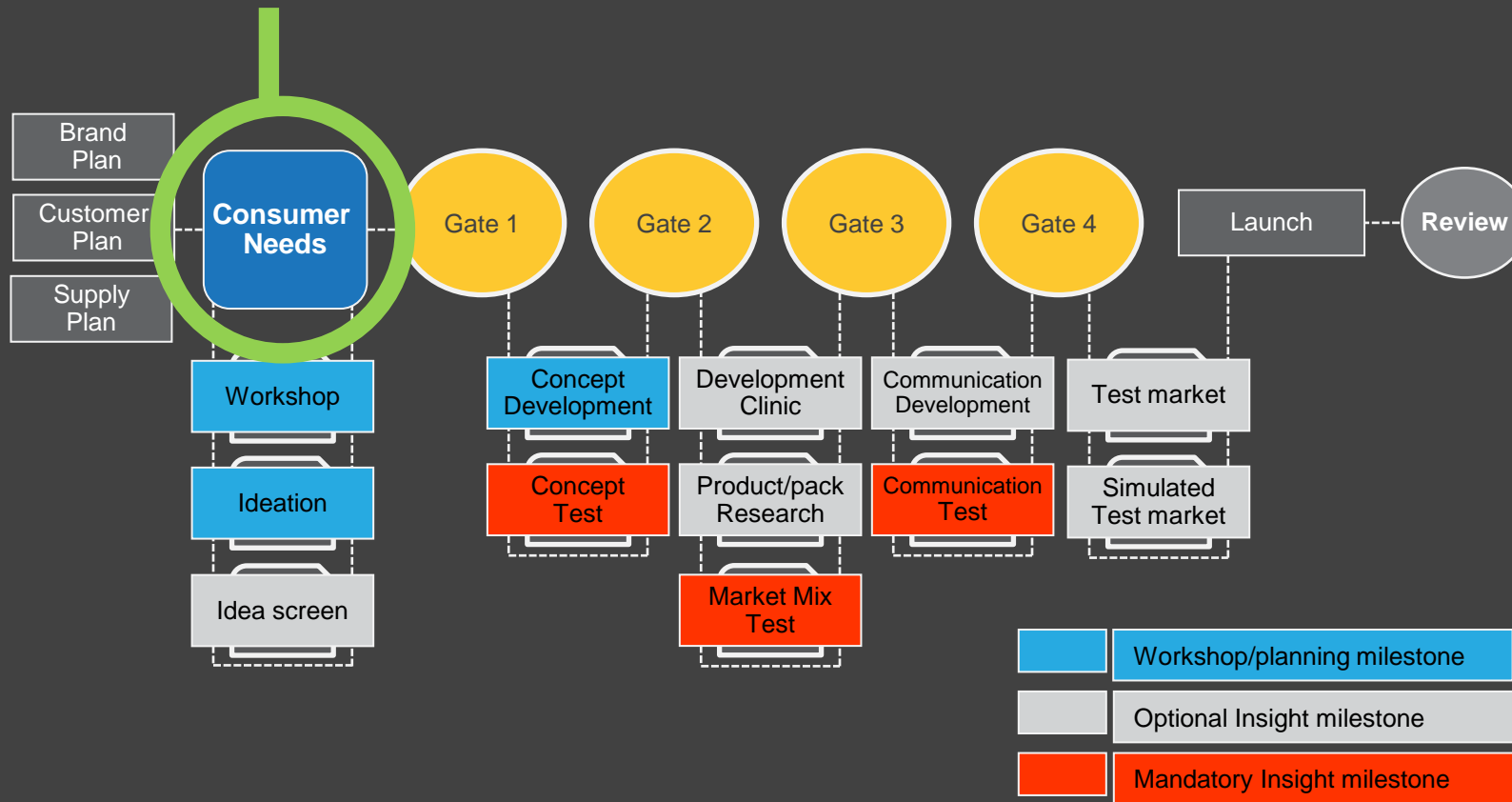
Placing more resources (cost and people) on the higher risk projects, less on the low risk

	REWARD Volume (First year) '000 cases	RISK		GATE				Est Successful launch count per year
		Supply Costs (inc Capex) \$'000	Marketing & Customer Marketing Costs (A&P) \$'000	1	2	3	4	
High Reward / Risk	TBA	TBA	TBA	✓	✓	✓	✓	TBA
Medium Reward / Risk	TBA	TBA	TBA		✓	✓		TBA
Low Reward / Risk	TBA	TBA	TBA			✓		TBA

How the big FMCG companies do it



Stage and Gate



Identify consumer needs

Consumer
Needs

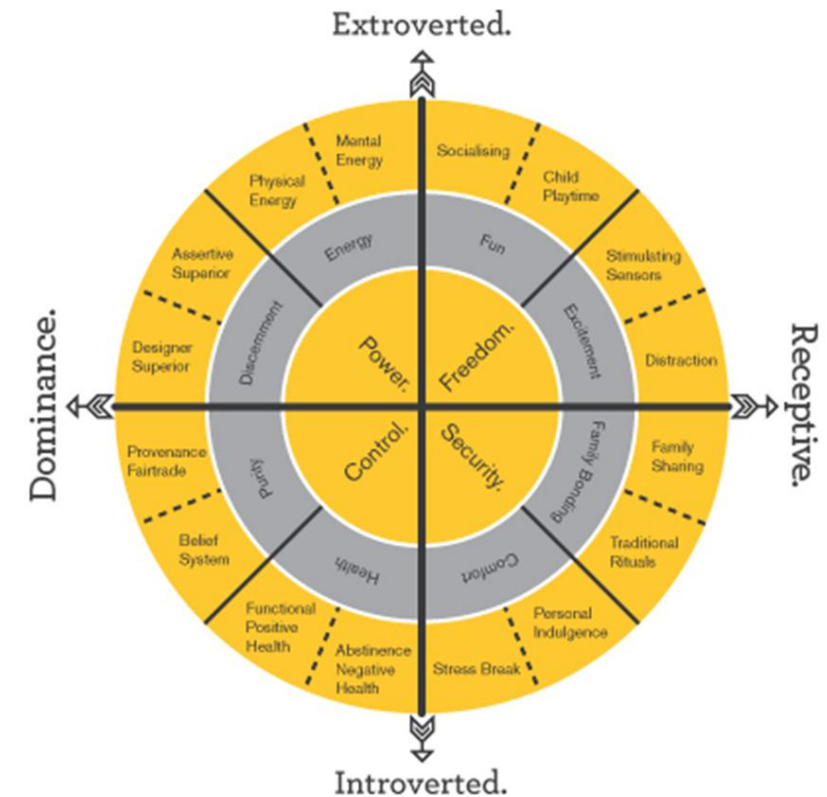
Many ways to identify needs

- Consumer research
- Trends
- Experts and suppliers
- Technology changes
- Customers
- Restaurants
- Social media

