

The *New Strategy* Of Product  
Development – Integrating Consumers  
Into The Process, Throughout The  
Entire Process

Howard R. Moskowitz, Ph.D.  
President, Moskowitz Jacobs Inc.  
White Plains, New York, USA  
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# This Presentation Gives You, The Business & Technical Professional

A perspective on what's  
happening

An approach to increase success  
... that you can immediately apply

# First... Six Trends

- Trend #1: Talk, talk, and then talk more – the role of focus groups
- Trend #2: Quantitative approaches - identify 'hot buttons' for products, concepts, packages
- Trend #3: Expanded view of the competitive frame

## Six Trends (continued)

- Trend #4: Segmentation of the marketplace.
- Trend #5: Systematized product development
- Trend #6: Fewer functional 'walls' in the company, and acceptance of experts from outside (outsourcing) to complement the in-house talent

# What Do These Trends Mean?

- It is getting easier for companies to create products
- Small companies can compete more easily with large companies
- You have to be smart
- Size may be important ... but not as important as before

# How To Get Smart

- Consumer integration is important
- Consumer integration -- involving the consumer more frequently in the full cycle of development
- All of the trends I mentioned use consumers



# What Was The Traditional System?

- An expert would 'know' what to create
- A marketer would know in his 'heart' what the consumer wanted
- The company would go forward
- Perhaps there would be a focus group, or a paired comparison test
- Sometimes the product would succeed ... and sometimes not

# The Old Method Was Good .. Until Just A Few Years Ago

- When there was not much competition product development was played like a 'cricket match'
- There were gentlemanly (no gender intended) ways to compete
- One company did not want to step on the toes of another company

# Computers, Competitors, Consumers Changed Everything

- Now anyone can create products
- Multi-nationals buy what they cannot create
- And ... small companies come into the market all the time
- Knowledge is the key here ... not size or heritage

# The New Smart Way To Create Products

Get The Consumer Involved .. A Lot, And Frequently

# How Do You Get The Consumer Involved?

- Each of the trends involves the consumer
- For example ... focus groups are now being held just after product usage ... to discuss the features of the product
- So ... focus groups add 'depth' to understanding consumer reactions to products

# Doesn't Consumer Integration Add To The Cost?

- Yes
- But ... it generally prevents massive failure when done right
- Usually the consumer portion of the development is the SMALLEST part of the study
- *The real cost is failure ..* Product ..  
Marketing ... Opportunity

# Doesn't Consumer Integration Add Time To The Cycle?

- Yes ...
- But smart marketers recognize that they need this time
- No longer is there time for "Ready..Shoot..Aim"
- We laugh at this ... but now companies are firing people who 'sound good at meetings , but keep failing in the market'

# Integrating The Consumer Into The Development Cycle

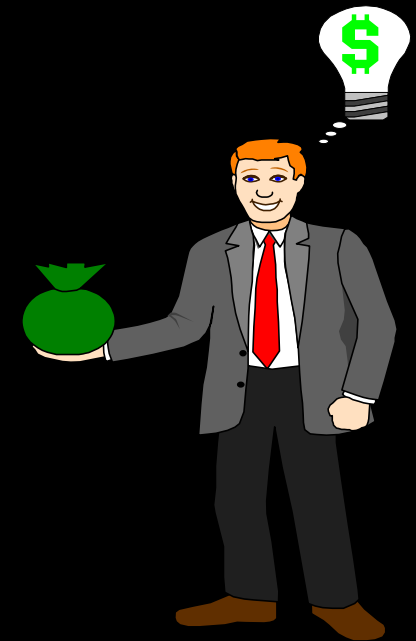
How To Do It

# Consumers Do Not Always Know What They Want

- We used to believe that consumers could tell us what they want
- We have found that they don't really know what they want
- And ... how can a consumer tell you about innovative new products?

# The Best Way ... Test Many Stimuli

- The new, smart way to market, tests a lot of products
- These products may be competitor products
- Or prototypes
- Or even a systematic array



# Smart Developers Around The World Not Complaining

- Even five years ago product developers around the world were just 'too busy'
- And... no one thought it was particularly smart to test many product
- When ... everyone knew the right answer

# What Changed?

- A lot of profits went away
- It was more expensive to launch a product
- Competitors became smarter
- Consumer researchers became smarter as well

# What This Means For Business

- If we do the right study ... we can discover what really makes a difference
- We can then formulate on the basis of what consumers want
- Even if consumers could not tell us directly
- All we had to do was bring consumers in, test with many products, and analyze

# Going One Step Further

- The world is moving towards segmentation
- One product does not fit all people
- This holds ... even in a small country

# What Should You Do

- You have to recognize that consumer demands always change
- You have to recognize that there are different groups in the population
- When consumers can choose ... you should be ready with well thought out products for them to buy

# Four Things You Should Do

- Look at many products, not just the market leader
- Create many prototypes, not just your best shot
- Look for segments, not just the one big product
- Involve the consumer early and often ... it's a wonderful investment

# What YOU Will Receive In Return

- More focused product development
- Shorter development cycle
- Many fewer 'back and forth'
- Better consumer success
- Better products to export to other countries (that are as good or better than those of your competitors)

So... Show Me Some Data

This All Sounds Good ... But Can  
You Prove It Before You Ask Me  
To Take A Chance !!!!

