How to recognize successful innovations

WHITEPAPER

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Many new products often quickly disappear

from the shelf

You may recognize it. You saw an interesting new product at your supermarket.
And after six months it disappeared again. A problem that you yourself also struggle with sometimes. You wonder, am I using the right approach and the right methods?
Because there are also successful new products in the supermarket that do remain on the shelf

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80% of the introductions in supermarkets fail. These are hard figures from practice. This means that many FMCG companies have to deal with this.

Why are innovations failing? 7 reasons:

1 = not achieving goals.
Introductions often come with very ambitious goals. Often there is also no idea how much volume the innovation has in it.
Innovation and optimism are strongly linked. Often an innovation is not challenged positively. Targets are set unrealistically high and it is not surprising, if the balloon often bursts within a year.

2 = not visible on the shelf
Well-tested designs are not always tested in the actual environment on the shelf. Here they sometimes seem to disappear among the often already arrived competition. This requires a lot of promo money which is not always available.

... How come they fail?

7 reasons why 80% of the introductions fail

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... How come they fail?

7 reasons why 80% of the introductions fail

3 = getting a narrower range listed than tested.

4 = limited listing
A retailer does not always want to react so enthusiastically to an introduction and only accepts a limited number of items. This can also completely confuse plans and goals.

5 = higher cannibalization than expected
Due to the wrong test set-up for the intro, it was not revealed, but due to the position on the shelf a large part of the new turnover is at the expense of the current turnover.
And that often at lower sales prices.

6 = the innovation does not generate additional sales for the retailer
This does not promote the retailer's enthusiasm to continue with the product.

7 = the target group is ultimately smaller than expected
The above 7 examples of failure (there are of course many more),... ... ... they all lead to not reaching the targets regarding innovation volumes and business growth.

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Why is this happening?

A   **Ideas are sometimes not tested among consumers.** Due to the great time pressure under which work is done and due to a lack of budget, a number of necessary information steps are skipped.

B   **Ideas are tested too late, so flops get through anyway.** If you have already gone very far with the development of an idea before it is critically challenged, you can hardly go back to a NO-GO situation.

C   **Ideas are not systematically tested, so you cannot really learn from them**. Are the results of studies good or bad? And with which database (benchmarks) are they compared?

D   **Often there is no clear picture of the true volume potential of innovations**. This creates wrong assumptions and promises to retailers.

E   **Studies do not ask the right questions**, so that the above points of failure do not come to light before the introduction.

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"Successful people ask better questions.
And as a result, they get better answers"
Tony Robins

What does this mean?

When lesser good innovations are not 'exposed' as a flop before the introduction, you as a company will fall into a trap every time. With all its consequences.

Failure to achieve the business goals, the consequent disappointing growth rates, the increasing pressure on the NPD process and a relationship with retailers that is increasingly under pressure are consequences that companies actually want to stay away from.

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TSVC helps manufacturers in FMCG develop successful, growth-inducing innovations.

We do this by applying our unique, reliable, and globally accepted CSI Volume Check Method. And of course our knowledge and experience.

We were recently elected global preferred supplier by a Dutch multinational in FMCG.

The CSI Volume Check Method

CSI = Consumer Satisfaction Insight

The unique CSI Volume Check Method helps manufacturers in FMCG to develop successful, growth-generating concepts. And it ensures early in the process that less promising innovations are quickly selected. It also ensures that promising concepts can be optimized and that convincing input is generated for the trade story.

In this way TSVC supports innovation managers who work in an entrepreneurial and creative way and with also very useful information available category and trade marketeers.

The CSI Volume Check Method is based on getting a reliable answer to the 20 most crucial questions when it comes to a successful innovation. All these questions have 1 common denominator. They refer to multiple volume checks in the "path to purchase" process.

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Volume checks in the 'path to purchase' route

1

A penetration volume check in the creation phase indicates whether the idea is a hit or a miss