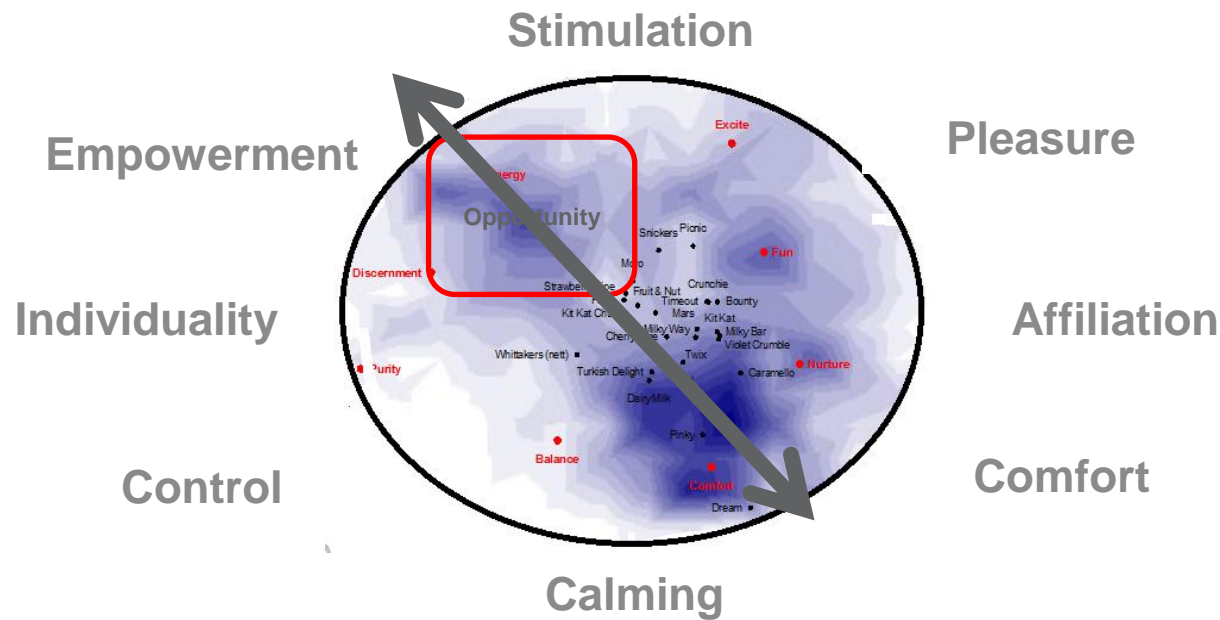
Strategic Consumer Research

Conducted every 3-5 years to:

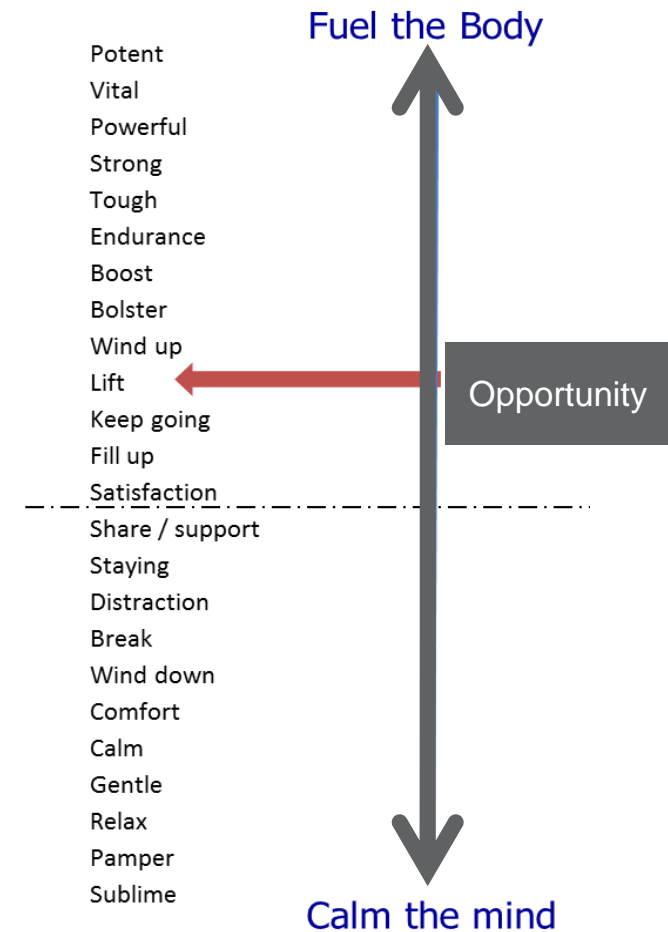
- Map the market
- Determine where needs are emerging
- Position current Brands
- Identify Needs gaps