# The Business Opportunity

- Fruit juice
- Not particularly romantic
- But ... everyone (more or less) drinks juice
- Lots of money spent
- Question... can we create a world class juice?

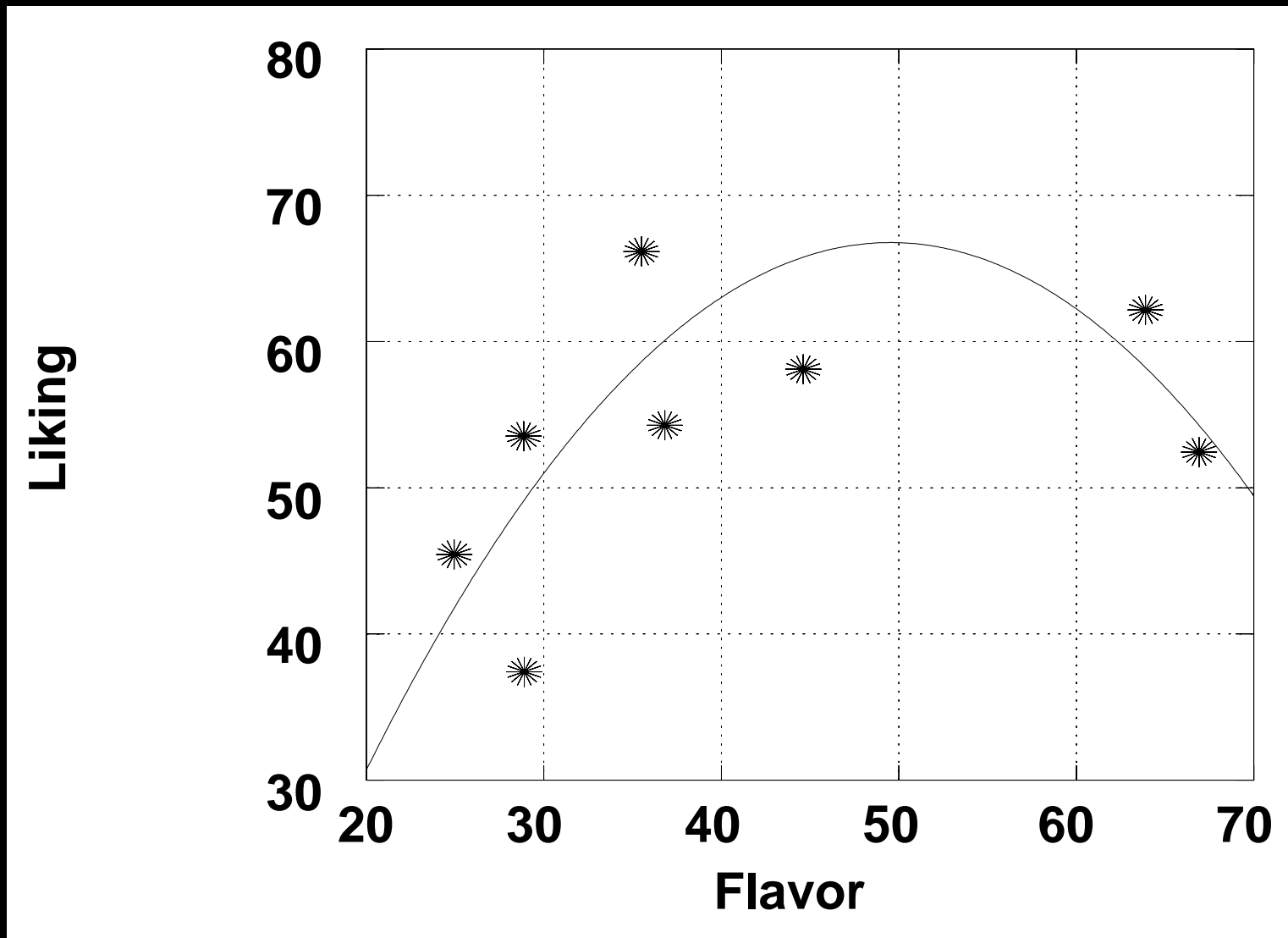
# What Market Research Said

- Lots of juices out there
- If you're in the juice business... need to be better, or cheaper, or new/different
- If you're new and different ... more than likely you're a fad

# The Strategy

- Really understand the juice market
- Especially for one juice type
- Try to identify segments...based upon preference
- And perhaps re-configure the market ... to 'our' advantage

