

## To ask or not to ask?

The role of research in the NPD process

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Leaf through any marketing text-book and you will find at least one chapter devoted to the role of research in the brand and product development process. A concise summary of this chapter would probably conclude that the primary function of Market Research is to give valuable insight and validation to the teams tasked with satisfying consumer needs.

Unfortunately this 'essential' marketing discipline is often neglected, with many companies either demurring completely or using research late in the product development process, as a last-ditch way of avoiding responsibility for expensive decisions. Because of this perceived role as a source of reassurance, research can be perceived as the gung ho marketing exec's nerdy cousin – wrapped up in doubt and calculations.

Rather than this narrow approach to research, brandowners should encourage its use to enable a broadening of scope with an external focus. For example, if you were tasked by your biscuit factory to develop a better biscuit, you could either: conduct an internal review of the factory's capabilities and suggest some modifications to the current products; or you could gather data about customer behaviour across the entire cakes and confectionery category, recognising that you might even need to outsource manufacturing to meet a revealed market opportunity for your brand.

Research is vital for global brands looking to understand local differences. Coca-Cola used research to gain an understanding that, in India, their competition was not water or an alternative soft drink. Because of the high relative cost of Coca-Cola, their competition was in fact a ride on the bus: the local population would treat themselves to a Coke and forego the bus ride rather than replace an existing drink. This insight gave Coca-cola a better understanding of their customers and invested their advertising with more local resonance.

The challenge of brandowners is to use research to justify bigger thinking rather than as a way of allaying fears and trying to prove negatives.

The problem with research ....

When the young Napoleon was fighting the battle of Austerlitz, he wouldn't have set much store by the General who advised carrying out focus groups to research potential French public opinion before deciding the battle plan. The heat of battle is no place for the faint hearted and you cannot set your strategy based on public opinion. Later in life, however, the Emperor Napoleon's disastrous decision to invade Moscow was largely motivated by the need for a victory which he thought would win much needed public approval. Both of

these stories illustrate different problems with research. Sometimes it can be a hindrance, causing opportunities to be missed, other times it can be abused by Chief Executives looking for ways to justify their personal agendas.

For smaller, swashbuckling enterprises built around an inspirational leader's vision, research risks paralysing the entire business. An orthodox, research-led approach would probably have killed Red Bull at birth. The functional drink scored the lowest possible score in taste tests, often being described as 'medicinal'. Would research have identified the functional drinks opportunity for Red Bull? Would it have been possible to have asked: 'if we launch this disgusting tasting product in a fun way by targeting cool areas first and showing that we really believe in it, will enough people drink it to justify the investment?' The cost of this research would have been greater than the cost of launching the brand, and more risky in terms of capital. Red Bull successfully launched with gravity defying belief – it really did have wings. Their research methodology was 'if you build it they will come.'

### The value of research

Whilst research might have killed Red Bull, it almost certainly saved Pot Noodle. Post-launch sales figures were excellent but then suddenly dived off a cliff for no apparent reason. It was research that revealed that consumers liked the concept of Pot Noodle, but hated the execution. This led to them buying each flavour in turn to find one they liked until they gave up and stopped buying them altogether – explaining the sudden dip in sales. In this case, research led to greater investment in the product, rather than abandoning the concept.

One of the main functions of research is to help turn expansive and lateral thinking into a figure that can be added to the bottom line to justify financial risk. A classic old chestnut, usually promoted by telesales teams working for gardening magazines, is that the majority of gardeners also appreciate whisky: "Gardening is a common pursuit for Grant's target audience and Grant's Garden After Hours shows this traditional daytime pursuit in a new light" explains Harriet Knight, brand manager for Grant's at First Drinks Brands, unveiling their 2008 summer marketing campaign. There's nothing like a good TGI index match to give the finance department a warm feeling when it comes to writing the cheques.