Strategic Consumer Research - example



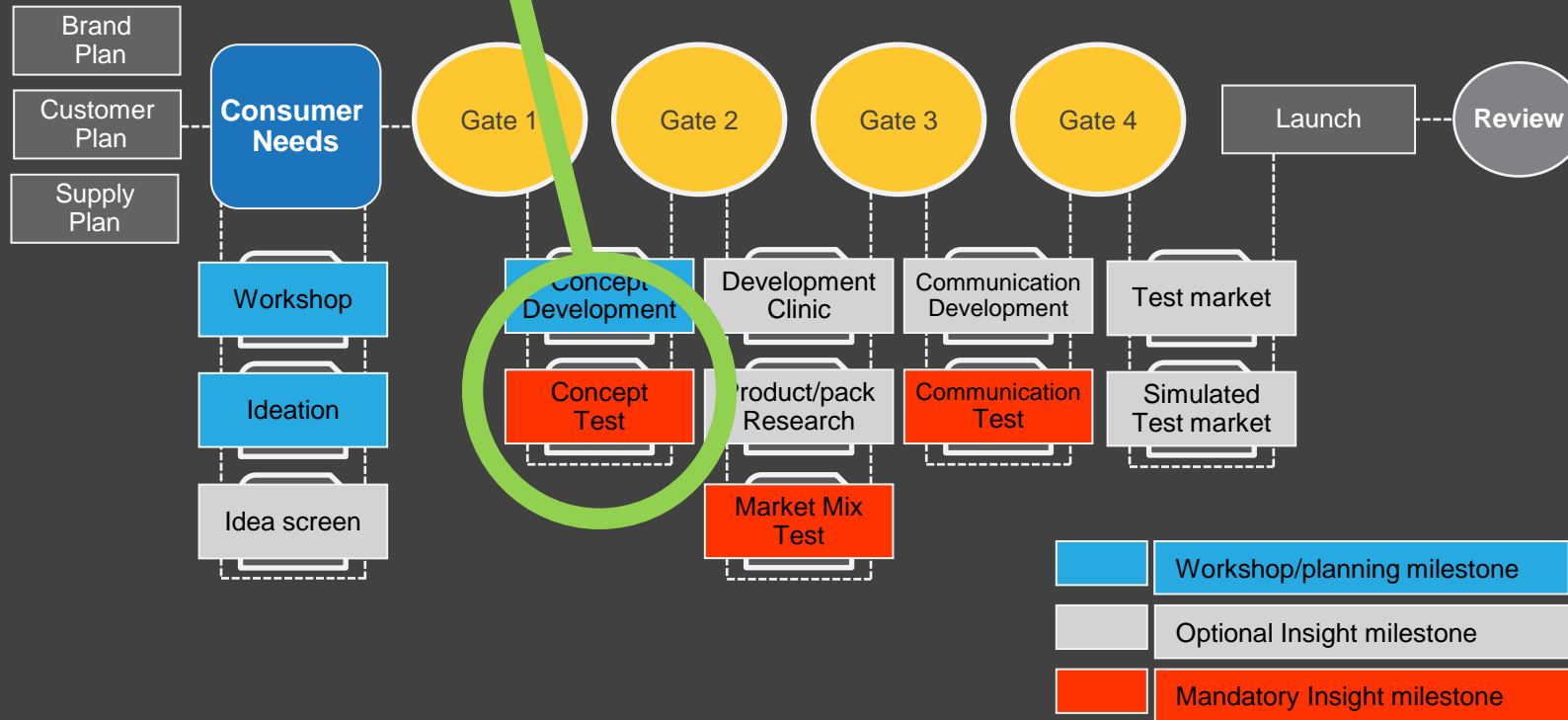
Semantic differential



Concept test



Stage and Gate





CONCEPT

Name/Title



Insight or need



Image



Statement of what it is



A bit more detail;
why you need it
or may want it



Reason to believe?



Flavours, variants

Size, price, channel



Tagline



George Lucas Sparkling Blue milk

When people get together to have a good time, something new and interesting adds to the excitement

A new, delicate, lightly refreshing sparkling milk with a hint of blueberry and soft bubbles

It is a more refreshing, exciting, alternative to regular milk

When George Lucas returned from 23 Mere 2911 he brought with him centuries old sparkling blue milk making techniques. George Lucas Sparkling Blue milk is made in the same classic way as traditional sparkling milk but instead of fruits it is made from premium quality outer colony natural blueberries.

Sparkling Blue Milk is available in ampoules, sachets and ready to drink in ceramic champagne glasses

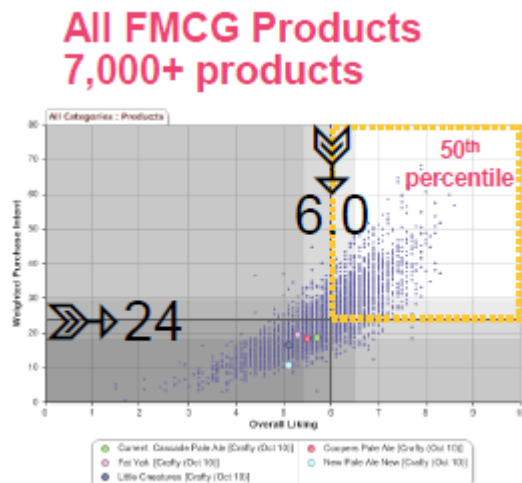
George Lucas Sparkling Blue milk is a refreshing and more exciting alternative to regular milk.



6.5% C canonl Content (CcC)

Concept testing

- ➔ Consumers test the concept.
- ➔ Hurdle benchmarks are established from database



5 STAR

Overall:
6.8

In my life, I sometimes seek moments of pure indulgence. And when it comes to such time, I want to fully immerse into it.

Cadbury presents 5 STAR chocolate bar!

When the smooth chocolate melts, it slowly reveals various delightful textures one after the other. You can easily get lost in the long-lasting pleasure of 5 STAR.

Because 5 STAR has unique combination of smooth chocolate cream centre with crunchy biscuit pieces surrounded by flowing caramel, all covered in rich Cadbury milk chocolate.

Cadbury 5 STAR: Get lost in its taste!