# First ... Understand The Dynamics Of Products In General



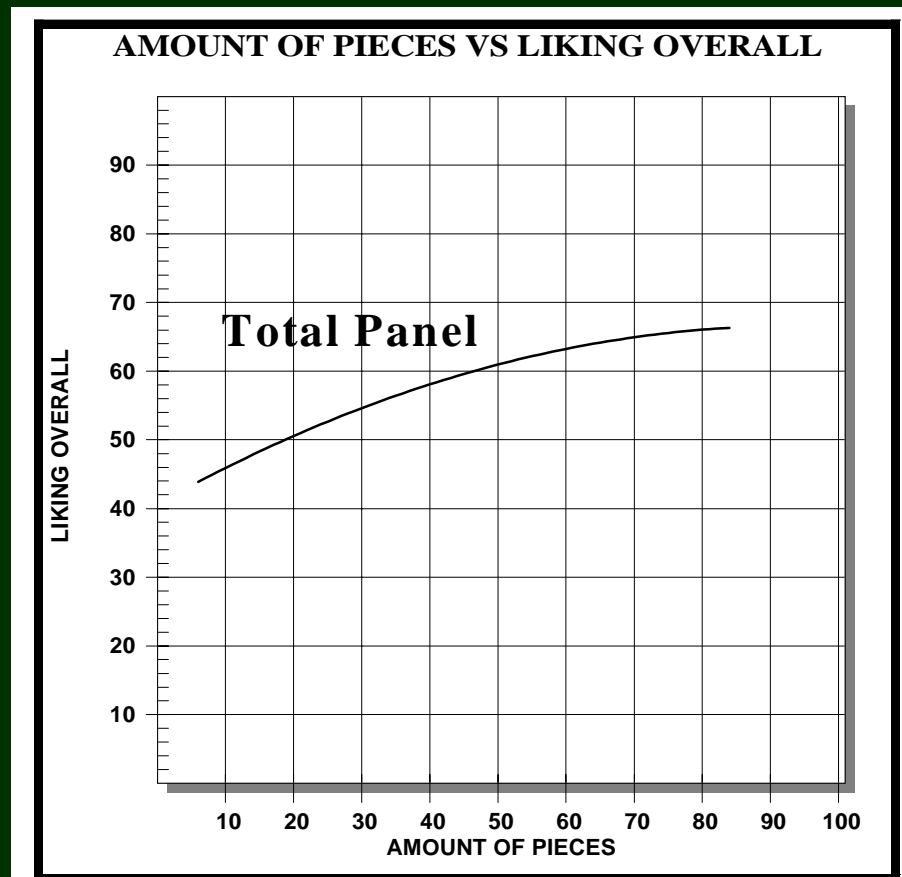
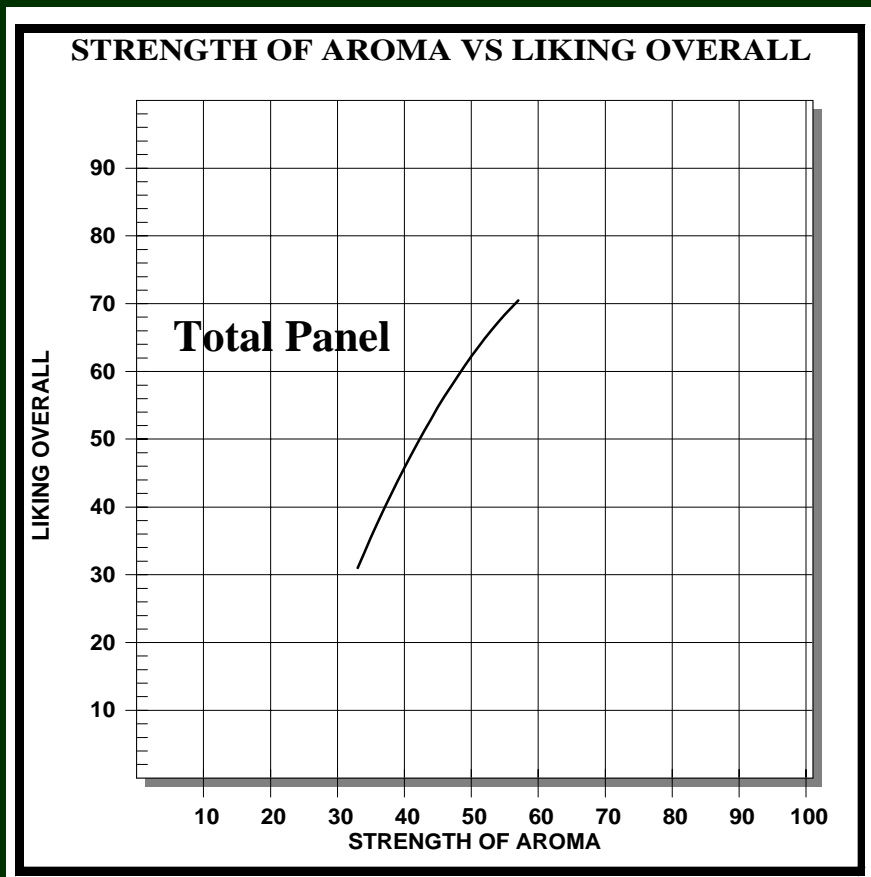
# For Product Tests

