

The Grocer

Whenever new product development comes up in conversation, someone trots out the statistic that eight out of 10 are destined to fail. And they're the optimists.

But why, given the number of new products launched every year and the almost universal claim by major food and drink companies that NPD is a key driver of growth, is the conversion rate between conception and commercial success so low?

Jonathan Smith...of Axis Management Consulting... believes that manufacturers could save millions of pounds and significantly improve their success ratios if they conducted consumer research far earlier in the development process.

"Studies by business schools and management consultants confirm what common sense suggests: the great majority of launch failures are due in one way or another to flawed consumer appeal. So why do we so often find that consumer research is not used or is poorly conducted?"

Small companies often argue they cannot afford to carry out research, says Smith, but in reality they cannot afford not to.

He points to the potential savings even a modest-sized business could generate with better-targeted research. "Imagine a business that looks to generate £100,000 profit a year from each new product launch. If it used research, it might be able to reduce the failure rate from eight to six out of 10. That would mean that for every 10 products launched, it would make an extra £200,000. That dwarfs the amount that would be spent on the research and doesn't even take into account the potentially massive saving in wasted cost and effort."

If a company does already conduct consumer research, it should ensure it is carrying out the right sort of research at the right time, says Smith.

He highlights the tendency of some fmcg companies – particularly the big ones – to carry out large-scale consumer research on projects already months down the line. "It's almost as if they see it as little more than a final check the product is okay. But by that time, people have invested so much time and personal credibility they're sometimes prepared to justify the unjustifiable.

"We often see the project list clogged up with projects that should have been killed off at the early stages."

RESEARCH TOP TIPS

ENSURING MAXIMUM BANG FOR YOUR BUCKS

DO IT EARLY : The earlier in a project's life that consumer research is conducted, the more beneficial it is and the sooner weak projects can be stopped. Good projects, on the other hand, can be tweaked.

DO IT SMALL : Small-scale research projects will give you most of the actionable learning, making resources go further. In many cases, just four focus groups can make a decisive difference to several projects at once.

DO SIMPLY : Far too many consumer research projects are over-specified. The simplest techniques are often the best.

DO IT EVERY TIME : Dispense with research at your peril. If you expect a project to generate thousands (even millions) of pounds, then be prepared to spend a few thousand on research.

DO IT FAST : Time to market is critical. Consumer research should be used to speed up projects by clarifying the way forward.

DO IT TRANSPARENTLY : By using simple, transparent techniques and encouraging involvement from all departments, much can be done to obtain buy-in. Even the most stubborn managers have changed their minds after hearing consumers speak out in focus groups.