6.8

6.8

7.0

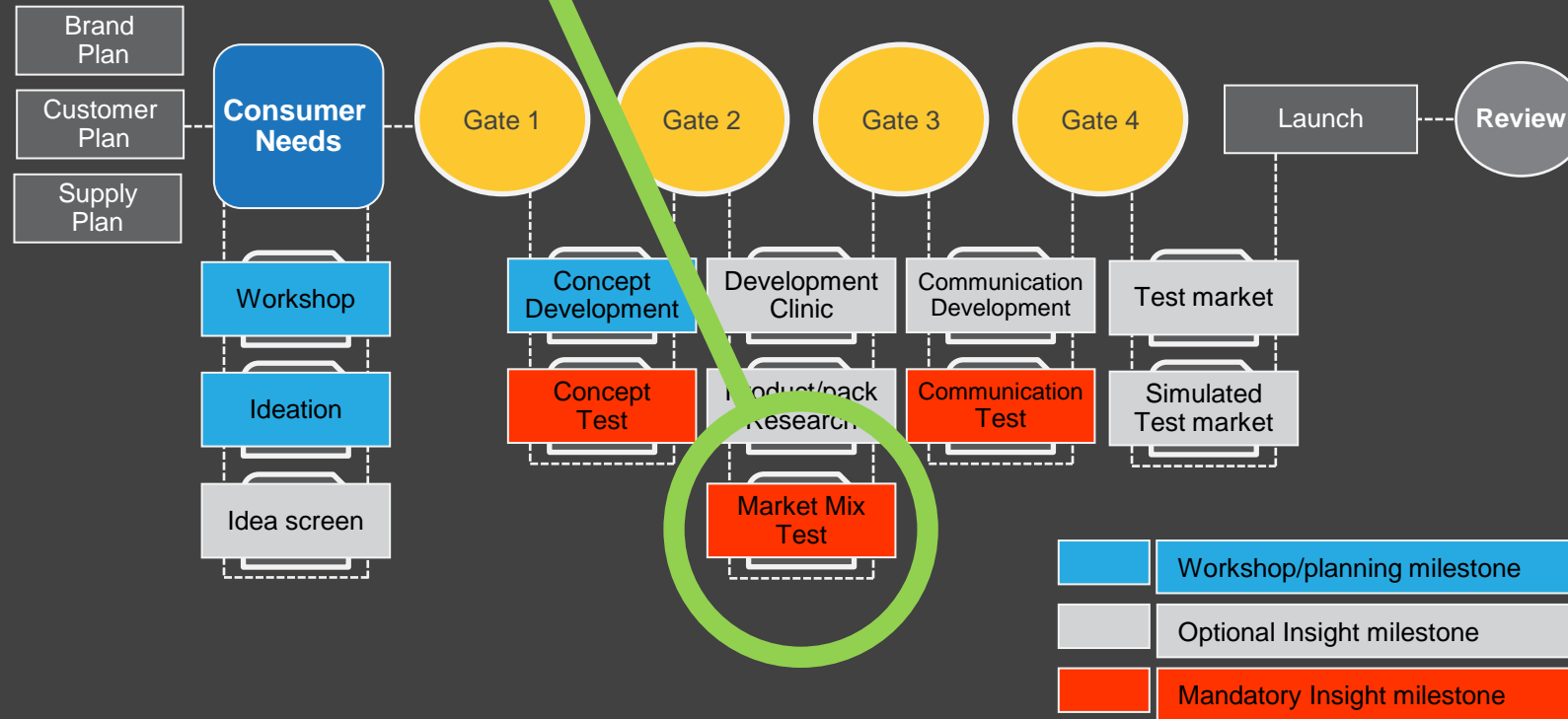
6.9

6.8

Market Mix test Concept Product Pack



Stage and Gate



Research Design & Flow

Respondents audited and briefed

Category Usage Questionnaire

Day 1: Sparkling Wine Evaluation (8/8 design)

Day 2: White Wine Evaluation (8/8 design)

Day 3: Red Wine Evaluation (6/6 design)

Label Evaluation (4/4 design)

Name Evaluation (4/4 design)

Testing location: Shanghai China 22nd May – 10th June 2009.

Respondents recruited via CATI to participate in a three-day CLT session. Each session ran for a 60-minute duration and respondents were paid a monetary incentive upon completion.

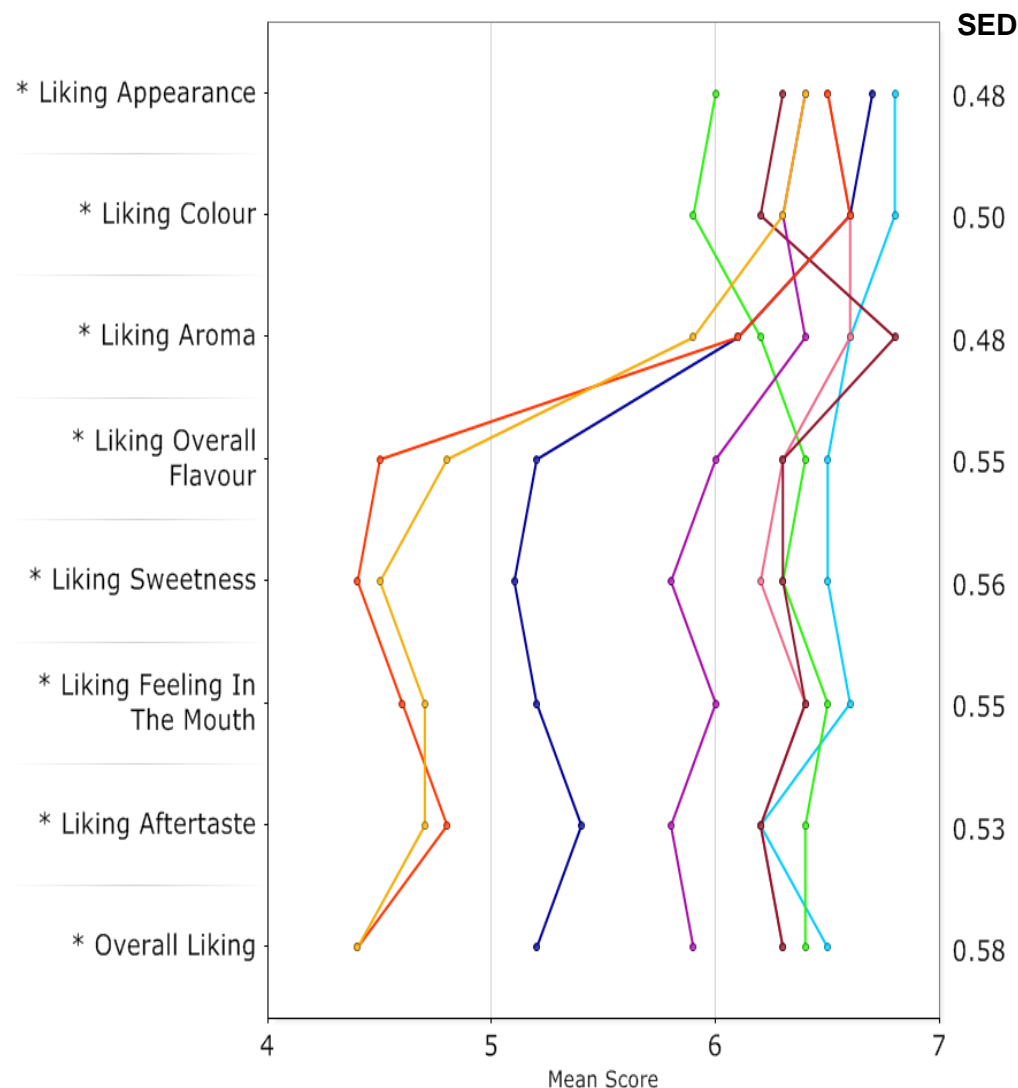
Data was collected through self-completion of paper-based questionnaires in Chinese Mandarin, then translated into English for processing and analysis.



Note: Actual fieldwork photos.