- Identify key ingredients that affect liking
- Vary these over a wide range
- Mix ingredients ... create new juices with different flavor profiles, appearances, etc.
- Yet ... all these are variations of a single theme

# The Stimuli

- Different juice products ...varying in a number of key physical dimensions
- Systematically varied by experimental design (high, medium, low)
- Three different key variables, each at three levels
- Fifteen products

# Total Panel - How Aroma, Pieces Drive Overall Liking

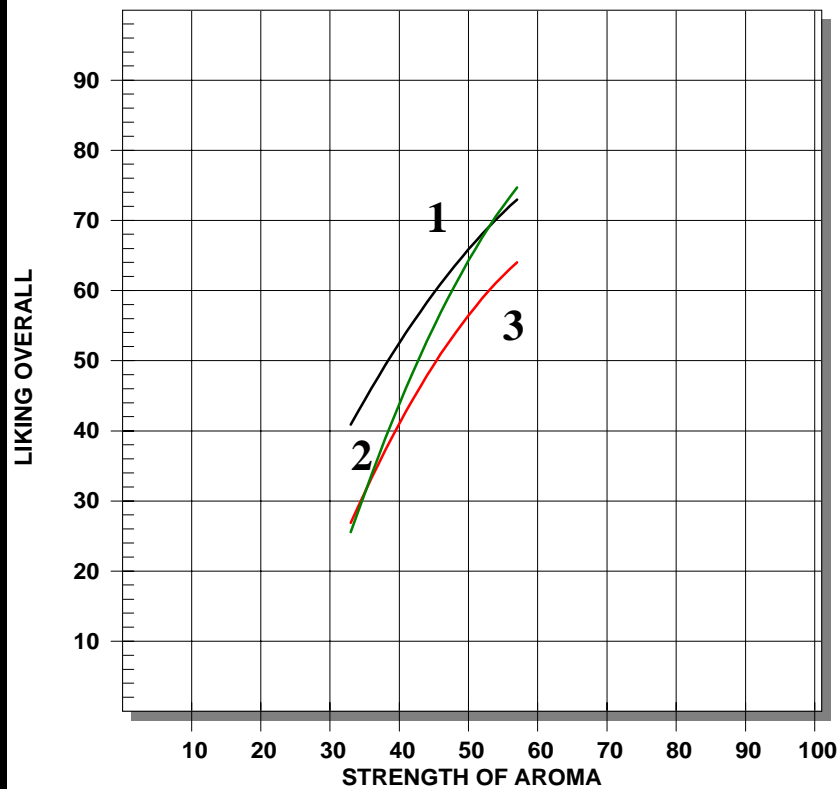


## By Country.. Patterns Similar

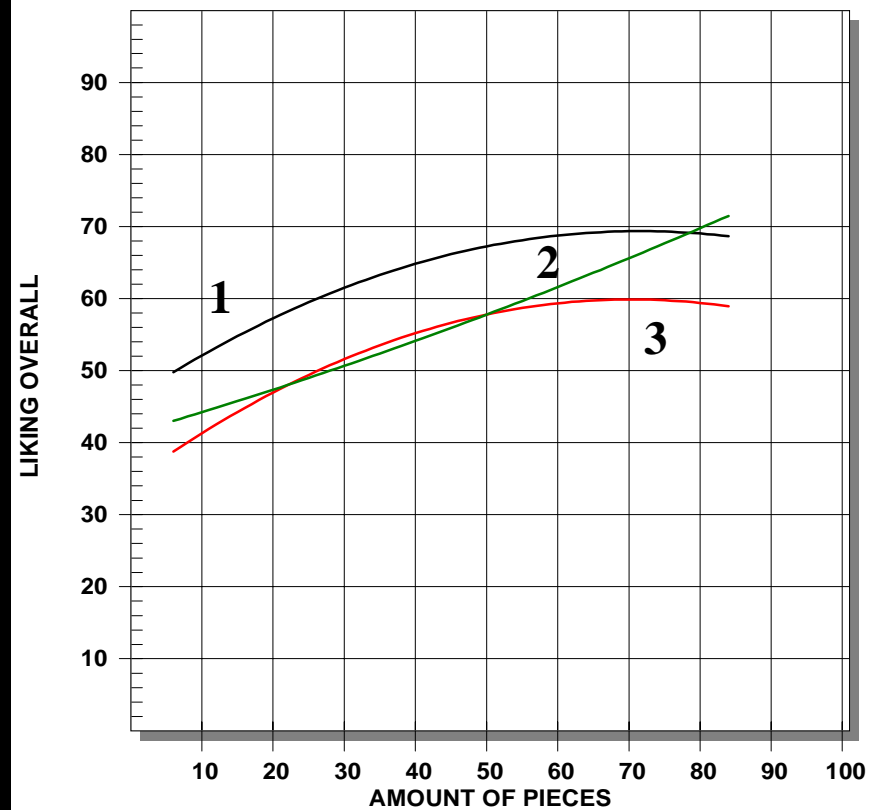
- Three western European countries
- Countries differ only marginally
- What to do?
- Is there no opportunity for our juice company to make money
- Are we condemned to float the sea of intermediacy... forever..or at least a week

