



THE OXFORD RESEARCH AGENCY
SEEING FURTHER. THINKING DEEPER.

FMCGe NEWS Article

**Maximising ROI from NPD:
more important than ever**

Wednesday 28th January 2009

Maximising ROI from NPD: more important than ever

In more prosperous times, uncertainty from developing and launching new products is relatively more 'acceptable' (80% of all new products fail and all that). In these unprecedented times, ensuring that what you do *will* succeed and accurately quantifying ROI is now crucial. Some FMCG organisations may defer activity, however, we are finding most others are proactively innovating but with absolute (and better than before) knowledge of true ROI before investing and launching.

1. Measure ROI earlier, quicker and more cost-effectively

NPD needs to continue and be very transparent in what will be achieved in-market. The pre-launch volumetric measurement of NPD potential can be too little too late, i.e. 2-3 years of pipeline activity becomes a running of the gauntlet when it comes to launching a product that underperformed in the final mix test. In a recession, these chances cannot be taken, so the NPD process needs to be bullet-proof when it comes to predicting market potential *and* knowing how to reformulate to save wasting significant investment.

The Oxford Research Agency conducts volumetric research earlier in the development cycle, generally at the traditional Concept Product Test stage of research (and even earlier at the concept potential/screening stage). One client who moved their NPD programme to The Oxford Research Agency commented that this approach "*...saved us £500,000 a year and significantly improved the level of insight from every study...*".

Testing early has huge benefits to the business. You get to market quicker with better ideas, propositions which will not work are killed off earlier, saving you money and enabling you to get a head start on your competitors.

Now is also the ideal time to review what is delivering sales and profit, what is not and what could do. The Oxford Research Agency has been witnessing a spend trend into packaging and away from more expensive marketing activity. The right packaging changes can deliver significant volume uplifts from the shelf, enhance brand equity, and gain perpetual favour by living with consumers every day. The Oxford Research Agency has rare packaging ROI tools that *prove* the worth of packaging changes.

2. Be hard on ranges – consumers will

Now is the time to make sure ranges are spot on when it comes to rationalisation and effective extension. Most categories have too many lines that add no value to consumers' repertoires. The 'me toos', mediocre brands and unnecessary variants will suffer in times of recession. Retailers and consumers will need more 'proof' that products justify a specific place on their shelves and in their homes respectively. From a research point of view, understanding, measuring and optimising ranges is difficult. In particular, evaluating ranges of 20, 30, 50....lines in research needs a sophisticated and ROI measurable approach. Inevitably, many ranges are under-researched and therefore far from optimised.

The Oxford Research Agency has in-store, online and in-home proprietary methodologies to rationalise, extend and optimise ranges, including the ability to predict sales impacts of range changes.

3. Cost cutting with confidence

Naturally, there may be a need to cut costs. Cutting costs in an arbitrary and ruthless fashion may come back to haunt post-recession. For example, product reformulations using cheaper ingredients may surely cut costs but may damage sales and brand equity. Cutting out packaging complexity should cut costs but is what remains adversely impacting shelf stand-out, consumer appeal and brand image ?

To truly cost cut with confidence, the right mix of action standards need to be established, measured and trusted to ensure that consumer alienation does not occur and that the business is well placed when a recovery starts.

4. Are research agencies set-up to help you through a recession ?

Businesses are evaluating their market research agencies in terms of providing certainty in times of volatility. If research agencies cannot provide accurate ROI measures and clear trusted business recommendations and be affordable and be quick enough then it might be time to shop around to find ones that can.

The Oxford Research Agency has a suite of sales volumetric tools that are ideal for companies who need to prove ROI of Marketing and NPD and maximise the chances of market success in times of recession.

To find out how The Oxford Research Agency can help you, please contact Andrew Tharme (andrew.tharme@tora.co.uk or call 01865 728272 / 07970 962091).