Liking Attributes



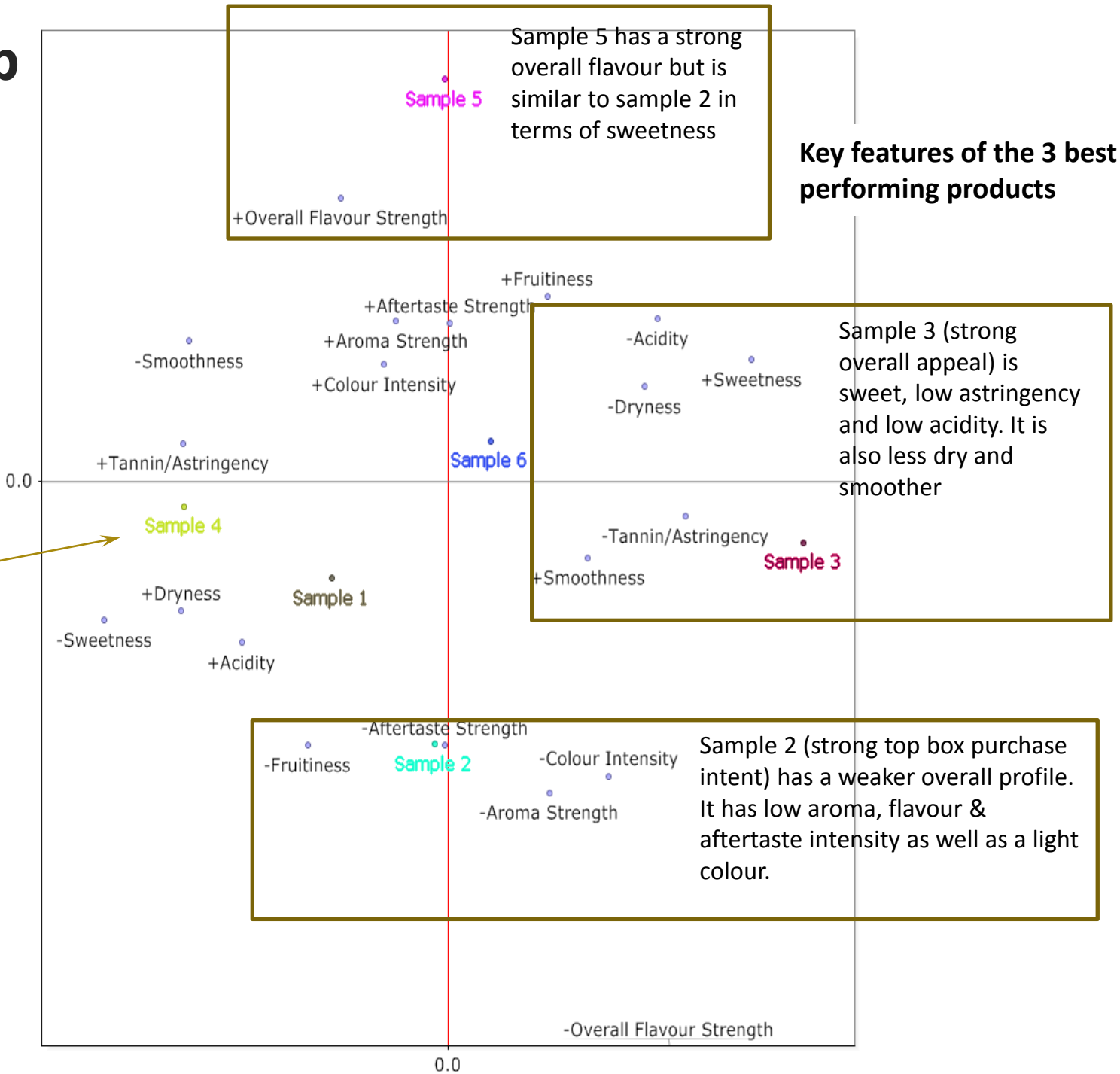
XXX and YYY Tram Riesling (55g/L RS) were consistently strong performers across all liking attributes.

ZZZ Chard / Pinot Grigio and VVV Sauv Blanc performed poorly on liking overall flavour, liking sweetness, liking mouth-feeling and liking aftertaste compared with other variants.

Correspondence Map

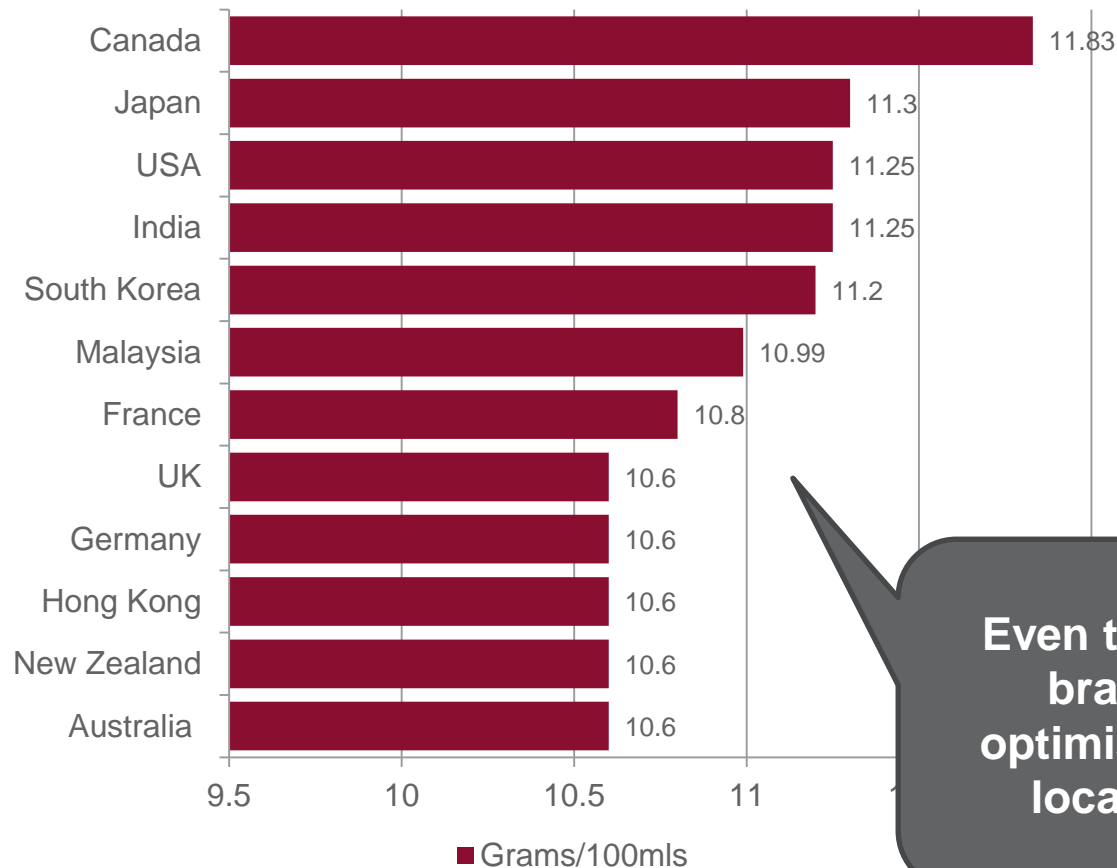
The significant difference detected by respondents between the samples was sweetness. Sample 3 was significantly sweeter than all other samples