# Countries Seem To Show Same Dynamics

**STRENGTH OF AROMA VS LIKING OVERALL**



**AMOUNT OF PIECES VS LIKING OVERALL**



# Sensory Preference Segmentation



# The Nagging (?) Variability Of Liking

- Give an observer a food or a simple model stimulus
- Some will like it ... others will not
- No stimulus is ever liked by 100% of the observers
- Can nature be telling us something?
- And ... can we use it to business advantage?

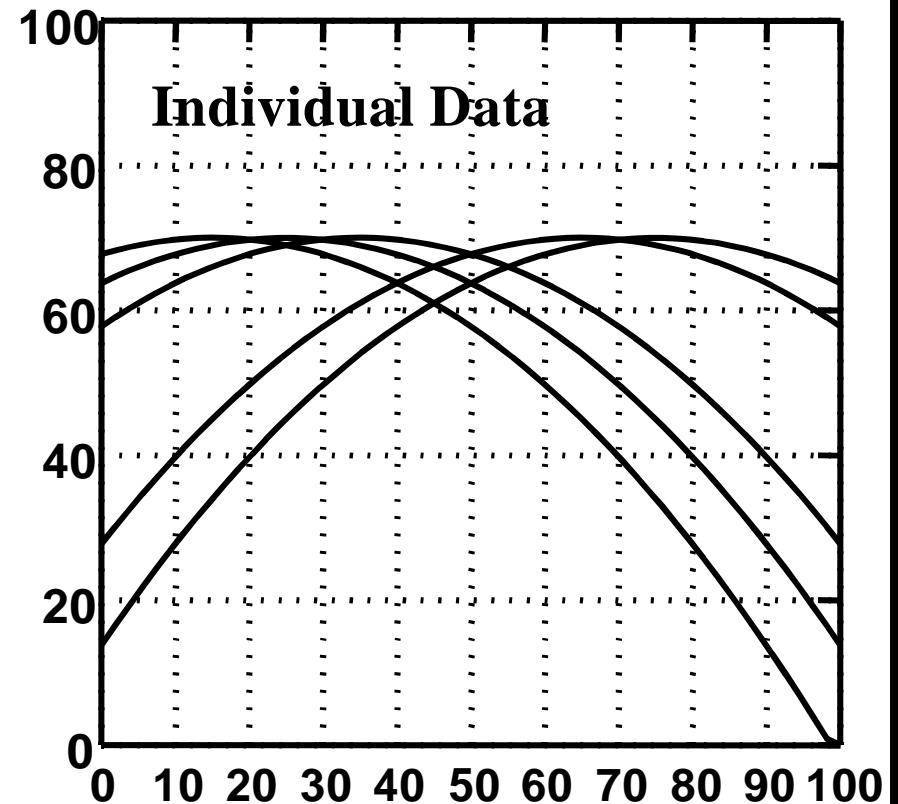
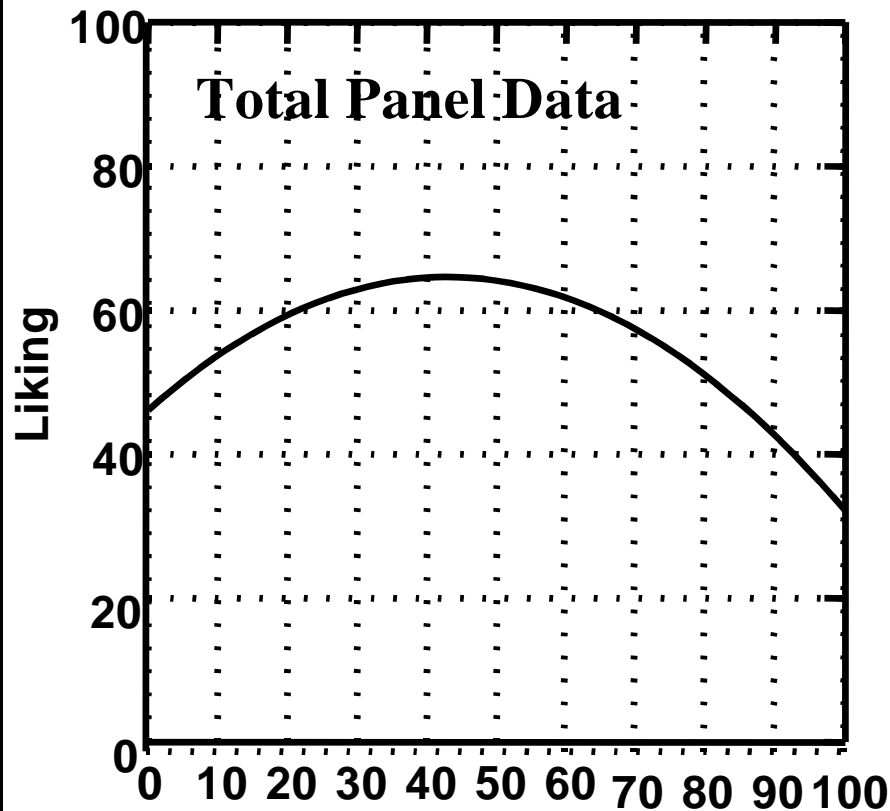
# Inter-individual Differences - Forget Country