Research is like insurance, if you're lucky you can live without it. The number of new brands launching and the law of averages dictates that some emerging brands will survive on hunches and by living off their wits, but these entrepreneurial companies have nothing to lose. Research pays most dividends when applied as part of a product development process, and this usually occurs at the top end of the branded food chain. Companies like Danone and Procter & Gamble spend prolifically on research at virtually every stage of the product development process. Procter & Gamble have a gate stage which includes testing the unbranded product against the market leader. If the potential product's blank bottle doesn't win against the market leaders blank bottle, the new product doesn't launch. This approach ensures

that winning products can be advertised with belief, achieving differentiation for the brand and acceptance by the consumer.

Some companies go overboard in the search for consumer insight, however, even asking the question 'where did we go right?' When a product or an advertising campaign succeeds.

#### A fine art

A study correlating investment in research with branding success would probably conclude that the more successful brands invest most heavily in research. An obvious interpretation is that 'the more we spend on research, the more successful we'll be' which may not be a sustainable conclusion. Big brands use research because they have more at stake.

The problem with drawing conclusions from research is that human beings are notoriously suggestible, even going so far as to convince themselves of untruths. A recent series of experiments<sup>1</sup> on college students at Stanford University tested the influence of price on the product experience. After tasting identical wines with different price points, students invariably indicated a preference for the more expensive. Most interesting, however, is that when the students were wired up to a scanner, it was clear that the more expensively priced product actually delivered more pleasure to the brain. In other words, the price is actually an ingredient in the product and part of the taste.

Extracting conclusions from consumer research can be a fine art. The tests and research on the drug that eventually became Viagra drew very few logical conclusions about the product, until one researcher noticed that trialists were reluctant to return their product samples.

Effective research has to recognise human fallibility in order to reveal and measure the different effects of taste-occasion, packaging, advertising and authenticity which, combined, add up to the taste of the brand.

#### Where next?

The logical extension of a research-led approach is to involve the customer in the decision making process. Via internet trials, and online feedback forms, customer involvement has never been so inexpensive or interactive. P&G's 'connect and develop' programme<sup>2</sup> is a way of sourcing input and partners from around the world.

BMW's Customer Innovation Lab handed participants an online tool-kit, helping them develop ideas and showing how the firm could take advantage of advances in telematics, online services and driver assistance systems. From the 1,000 customers who used the tool-kit, BMW chose 20 and invited them to meet its engineers in Munich. Reckitt Benckiser and GSK have

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<sup>1</sup> [http://www.gsb.stanford.edu/NEWS/research/mktg\\_shiv\\_pricing.shtml](http://www.gsb.stanford.edu/NEWS/research/mktg_shiv_pricing.shtml)

<sup>2</sup> <https://secure3.verticali.net/pg-connection-portal/ctx/noauth/PortalHome.do>

similar programmes that encourage partners and consumers to contact them with specific requirements. The depth of demographic information and freedom to communicate afforded by the internet, makes it the most reliable testing ground available.

Amazon and other websites leverage instant this consumer data with their 'customers who bought that, also bought this' menu: aggregating and sharing their growing database of consumer preferences to achieve additional revenue. Such ongoing research offers 'social proof' to potential consumers in the same way as the classic Whiska's strapline: "8 out of 10 catowners said their cats preferred it".

To conclude

Perhaps the discipline of research's most powerful asset is that it maintains a focus on external customer's needs, investing the brand with a sense of responsibility for meeting them and opening up the decision-making role to a wider group. Where the research process is used as part of the new product development process, it can deliver valuable internal belief. The danger of asking questions, however, is that we may not hear the answers we want. Occasionally the only way to really know if something is true, is, in the immortal words of Nike, to 'just do it'!

With the widespread availability of an on-line audience looking for interaction any company can choose to include a research stage into its new product development process. Whether this is an informal consultation of internal decision makers or an in depth series of nationwide focus groups coving a range of different ethnographic groups; depends on budget, risk and potential reward.

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