Sample 4 (moderate appeal) which is less sweet, more astringent, acidic and dryer. It is also less smooth



Asia Pacific Countries: Varying Flavour Expectations

Coke A Cola (Original) Total Sugar Content
(Grams Per 100ml) By Country

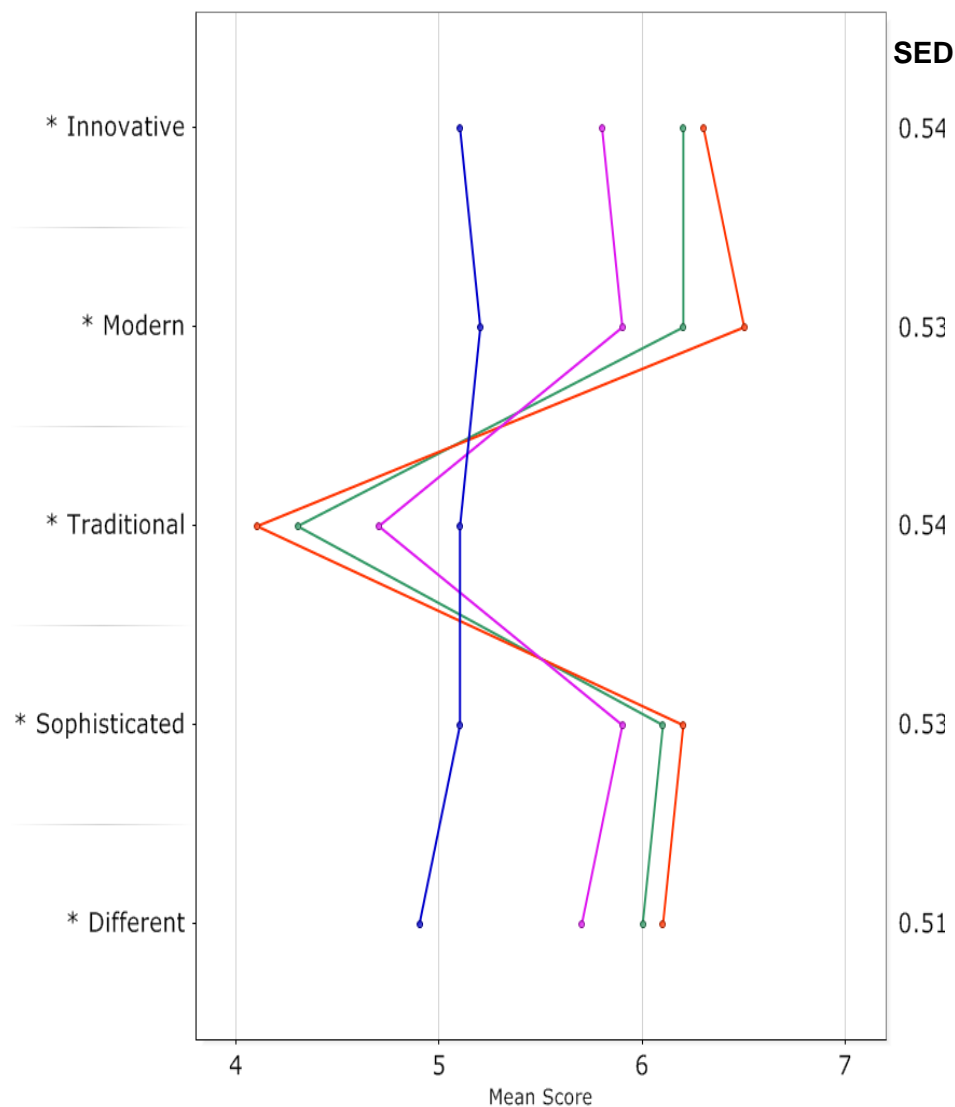


Even the biggest
brands are
optimised for the
local market



- The flavour preferences for food products changes from country to country.
- As seen on the chart on the left, the sugar content used for Coke in various countries does vary to meet palate expectations of that consumer market.
- For example, Coke in Canada has 12% more sugar than Coke in Australia/New Zealand.
- When developing products to launch in other markets, it is recommended to explore the flavour preferences of these markets to determine if your product(s) need altering to meet consumer palate expectations.

Perceptual Attributes.



Label 2 (n=108) Label 1 (n=108) Label 5 (n=108) Label 7 (n=108)