- Sensory-liking curve averages many people
- Question - do all people show similar optimal sensory levels (viz., similar drivers of liking)
- Do the experiment
- On a person to person basis identify the optimal level

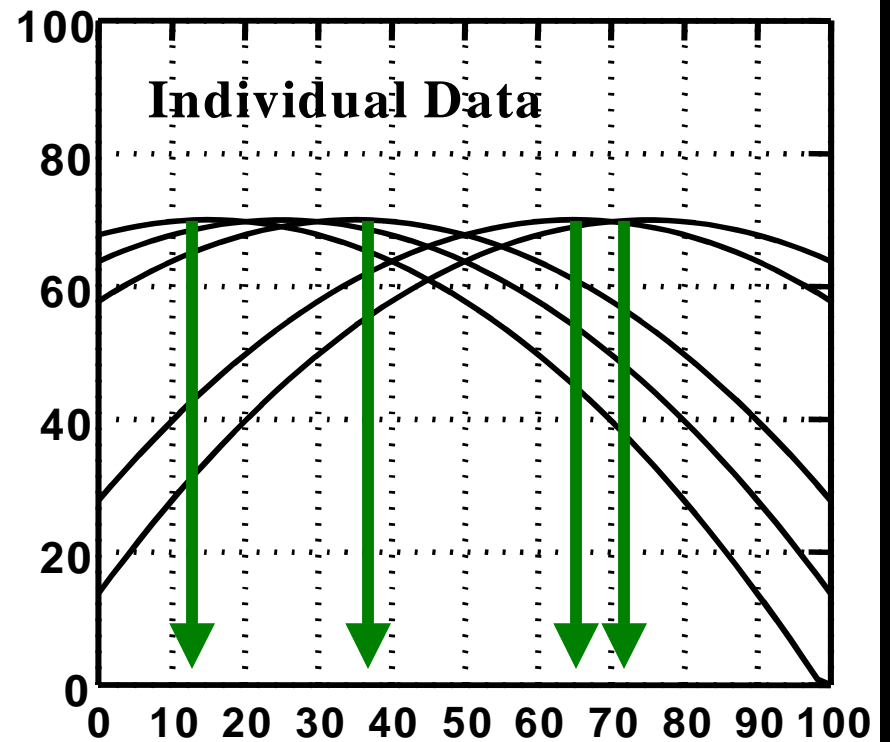
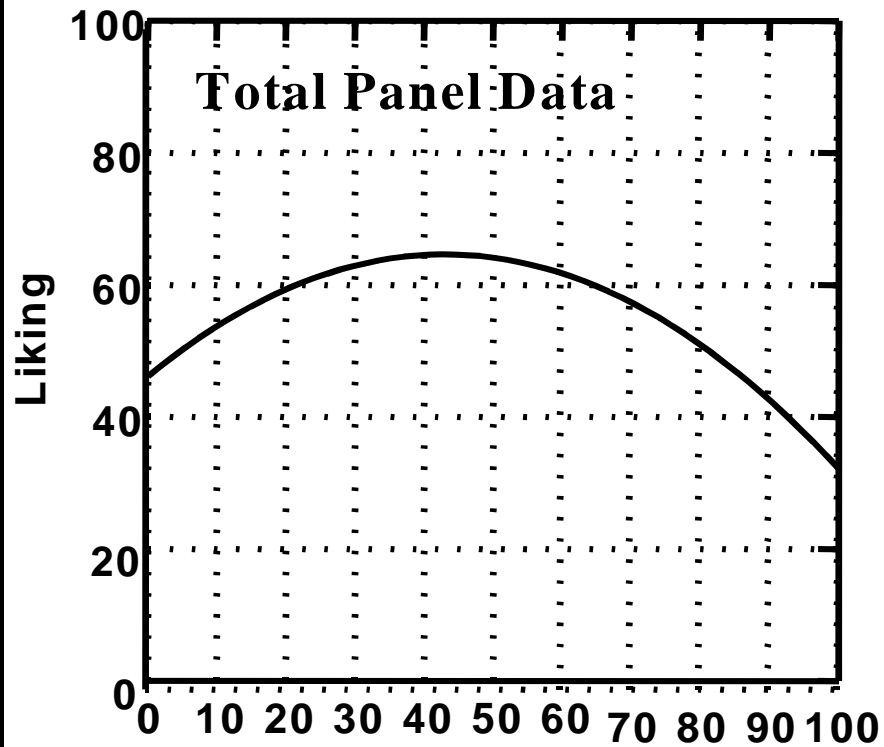
# The Key Is The Individual