2

A trial volume check in the optimization phase indicates whether the concept is strong enough on the current shelf
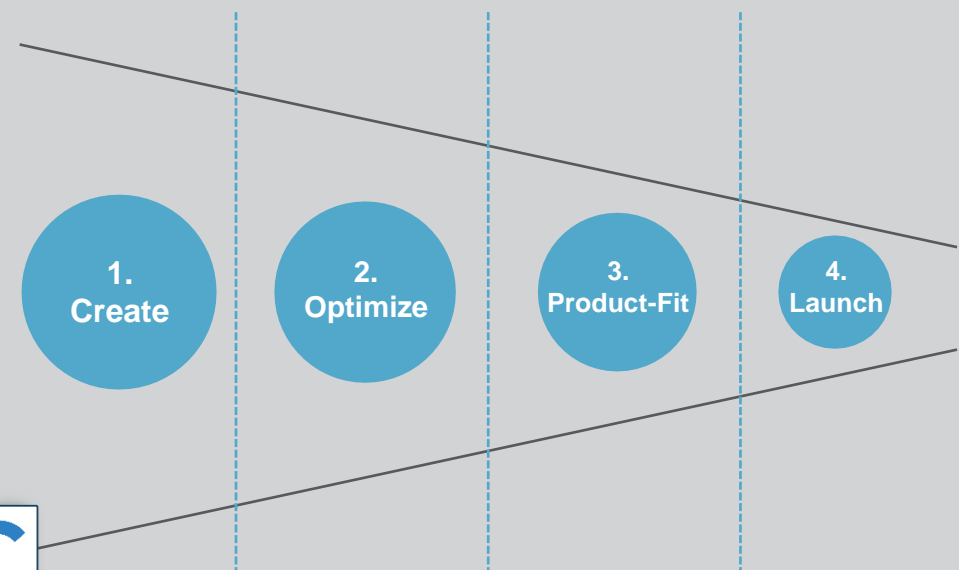
3

A base volume check in the product fit phase indicates whether the product has been successful for long-term existence on the current shelf

4

These volume positions on the current shelf provide a reliable input for the trade story

Innovation funnel

1. Create

2. Optimize

3. Product-Fit

4. Launch

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Who is the method suitable for?

The method is suitable for:

- managers who work at medium to large FMCG (fast moving consumer goods) companies that innovate a lot and are managed fact-based. Preferably active in several countries.

- managers who work for FMCG companies with A and B brands

- managers working for FMCG companies that mainly produce private labels

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Elaboration of the CSI Volume Check Method

What does CSI actually stand for? A well-known TV series, but what else?

consumer   satisfaction   insight

CSI stands for Consumer Satisfaction Insight. In every step of the CSI process, insight is given into the degree of "satisfaction" that a concept offers the consumer, which always leads to a volume calculation in a competitive environment. Hence the CSI Volume Check Method.

The CSI Volume Check Method consists of 4 steps. The sum of the 4 steps provides an answer to the 20 most crucial NPD questions that you must answer for a successful introduction.

TSVC has given these steps its own name and developed the corresponding tools for them, but the volume check process is mainly about getting a positive answer to these 20 questions.

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Elaboration of The CSI Volume Check Method

Crucial NPD questions to be answered	**Creator** Penetration check Early Insight in hit or miss	**Optimizer** Trial volume check Concept optimizations	**Product-Fit** Repeat volume check Product optimizations	**Sales** Supporter Sharpen trade story
Which combination of concept elements form the best idea?	O			
Is the idea a hit or a miss?	O			
Is the concept hit or a miss?		O		
Does the product fits the concept?			O	
Will it contribute to overall business growth?		O	O	
Do I have enough fact-based material for internal approval?	O	O	O	
Can it also beat the competition?	O	O	O	O
Will it grow the category?				O
Is there a lot of cannibalization?		O	O	O
Will people often buy?	O	O	O	O
Is it strong enough to put many resources into it?	O	O	O	
Is this the high potential in your future portfolio?	O	O	O	O
Is it unique enough to get an attractive penetration anyway?	O			
Is it liked?			O	
Is it considered?		O		
Is pricing attractive?	O	O	O	O
Trial based volume?		O		
Repeat based volume?			O	
Retailer input for trade story?				O
Retailer input for competitor replacement?				O

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STEP 1

Penetration check

By 'growth hacking' of all concept elements: insight, benefit, reason to believe and offer, you can let the consumer put together the strongest concept. This concept is then compared with direct competitors. Is the penetration volume sufficient to have a chance to become a winner? You answer the questions in column 1 so that you know what the chance of success of your innovation is.

STEP 2

Trial volume check

By calculating the trial volumes from shelf analyzes and ranking them against the other products on the shelf, you can see whether the volumes per item / taste are interesting enough for a retailer. It provides insight into the potential of the concept and who your major competitors are. You answer the questions in column 2 so that you know whether your concept has a reasonable chance of being a success, even after optimization.

STEP 3

Product-Fit

The products are now tasted at home or on location. Are consumers who have tried the product also "in" to buy it more often? Is a trial consumer just as enthusiastic if they have tried the product? In this phase it becomes clear whether the product delivers what it promises. You answer the questions in column 3 so that you know whether your product will be purchased regularly after testing and whether that volume is still interesting to bring to the market.

