

# How to kill great new product ideas through diligent application of proven packaged goods techniques

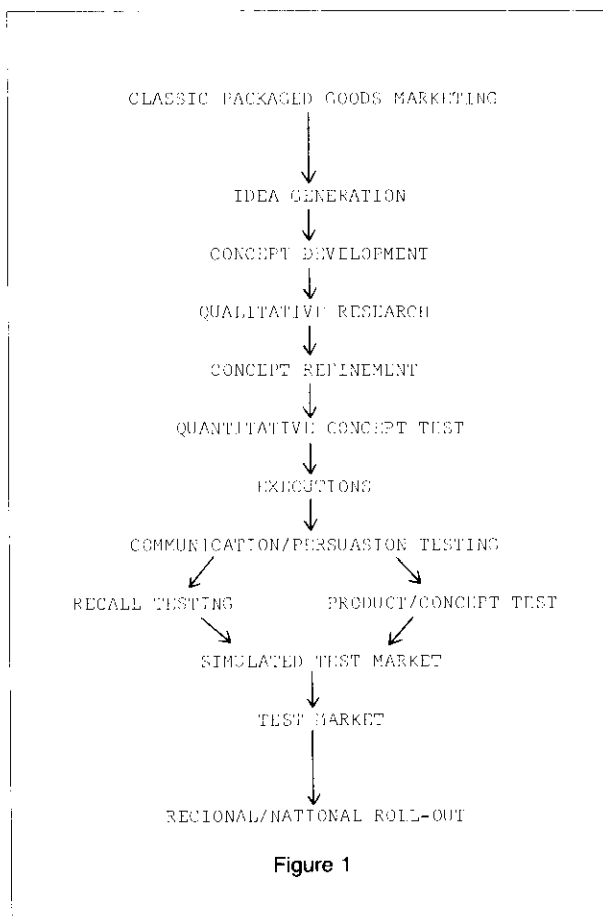
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**M**y topic is the application of packaged goods techniques to new product development. Or, how *not* to kill great new product ideas. Those two sentences may indicate immediately that I'm not about to say that packaged goods techniques are the panacea—that they can be and should be applied to all problems. That has been said a lot recently. I will instead try to prove just the opposite—that in certain initial situations packaged goods techniques can actually *kill* really great new ideas.

The chart in figure 1 represents the classic packaged goods marketing approach to new product development—a step by step flowchart. At the Marschalk Advertising Agency our new product flowchart measures a full seven feet long when it's opened.

This is an impressive chart, and I agree it's a critical tool for new product development. I also know that in recent years, packaged goods techniques such as these have been applied to new product development in almost every category—from soap to fragrances. We all see the value in following the traditional packaged goods approach in certain marketing situations. But in many instances, the classical methodology to new product development is dead wrong.

Let's start at the beginning. We must always keep in mind, when following the arrows of this chart, that the basis for any new product is consumer needs. If a product doesn't fulfill a need it has no reason for being and will never make it in the marketplace. Some time ago I began reading reports that concluded that in certain product categories consumer needs did *not* play a part in the development of new products. Designer Jeans were often used as an example. Who really needed \$40 jeans that were no better or no different than those costing \$15? I think what these people were really saying was that in certain product categories, new products are not based on *functional* needs. We all know that things like product improvements, and even greater value for the money, address functional needs, which when properly ar-



ticulated, can provide the basis for successful new product introduction.

This is not to say that simply uncovering functional improvements that tap real consumer needs will mean instant success in the marketplace. The road from consumer need to a high Nielsen share is tortuous, and we all have scars to prove it. But the product benefit is at least in an arena which is fairly straight

forward, easily understandable by everyone, and measurable using traditional market research techniques.

A recent new product success based on a functional need is soft soap. The idea had been around for a long time. However, the right product formulation, along with the right strategy, converged with the right time to launch soft soap on a big scale. The product addressed the need for an easier, less messy, and less expensive way to clean one's hands. Perhaps not a terribly revolutionary new idea, but it filled a need and was enough to start a new offshoot to a very old category.

