

Category: *Salty Snacks*

Methods: *Concept Testing, Product Testing, In-Home Usage Testing, Pii® Product Improvement Index, Volumetric Forecasting, Sales Forecasting, Conceptor® Forecasting Models*

Summary

A salty snack manufacturer worked with a subcontractor to develop a completely new salty snack product and, based on taste testing among senior executives, made a decision to immediately launch the new product without any consumer testing or evaluation. Once it learned of this decision, Decision Analyst persuaded the manufacturer to evaluate the new product with consumer research as soon as possible—to help mitigate risks. The manufacturer reluctantly agreed to the research. Decision Analyst immediately conducted a large concept test, followed by in-home usage product tests for each major flavor of the new salty snack, and forecasted in-market sales volume with its Conceptor® forecasting models. The results were a shock to the client, but an interesting turn of events proved that the research results were accurate.

Strategic Issues

The salty snack category is dominated by one behemoth, Frito-Lay®; with its DSD (direct-to-store delivery system) and outstanding routemen/salesmen, it has near dictatorial control over the salty snack retail shelf space. Frito-Lay® is also superb in product testing technology, and tends to manufacturer snack products that are near optimal in size, taste and texture. Frito-Lay® is skilled in quality control and manufactures its snack products with great consistency within narrow tolerances. On top of these strengths, Frito-Lay® really understands marketing, advertising, and packaging graphics and uses all of this knowledge to build and maintain its consumer brand franchises.

Our client was a small, regional producer of salty snack products who wanted to compete effectively with Frito-Lay®. Based on qualitative work (focus groups and depth interviews, plus some awareness, trial, usage, and image studies, and some strategy concept work), we recommended that our client focus on smaller, highly unique salty snack flavors that were simply too low in sales potential for Frito-Lay® to bother with. We also recommended that they try to get shelf space in other sections of the supermarket, to avoid head-to-head competition with Frito-Lay®, and we recommended that no matter what new snacks they developed, those products should be carefully tested among target-audience consumers to optimize the products before launch into the market.

Shortly thereafter we were startled to learn that our client was already manufacturing a new snack product and preparing to ship it to warehouses for ultimate distribution to supermarkets, and the new product had been developed and finalized without any consumer product testing. The only taste testing of the new snack was informal sampling by 8 to 10 senior executives. We immediately recommended extensive consumer testing of the new snack to optimize its size, texture, color, and flavor to maximize consumer acceptance as soon as possible.

Research Objectives

The primary objective was to assess the volumetric market potential represented by the new snack product, and to determine if the new snack, as formulated and manufactured, was optimal in terms of consumer acceptance and probability of purchase.

- If the product were optimal, then what retail prices would be optimal?
- If the product were less than optimal, how should it be modified to maximize consumer acceptance?
- Where in the supermarket would the product best fit?

Research Design and Methods

The Decision Analyst Client Service Team worked closely with the Advanced Analytics Group and the Volumetric Forecasting Group to design a series of product tests among the target audience for the new salty snack and its various flavors. The Pii™ Analysis (or Product Improvement Index™) is a proprietary analytic technique developed by Decision Analyst to provide guidance to the optimization of products to maximize consumer acceptance. A new product concept was used to identify potential triers of the new snacks, and to screen respondents for participation in the follow-up product tests. The combined concept test and product tests created the needed inputs for Decision Analyst's Conceptor® forecasting models to predict the "retail sales" volumetric potential represented by the new snack.

Three flavors of the new snack were tested. A nationally representative sample of snack consumers was pulled from Decision Analyst's American Consumer Opinion® Online panel, one of the largest and best Internet panels in the world. This sample was screened online using the new product concept. Those who indicated neutral to positive purchase interest in the new concept were selected for the follow-up product tests. There were three matched cells of 300 target-audience respondents; that is, each flavor was evaluated by 300 target consumers who indicated neutral to positive interest in the concept. Test products were shipped to each participant's home, and the follow-up online surveys were conducted seven days later, after in-home usage of the new snacks.

All of this research was conducted on a "crash" time schedule because of the impending introduction of the new product. Trucks were already delivering the new salty snacks to supermarkets as the study results were processed and the analyses concluded.

Results

The concept test results were positive and indicated a probability of success. The product test results were dismal. The Conceptor® volumetric forecast was dismal. The results indicated that, after trial, almost no one would buy the product again. The Pii® product improvement analyses indicated that major formulation changes would be necessary to improve acceptance of all three flavors. The Client Service Team faced the daunting task of presenting these negative results to a client glowing with optimism over the imminent success of its new product. The presentation was met with unhappiness and great skepticism. Within days, however, all three flavors were appearing on supermarket shelves and consumers were buying and taking them home. The client's switchboard was soon overwhelmed with consumer complaints about the new products' poor taste and texture, and with complaints from supermarkets about complaints from their customers. Within 30 days, our client was forced to recall the new snacks at a cost of millions of dollars and damaged reputation among supermarket chains.