STEP 4

Sales supporter

What are important questions that a retailer wants answered? Will my category grow and can I make more profit? The results of the analyzes in steps 2 and 3 provide the input to show the future position on the retailer's shelf and to create your trade story. Who are you going to gain from and what will be the additional benefits for the retailer? You answer the blue questions so that you know whether your product will be an interesting addition to the retailer's segment.

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The CSI Volume Check Method is a structured set-up of how to achieve a successful innovation.

Proof

"TSVC has a method that gives you a good insight into the potential of new concepts. We use these regularly. And the predictions almost always turn out to achieve the promised accuracy. It is also pleasant to work with the TSVC team. Fast, flexible and good recommendations"

FrieslandCampina

"Overall, I think it's great how quickly you managed to do this. So much more information is coming out than we expected. Very insightful. Top!"

Iglo (Nomad Foods)

"Previously, there was doubt to what extent the model really had predictive value in a completely new product where it could not yet be tasted. In retrospect we can say that it went well. Now a number of projects later, we can conclude that the model certainly had predictive value. It is very nice that there are quite a lot of recommendations from the model so that you can still adjust the product or adjust the expectations. We also used the results to fine-tune the concept and communication before we brought it to the market"
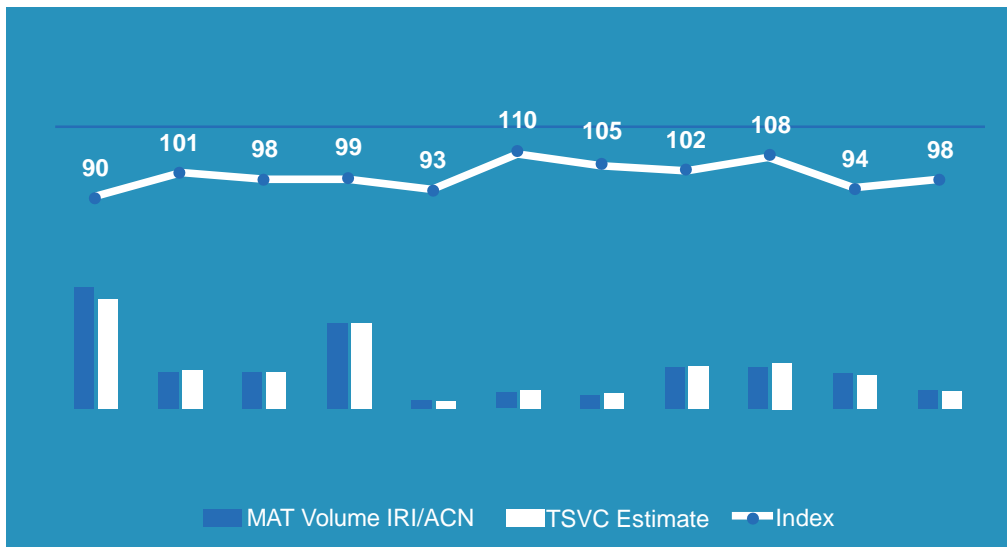
Arla

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Proof

Forecast vs realisation of 11 multinational company projects On average we predicted 98% of the realised volumes	Volumetric Model checks

MAT Volume IRI/ACN — TSVC Estimate — Index

Index values: 90, 101, 98, 99, 93, 110, 105, 102, 108, 94, 98

- We check the forecast on real volumes of reference products

- For every reference product we make an individual model

- Only the models that provide a reliable predicition will be used for forecasting the new concept

- The final forecast of the new concept is therefore based on the average of 8-15 individual models for reference products

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The CSI Volume Check Method is a structured set-up of how to achieve successful innovations.
By having a positive answer to the 20 questions to which the method answers, you can be pretty sure that an innovation will be a success.
As a result, you only invest in really promising concepts and it is easy to convince and justify internally.

Outcome

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Action

Make [here] an appointment

If you really want to change something in your current working method, I have one golden tip for you:

TAKE ACTION

You can find out everything yourself. This can certainly work, but is time consuming.

Or you can schedule a meeting with us

→ In that conversation we will discover together how the volume check method can help you.

We will then ask you a number of questions about your company and the reason why you want to have this meeting. We can then indicate what we specifically do in the 4 steps and in which areas that will improve your process.

And if at the end of the conversation we both have the idea that we can help you, and we sound like a good fit, then we will tell you how we can help you further and how that works.

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