In another example, without question, most people now need cars which can give them more miles per gallon. They also need cars which require little maintenance, which will give them dependable service for many years. With its back against the wall, Detroit is out to provide cars which answer these consumer needs. The automotive industry is, however, an interesting arena. With few exceptions, most new cars today are designed to be fuel efficient and to give dependable service. *Functional* needs. Not too long ago, however, we used to hear reports of how most people bought cars on the basis of imagery: the sporty car for the sporty personality; the executive car for the upwardly mobile personality; the "macho" car for the macho personality.

Of course, what they were using to sell cars was an appeal to an array of *psychological* needs. There was no real functional need for chrome fins, but when presented as a prestige symbol, it sold cars to people who needed a symbol of prestige. In fact, today, in spite of the price increase of gasoline, prestige cars are still being sold. Maybe some people have convinced themselves that they need rump room, but their real need is to impress.

What I am describing are psychological needs, which can be as strong a need state as functional needs. As a psychologist and as Director of Strategic Planning at the Marschalk Company, I am particularly sensitive to the psychological needs of consumers. Let's review some psychological needs.

- *The need for variety and change of pace.* Certainly, new foods or new flavors address this need.
- *The need to impress others.* The luxury, gas-guzzling limousine is a perfect example of this need.
- *The need to be different.* Fad clothing styles often fulfill a person's need to be unique and different.
- *The need to be the same.* The need to conform is a very strong need, based on peer pressure and social pressure.
- *The need to be judged strong, macho.* This is an important need for many men.
- *The need to be sexual, desirable, wanted.* Many women feel the need to attract males in varying degrees.

Since traditional packaged goods methodology (see fig. 1) is based on uncovering and exploiting functional needs, it is not only *not* appropriate for testing psychological needs, but it can actually ignore new direc-

tions and destroy perfectly good new product ideas.

Suppose, about five years ago, you went out and interviewed 100 women—women who were wearing a pair of \$12 Levi's or Wrangler Jeans. How many of those women do you think would have said, "What I really need is a pair of jeans with the name of a dress designer I probably never heard of sewn on the back pocket, for which I would willingly pay \$40"? My educated guess is that the answer is approximately none. Yet today the designer jeans business is a multimillion dollar industry, and not because of any functional need. These consumers succumbed to psychological needs: such as the need to appear to be "in" by wearing the latest fashion. In this case, peer pressure and social acceptance tapped a multimillion dollar need.

### *Testing for psychological needs*

At issue here is not that psychological needs aren't testable, and fall outside any new products development discipline, but that they must be developed and tested differently than functional needs.

It is important to understand the psychology behind the brand purchase decision. It is important to know the current social climate of the country and where it is heading. Product descriptors used in testing new product ideas must be personalized. Feeling and emotions must be probed. Projective test methodologies should be employed when appropriate. Let me give you some examples.

### *Concept development*

In developing products that fulfill a functional need, concept statements present a fairly clear cut rendition of product benefits: For example: "Brand X is a new all purpose cleaner made with X427, which leaves a disinfectant coating on bathroom walls and floors. Your bathroom will stay fresh and clean longer with *Brand X*."

But what about psychological need products? Try this: "*New Fragrance*. Introducing X427, a new fragrance that's designed for today's modern, free and independent woman. It's not old-fashioned; it's not for the timid. It's a fragrance for the woman whose confidence allows her to open her own doors, pick her own restaurants, make her own decisions. Try X427. It's the fragrance for the beautiful woman, the new woman of today." Recognize it? It's how we would imagine a concept statement for Charlie might have looked.

Sorry, Charlie. It just doesn't work. So, if you want to develop a new fragrance and you have a group of good ideas, and some of them are rational and some emotional—and you insist on concept testing, the rational ones will always win. And you'll never have a Charlie. Goodbye, Charlie.

And if it is difficult to convey an image or a feeling or an attitude in mere words, to evoke playback and ratings on 10-point scales, it is even more difficult to use recall testing of commercials for image-oriented products.

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But wait. Marschalk has done many commercials related to distinct product benefits that address functional needs. So why doesn't the same approach work for image dependent advertising? First of all, there is no product benefit to convey (at least in the sense that packaged goods people use the term). A fragrance, for example, is too ephemeral for that. Charlie doesn't last longer than other fragrances. You can't say you'll smell better. Different maybe, but not better. Imagine a packaged goods marketer trying to introduce a genuine USP into Charlie: "New Charlie—contains more ambergris than the leading brand." Or: "New Charlie—a fragrance that will also repel mosquitos." Or: "New Charlie—attracts 40% more men than the leading brand." Or: "New Charlie—the only cologne that removes unwanted facial hair."