- Each person generates own curve
- Some like more of a stimulus intensity
- Others like less
- Person to person differences emerge ... whether the independent variable is an objective stimulus measure..or..
- A subjective intensity rating

# The Mean Does Not Show The Real Underlying Pattern From People



Independent Variable (Sensory, Ingredient)



Independent Variable (Sensory, Ingredient)

# The Approach (1)

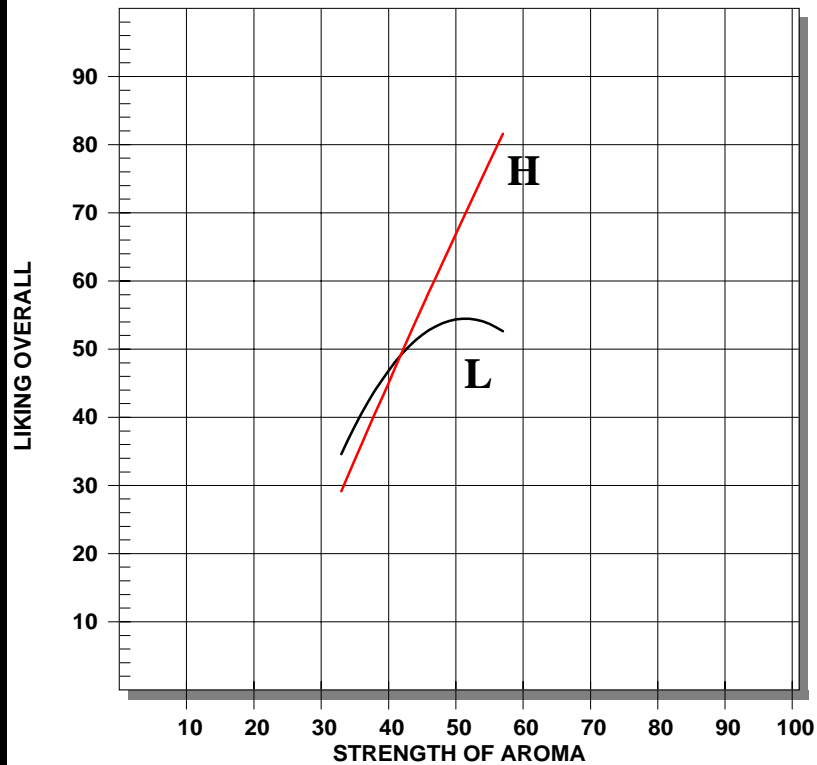
- Recognize that each observer generates a different curve relating liking to sensory level
- Liking = individual
- Sensory level = from group
- Create individual curves

## The Approach (2)

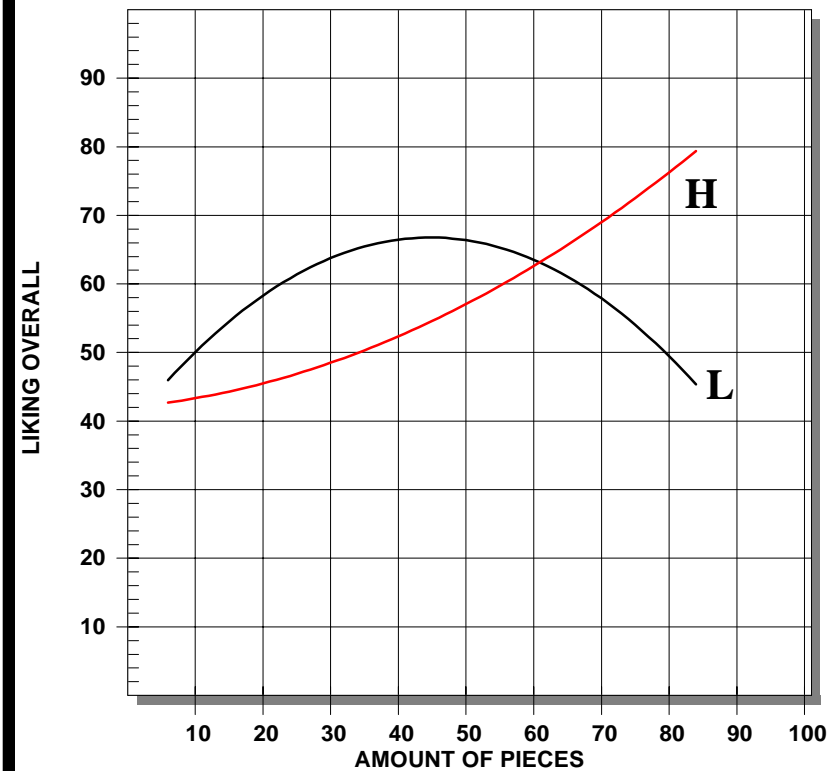
- For each person - identify optimal sensory level where liking peaks
- Generates matrix of individual x sensory attribute
- Factor analyze ... reduce redundancy
- Cluster ... people in same cluster show same pattern of optimal levels