* Significant Differences at 95% CI

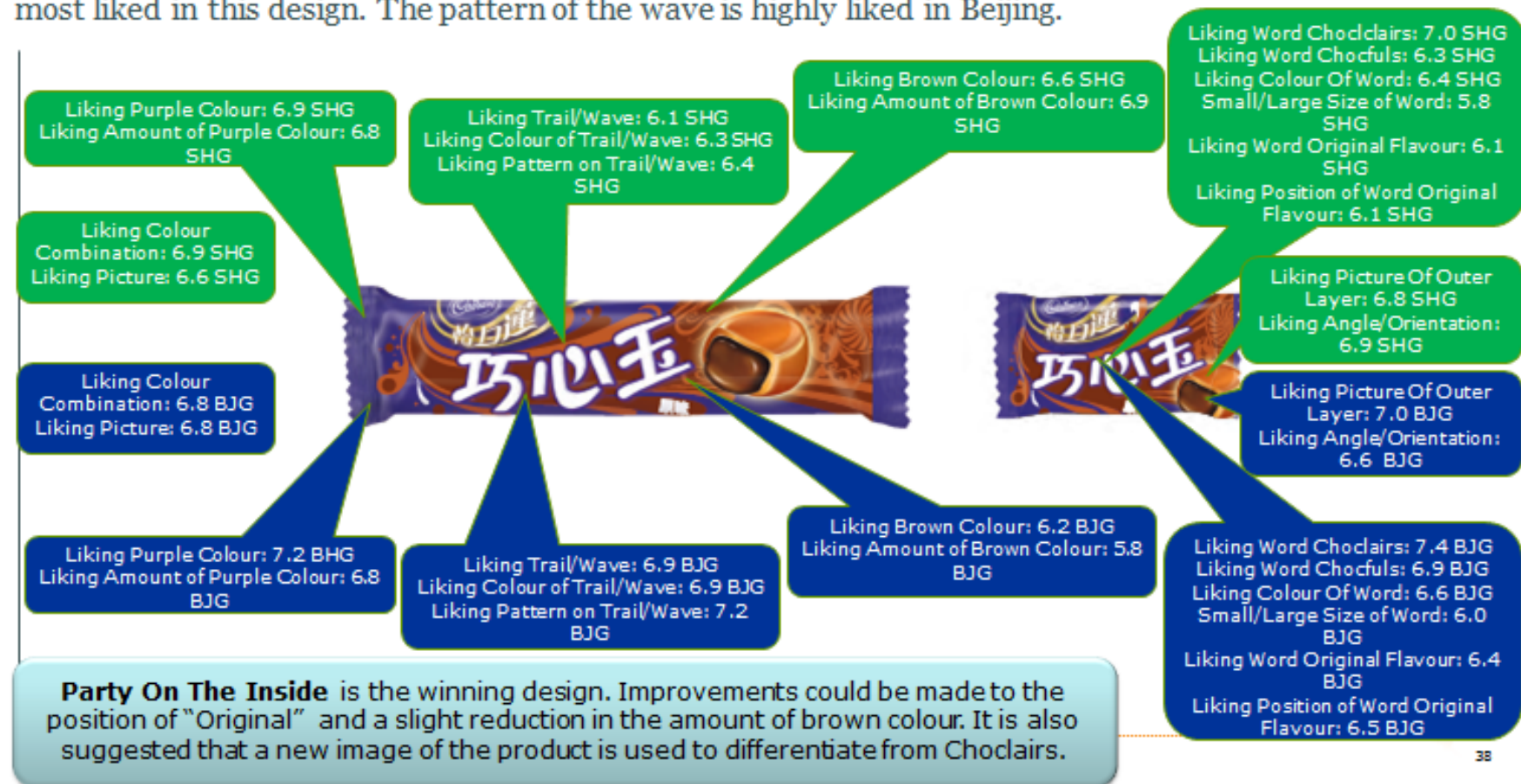
Label 1 (and Label 2) were perceived to be more innovative, modern, less traditional and more sophisticated.

Label 1 and 2 are also considered more unique.



Pack testing example

Party On The Inside All elements well liked. The colours and colour combination are most liked in this design. The pattern of the wave is highly liked in Beijing.





Complimentary tools : Trained Panels



What is a Trained Panel?



A Trained Panel is a group of people who are highly trained to **evaluate specific products** and are capable of detecting small differences between products.



They are **recruited** and **screened** to a **high level of sensory acuity** across many attribute categories:

- ❖ Taste
- ❖ Aroma
- ❖ Texture
- ❖ Tactile



They **measure** and **quantify** product differences providing **guidance** and **direction** to understand the importance of various sensory attributes and which attributes contribute most to its acceptability.

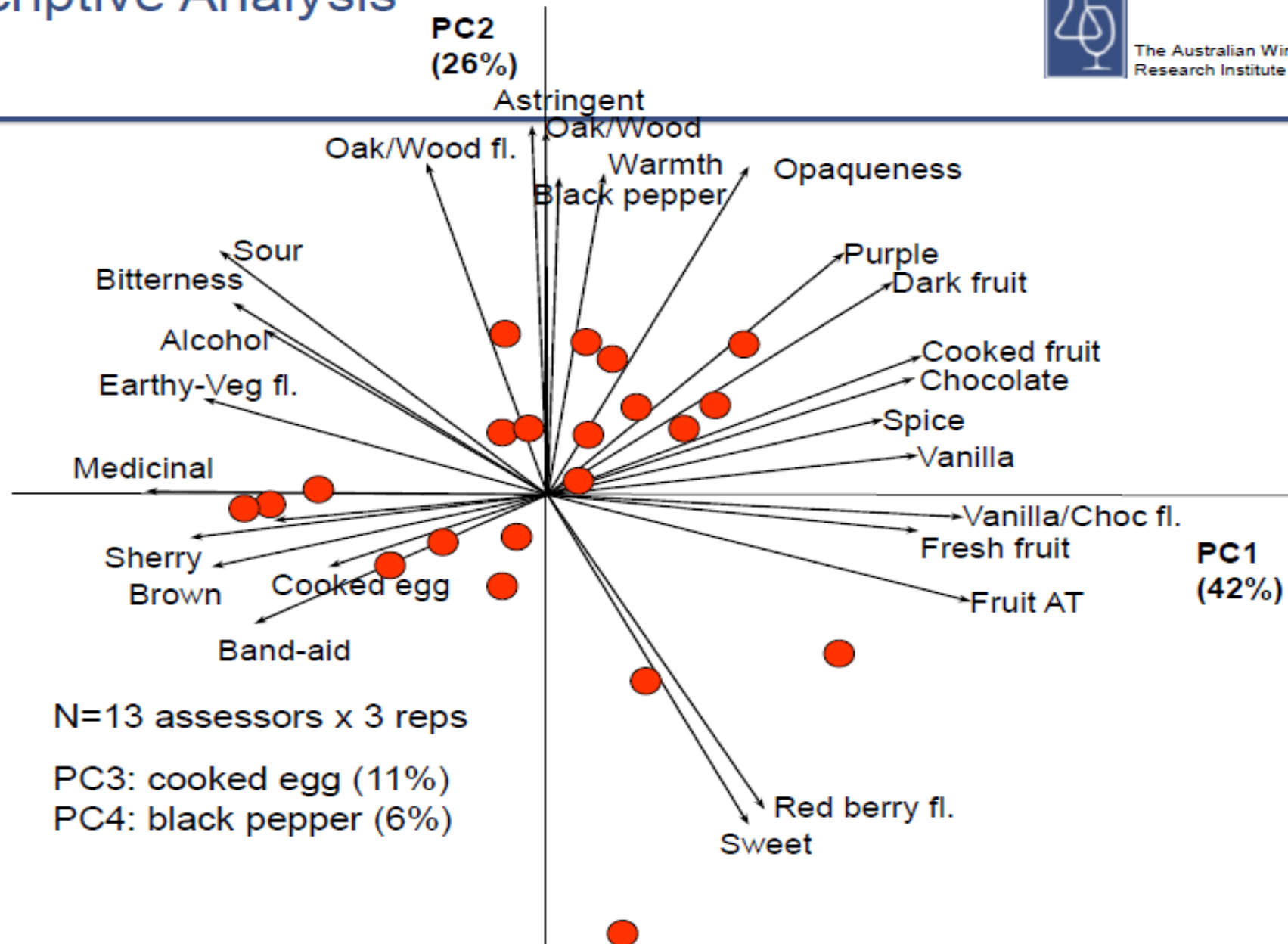


A Trained Panel are an **objective tool**, it does not measure acceptability or liking.

