



Perception Research Services

INTERNATIONAL 

“The Package is the Product”

- *Increasing the Likelihood of New Product Success* -

New products are the “cornerstone” of nearly every growth strategy, and most companies invest a tremendous amount of time and money developing, testing and introducing new ideas. However, it is well documented that nearly 90% of new product introductions fail, often despite enormous amounts of advertising support. The obvious question is “Why?” and the answer is often the packaging.

The First Challenge: Gaining Consideration

New products, particularly those in frequently shopped food, beverage and personal care categories, face a tremendous challenge: They must change shoppers’ well-ingrained and often sub-conscious habits. In other words, they have to make a dramatic enough impact to make a shopper actually think about a purchase decision that she normally makes on autopilot, by simply grabbing her familiar brand.

Clearly, the first step in this process is to “break through clutter” and generate active consideration at retail. While shelf impact is important for any brand, it is especially critical for new products, since very few people will approach the category looking for a something they haven’t seen before. The challenge of visibility and consideration shouldn’t be underestimated. In fact, our *PRS Eye-Tracking* research consistently shows that when people shop a category, they completely miss about 1/3rd of the brands on shelf, and they are very likely to miss those on the top or bottom shelves.

The implication is clear: No matter how compelling (or how well advertised) the new product proposition, marketers need visually impactful packaging and good shelf positioning (ideally eye-level and immediately to the right of a well-established brand) to ensure that it gets a chance to sell. In some very busy categories (such as analgesics), no packaging or shelving system will be enough. Merchandising support (such as shelf talkers and floor-based signage) are absolutely necessary to consistently break through the clutter.

Differentiating on Shelf

Many new ideas are compelling, once they have been explained and understood. Unfortunately, at the shelf, marketers do not have the luxury of time. If the packaging and merchandising does not “tell the new product story” clearly and persuasively within 5-10 seconds, shoppers will not bother trying to figure it out: They will go with a trusted alternative.

This point leads us back to the presence of well-established habits and alternatives. It's not good enough for a new product to be "interesting" in isolation, it has to be clearly different and demonstrably better than the shoppers' current product, which is often next to it on shelf.

How can new products possibly communicate and differentiate effectively within 5-10 seconds? The answer is by communicating visually, via bold graphics and/or a unique packaging structure. In other words, the most successful new products often "embody" their point of difference, through their packaging and presentation. They often "break the rules" of the category, with a shocking color or a new delivery system. Most importantly, they convey their point-of-difference without relying on customers to thoroughly read the labeling.

Re-Thinking New Product Research

When we consider the challenges facing new products at retail, the shortcomings of most research become clear:

- By necessity, most new product research assumes that the people will see and actively consider the new product.
- New product research often involves a full explanation/description of the new concept (via concept statements, etc.).
- New product research sometimes fails to include a competitive context, often because the new/test concept is not yet in finished form.

In short, most new product testing fails to take into account the reality of the shopping experience. Therefore, new concepts may test well, but they often get ignored once they are in store, or they may fail to communicate the proposition in the few seconds that shoppers give them at the shelf.

These shortcomings are all symptoms of a traditional "inside-out" approach to new product research and development. Marketers focus their efforts into studying and perfecting the product itself (the "inside"), yet put less systematic effort into the packaging and merchandising of the product (the "outside"), often due to the rush to get the new product into the stores. Therefore, they end up with packaging that fails to "do justice" to new product concepts, and ultimately dooms a good idea.

Two Steps to New Product Success

How can we increase the likelihood of successful new product introductions? We can begin by recognizing the absolute necessity of an effective packaging and merchandising strategy. Specifically, we can take two steps to help ensure that each new product is given every opportunity to succeed:

⇒ *Develop an Explicit Strategy for Ensuring Product Consideration*

Many new products fail because they are never actively considered (“Unseen is unsold.”). Every introduction should have a clear strategy (and set of tactics) for ensuring that most shoppers will see and actively consider the new product. Strong packaging is part of the equation, but merchandising also has a roll to play, particularly if the product will only have a few facings in cluttered category.

⇒ *Assess New Product Concepts From the “Outside-In”*

If we are to accurately gauge how shoppers will react to a new product, we have to start by showing the product as it will appear to them, within a competitive shelf set. In this way, we can measure their likelihood of seeing/considering the product and the ability of the packaging to quickly differentiate the product from competitors in a compelling way.

In other words, your next new product test should really be a packaging study, because for new products, “the package is the product.”

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