

To Launch, Or Not To Launch: What Is A Marketer To Do? Leveraging Concept Testing for Optimal “Payback”

Case History

Category: *Organic Food Manufacturer*

Methods: *Concept Testing, Brand Name Testing, Packaging Research*



Summary

A large organic-foods manufacturer had a number of decisions to make about its new, healthier product formulation targeted to moms with young children. Specifically, the marketer had to decide how to package, name, and introduce the product. R&D was making great strides on a new and innovative package design that would not only make the product more fun and convenient but would also generate a significant “splash” in the market. However, this new package design still needed some fine-tuning, while the production line was already set up to manufacture this product in traditional packaging. In addition, the manufacturer was unsure if a “kid-oriented” product name would have greater appeal than the “flagship” name?

Strategic Issues

Although the category was already saturated, our client felt there was potential for its newly formulated product even in a crowded market, particularly with the new package design. Should the company delay the product introduction to await the perfected and potentially “newsworthy” package design? Or should they launch their new product formulation in the traditional packaging, and then plan to introduce the new package at a later time? The risk was that the new package design would “lose its thunder” in the marketplace if the client first introduced the new formulation in the traditional package rather than waiting to introduce the new formulation in the new package design.

Research Objectives

The primary objective of this research was to determine the most promising product concepts based on consumer acceptance and revenue potential. Specifically, the client wanted to identify the optimal combinations of brand name, product form, and packaging type that offered the greatest potential.

Secondary objectives were to explore price expectations and value perceptions as well as the imagery and product attributes communicated.

Research Design and Methods

The study design was a multiple-cell monadic concept test conducted among moms with younger children recruited from Decision Analyst's proprietary American Consumer Opinion® online panel. Qualified respondents were primary grocery shoppers and recent category users. Each concept was evaluated by 200 respondents. Respondents were shown one concept, including a product illustration and description, and then asked to complete the online questionnaire to record their reactions to the concept. The concepts tested included the following combinations of variables for production formulation, packaging, and brand names:

- New package/Original formulation/Current “flagship” brand name
- New package/Original formulation/New “kid-oriented” brand name
- New package/Healthier formulation/Current “flagship” brand name
- New package/Healthier formulation/New “kid-oriented” brand name
- Traditional package/Healthier formulation/Current “flagship” brand name
- Traditional package/Healthier formulation/New “kid-oriented” brand name

Results

The winning concept featured the following combination: new packaging, healthier formulation, and new “kid-oriented” brand name. This concept generated the highest Sales Potential Index™, a proprietary model combining consumer acceptance, expected purchase frequency and volume, and reaction to suggested price.

So should the client wait to launch the healthier formulation until the new packaging is perfected? Maybe, or maybe not. Let's analyze additional findings from the project.



This research also revealed an alternative “winning” concept that featured the combination of traditional packaging with the healthier formulation and new “kid-oriented” brand name. This concept exhibited an unexpectedly high revenue potential, based on higher than expected purchase volume and frequency among the target segment.

This alternative concept gave our client some breathing room and flexibility in their launch decision. Based on these results, our client felt they could introduce the new product formulation in two stages without losing the expected “splash” in the marketplace. The initial stage would introduce the new formulation in the traditional packaging, thus providing a healthy revenue flow. In the meantime, R&D could perfect the new package design in preparation for the second-stage rollout of the healthier formulation.

This case study illustrates how a well-designed and professionally executed market research study helped a company make an important strategic decision about its product launch plans. In addition, the study helped the company better understand its target of moms with young children and the most compelling factors driving their purchase decisions.