None of these is right because Charlie is a feeling. A lifestyle. An attitude. You can't sum it all up in one simple, highly memorable piece of business that will stick in people's heads. Did you ever try to tell someone about something you saw and enjoyed—a concert or art exhibit or the like—only to give up in frustration. You probably ended up saying, "Well, you had to be there."

Advertising can be like that, too. It can strike you at a level that you just can't articulate to some stranger who calls you up twenty-four hours after you've seen it and asks you to play back copy points. And the fact that you don't play it back in specific terms doesn't mean you don't remember it. It may mean the advertising has left you with a *feeling* rather than an easy to articulate one-line message that the advertising is making.

Where does this leave us? Well, I would like to offer a simple list of suggestions.

*When you decide to test—really test.* Too often, focus groups are used in place of testing because they are fast, cheap, easy and can be interpreted just about any way you choose. Focus groups are useful for input if you need ideas, a feeling for language. They are not for evaluation of concepts, or boards, or anything. I know just as sure as God made little green apples that if Charlie had gone into focused group testing, it would have come out Charlene. Focused group session can be used to raise questions, not to answer them.

Quantitative testing is the proper forum in which to answer questions to evaluate the psychological impact of alternate ideas. Finally, there *are* ways to test imagery in advertising. Just make sure that the researchers with whom you are dealing understand and have experience with the difference between the rational and the emotional in a selling story.

*Don't completely ignore your instincts.* You should be objective when you are learning something new. When you are gathering data. When you are analyzing facts. But somewhere along the new products development chart, instinct may have to carry the product idea along for awhile. Ultimately, of course, the product must perform and must be judged against set objectives. But faith in the new product idea is also

very important.

*If advertising execution is key to a product's concept—execute.* If you don't have enough faith in an ad to spend the money to execute it, keep looking until you find one you can have faith in. For image-oriented products, it's the only sensible route. Sure, it's expensive to go to execution only to find you don't have a winner. But I'm convinced that when you compare this expense to the cost of the opportunities lost every time a money-making idea fails to pass one of the storyboard or animation pretest techniques—it will pale in comparison.

*Look beyond the obvious.* There's a trap a lot of companies fall into that's probably best illustrated by a famous old story: Two large shoe companies decided to explore the possibilities of expanding their market into Africa. They each sent a salesman to survey the market. The first salesman wired back: "Forget Africa. No market here. Shoes not worn by natives." The second salesman wired her company: "Expand production capacity immediately. Ship one million pairs assorted. Everyone needs shoes."

The first shoe salesman probably had a master's degree from one of the better business schools. He analyzed the market the way he was taught. He failed to see beyond the numbers. This kind of market analysis would have killed a broad range of current money makers from NyQuil to Perrier. Before NyQuil there was no liquid cold product marketed. And before Perrier, all the bottled mineral water sold in this country would have fit easily in Central Park Lake. Failure to see beyond the obvious kept Nikon from marketing a 35mm SLR camera at a reasonable price point until it was too late. It's what's now killing Detroit. Take care that it doesn't exist in your company.

*Don't be afraid to use judgment (before, during and after testing).* Judgment is often maligned by those who don't understand the process of logic. They refer to judgment as "gut feel" or "seat of the pants." Why, I've sat in rooms where the combined experience of the people sitting around the table was 150 years—and the number of experiences they had relevant to the decision at hand could number in the thousands. Here are these wonderful computers called the subconscious mind sifting and sorting thousands of pieces of relevant data and drawing studied and informed conclusions. And then someone refers to these conclusions as "seat of the pants." Somehow that someone is almost always the same person who believes that a product which scores a 40 in the top boxes of a concept test is better than a concept that scores 32. *There's more to it than that.*

So go out there. Develop ideas. Get rid of the ones that don't turn you on, or turn on someone else you trust. Keep the ones that excite you and don't allow that excitement to let up until your experience, your good judgment, tells you that it isn't working. But, if it's still working, if it's still exciting, go to execution. Test those executions, and from then on, it may well be "Hello, Charlie." And remember, it all started with a consumer need.