

Category: *Automotive Aftermarket*

Methods: *Concept Testing, Purchase Motivation, Brand Positioning*

Summary

A leading producer and distributor of aftermarket fluids and additives was considering a reformulation of its top-selling, trademarked product. This was prompted by a national retailer that was refusing to carry an existing, derivative product because it did not feel the product fit in well in the retailers' existing product categories.

Strategic Issues

The target market was a fast-growing one and the client did not want to miss the significant potential it represented for incremental sales growth. Competitive brands were already beginning to occupy space on retailers' shelves and each day of delay meant missed sales opportunities. The decision the client needed to make was whether to relabel and slightly reformulate its current product, or keep the original formulation as is and create an all-new sister product to meet the specific needs of the new market segment and the client's retail partners. Either solution was deemed acceptable to the retailer. It was important, though, to choose the solution that resulted in the largest net sales increase, as well as the best opportunity for enhancing the client's overall brand appeal. It was even more critical to avoid damaging brand heritage in an attempt to enlarge the buyer base. In other words, the client did not want to make a move that would result in alienating its traditional customers.

Research Objectives

The primary objective was to measure consumer acceptance and purchase consideration for the two product-concept alternatives. In addition, the client needed to:

- Understand what the original brand represented in the minds of consumers and their reasons for buying it, as well as the needs of the new segment of buyers.
- Quantify the various applications of the product concepts by all likely buyers and the volume of additive used per application.
- Determine the appeal of each, and head-to-head preference among, current and potential new customers, and estimate the volume of units sold for each of the two alternatives tested.

Research Design and Methods

Two concepts were tested in the survey: a reformulated, relabeled version of the original product and an all-new product formulated to specifically address the needs of the target market. The research was conducted online among a national sample of American Consumer Opinion® Online panel members.

A total of 600 respondents participated in the survey, including analyzable samples of current customers, as well as targeted new customers. The participants were divided into three cells of 200 respondents each.

- Cell 1 consisted of current customers. They saw both the reformulated, relabeled version of the product concept and the all-new product concept. The order in which the concepts were presented to each respondent was randomized to reduce the effects of order bias.
- Cell 2 consisted of current customers. They saw only the all-new product concept.
- Cell 3 consisted of category users. They saw both the reformulated, relabeled version of the product concept and the all-new product concept. The order in which the concepts were presented to each respondent was randomized.

The concept testing questionnaire included purchase motivation, brand positioning, and current product usage.

Results

The findings indicated that both concepts had the potential for increasing sales. It was also clear that the new claim made on the label was inconsistent with the original brand promise and served to confuse some existing buyers. Going with the brand extension strategy of the all-new product concept avoided the danger of diluting the existing brand and resulted in the greatest likelihood of generating incremental business. The client ultimately chose to go with the brand extension, despite the increased manufacturing costs involved, as this was proved by the research to be in the best interests of the brand and its customers.