Descriptive Analysis



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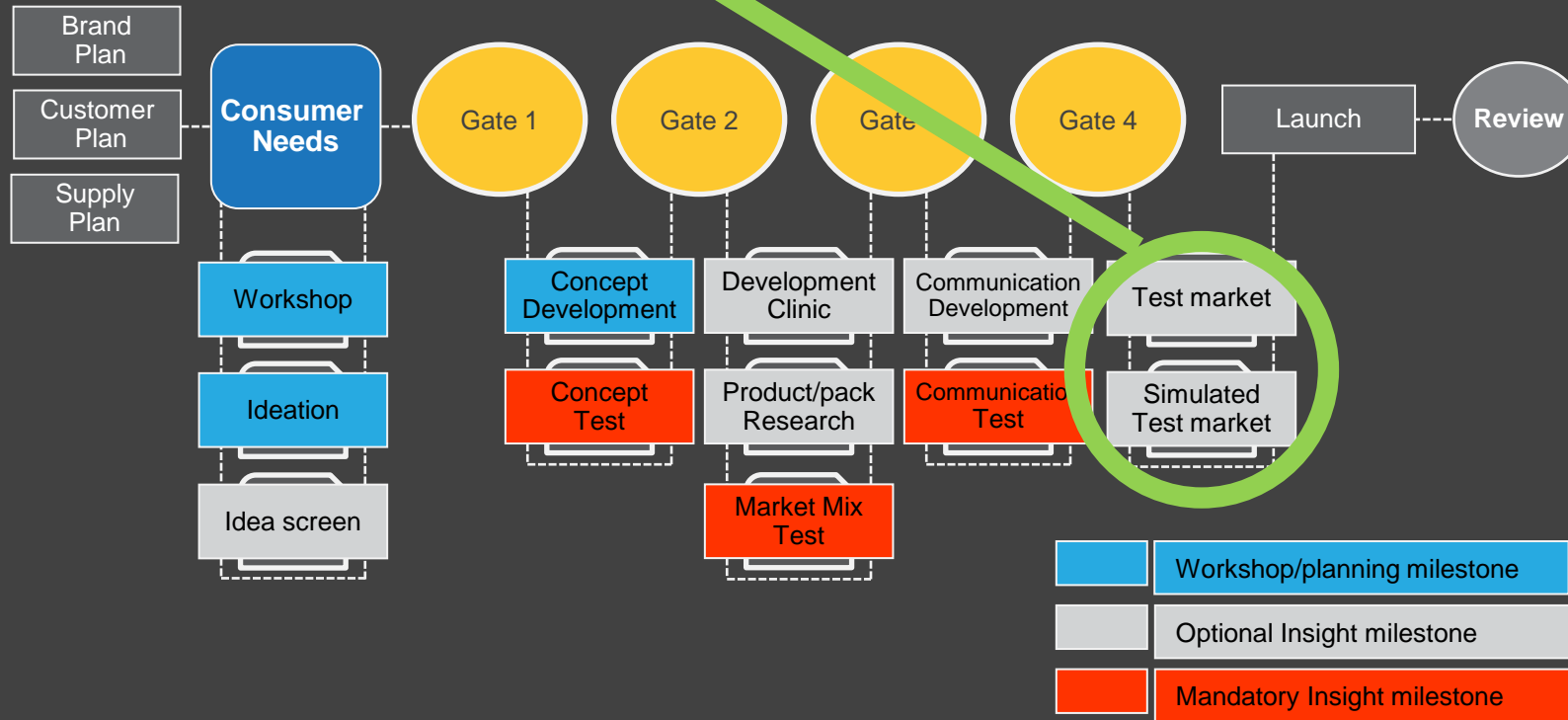
21 wines assessed by Trained Panel.

Thanks to AWRI for supplying this example.

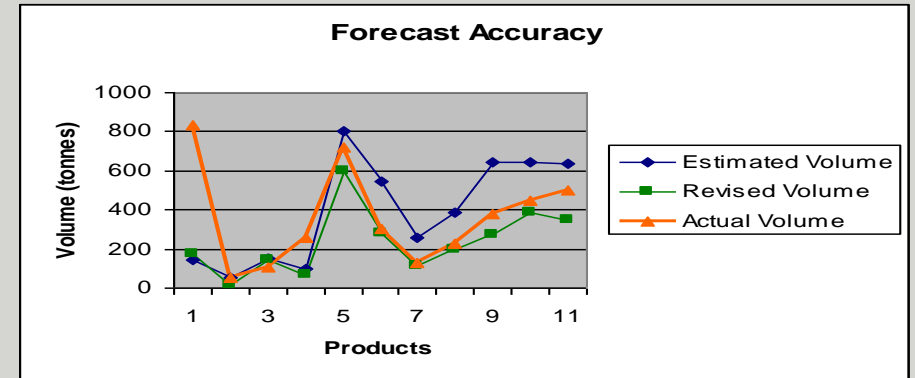
Volumetrics



Stage and Gate



Volumetrics are used to estimate sales volume



- Utilise the Colmar Brunton volumetric algorithm*
- Routine determination of volume estimates for first year in market
- Based upon a combination of consumer data and sales and marketing assumptions.
- Benchmark products are included for calibration
- Colmar Brunton protocols are designed for volumetric estimation

Validations to be conducted after 12 months in market.

*Note: Based upon the methodology published in Brody AL and Lord JB. Developing New Food Products for a Changing Marketplace. Lancaster: Technomic Publishing Co., Inc, 2000.



Conclusions.

Designing a new product to meet an identified market need

Big FMCG companies have a well established and proven process

- ▶ Identifying needs
- ▶ Develop and test concepts
- ▶ Develop and test products and packs
- ▶ Volumetrics

The process is designed to maximise success and minimise risk.

The process is based upon consumer research

It is detailed and best conducted by an experienced agency partner

It is conducted in all markets around the world

What could you do?

- Interacting with your consumers / customers, understanding their needs:
 - ▶ talking, observing, find out what makes them tick, immersing in their world
- Validating your ideas:
 - ▶ at the least gain qualitatively feedback, making sure you're on the right track
- Working collaboratively with your partners; wine makers, packaging, marketing, pricing, distributors, trade, more likely to get the marketing mix right first time
 - ▶ small scale consumer evaluation to test the mix, identifying strengths / weaknesses
- Consult a Sensory / Consumer Professional



Thanks.