# Sensory Segments Are Radically Different

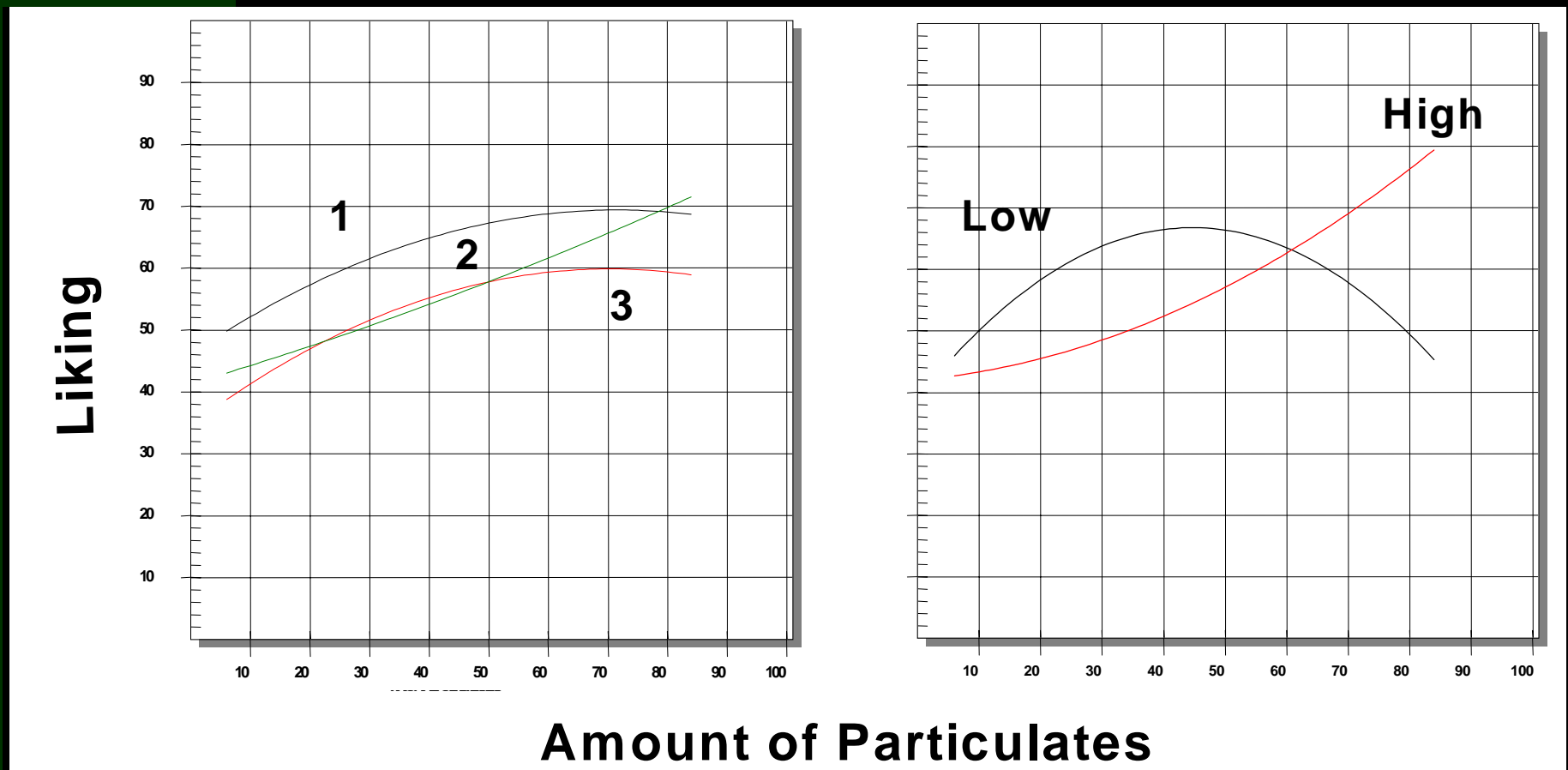
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# Particulates - Country Vs Segments



# Each Segment Appear In All Three Countries, But Different Proportions

<b>Markets</b>	<b>Low Impact Segment</b>	<b>High Impact Segment</b>
Total (across the 3 countries)	38%	62%
Country 1 = France	25%	75%
Country 2 = United Kingdom	48%	52%
Country 3 = Germany	41%	59%

# Product Strategy To Win Market Share Using Results

- Identify likely target in each country ... based upon segments
- Create optimal product and positioning for that segment
- Upset the current status quo
- Achieve growth through true product superiority

## Comments - Juice Study

- Segmentation occurs across different countries (just as in coffee)
- These results suggest one group wants particulates, another doesn't want as many particulates
- These results were confirmed later in larger scale world-wide tests
- Market confirmation-- GROVESTAND <sup>TM</sup>