

PREDICTING SUCCESS FOR A NEW FLAVOR WITH INFORMATION KNOWN BEFORE LAUNCH

ALISA R. DOAN and EDGAR CHAMBERS IV
Kansas State University

INTRODUCTION

Success in the marketplace is the goal of every product launched but the survival rate can be low in the first year. Predicting whether or not a product will be successful in the marketplace is determined based on calculating risk. These risks include timing of the launch, product price, competitors, marketing support, focus on consumers wants and needs and adaptability to market changes (Chomka, 2003; Ottesen and Gronhaug, 2005). The biggest challenge is the tedious job of collecting all the necessary information from the consumer marketplace and identifying which requirements are the most critical to consumers for success (Krieg, 2004). Knowing what market data to collect before launching a product that could predict success would be valuable to companies.

OBJECTIVE

The objective of this study was to determine whether success could be predicted from product information available prior to launch.

MATERIALS AND METHODS

Countries: 15 countries provided a list of successful and unsuccessful flavors of the same base product launched in the past 5 years Initial data was requested on three successful and three unsuccessful flavors from each country. Flavors were identified and classified by the country as either

- ***successful*** - having been in the market longer than 1 year, or
- ***unsuccessful*** - removed from the market in less than 1 year

Products: Initial questions were asked to assure that all products were accurately chosen:

- Was the product successful or unsuccessful?
- Was the introduction and marketing of this product executed well?
- Where there any cost issues affecting the product (e.g. premium pricing)?
- Was the product released with appropriate after-market support?

Unsuccessful products from each country were to include only products where the success seemed dependent on problems perceived as product related rather than in-market launch execution problems.

Questionnaire Development

Figure 1: Example of the Questionnaire Distributed to Obtain More Product Information

Note: the specific product has been designated as $$ and the subcategory of snacks has been designated ## to maintain confidentiality

Country: _____

Product Name: _____

SKU: _____

Please answer the following questions.

How did this flavor product do in the marketplace?
____ Successful
____ Unsuccessful

Is/was the flavor product new to the category? Please check all that apply.
____ New to $$, but exists in other categories
____ New to ##, but exists in other categories
____ New to snack foods, but exists in other categories
____Nothing like it

Is/was this flavor familiar to the country?
1 (It is not a familiar flavor) 2 3 4 5 (It is a familiar flavor)

Has this flavor been in the country for a long time or short time? Please check one.
____ Relatively new to the country
____ In culture, but not everywhere (Regional)
____ Common in all restaurants in the country but not traditional of the country
____ Traditional to country, has been around a long time

Is/was the flavor and name "authentic" to the product for this country?
1 (Not authentic) 2 3 4 5 (Very authentic)

If this flavor was based on a typical food, does the flavor of the product match the "food experience"?
1 (Slightly matches Authenticity) 2 3 4 5 (Matches authenticity Very well) Not Applicable

Is/was the flavor a trendy concept or idea (i.e. followed a new in-market trend for flavors?
____ No
____ Yes

Is/was the product available in multiple sizes?
____ No
____ Yes

RESULTS

Data Gathering: Data was gathered from corporate headquarters, e-mail contact, telephone calls to staff in countries, and personal contact. Throughout 6 months of collecting questionnaire data a total of 12 countries responded resulting in a total of 63 products with adequate information for data analysis.

Data Analysis: A stepwise discriminant analysis was used to determine specific questions that best classified the data into the successful and unsuccessful categories. Wilks' Lambda mulivariate test was used to determine significant differences between variables. The PROC DISCRIM function then was used to give a classification table of correct and incorrect estimates of the data.

TABLE 1. DISCRIMINANT TABLE FOR PERCENT OF SUCCESSFUL AND UNSUCCESSFUL FLAVORS CLASSIFIED USING ALL RESPONSES FROM THE QUESTIONNAIRE.

	Unsuccessful	Successful
Unsuccessful	90.0%	10.0%
Successful	0.0%	100.0%

TABLE 2. DISCRIMINANT TABLE FOR PERCENT OF SUCCESSFUL AND UNSUCCESSFUL FLAVORS CLASSIFIED USING INFORMATION KNOWN PRIOR TO LAUNCH.

	Unsuccessful	Successful
Unsuccessful	66.67%	33.33%
Successful	24.24%	75.76%

TABLE 3. WILKS' LAMBDA TEST FOR SIGNIFICANT VARIABLES FOR ATTRIBUTES FROM STEPWISE REGRESSION

Variables*	Wilks' Lambda	P-value
New to category	0.92	0.03
Trendy	0.87	0.02
Traditional to country	0.78	0.00
Found in restaurants	0.73	0.00

*Table only shows variables that were significant at P≥0.05.

Some of the significant variables have a positive impact on success and others a negative impact. Products that were successful were not new flavors to the category or based on a flavor commonly found in restaurants. Products could be successful if they were trendy flavors or related to traditional flavors to the country.

CONCLUSIONS

Predicting successful and unsuccessful products is the key to achieving better new product success rates. Collecting as much information prior to launch can help to make a better prediction, but this information may not be easy and requires patience to communication between multiple departments.

For flavored snack products, using only limited general information available; success rates of approximately 70% could be predicted. Considering approximately half of the products used in this study were unsuccessful, that improves the potential success rate by approximately 20%. Using prior known information is potentially an easy way to increase the likelihood for success.

KEY TAKEAWAY

It is possible that additional information, such as the specific sensory characteristics of products, could improve the equation further. These questions worked well for the flavored snack products category, but may not be the exact same questions needed for another category. This research identified a procedure with the kinds of questions that can be used to obtain success in a category.

ACKNOWLEDGEMENTS

The Sensory Analysis Center at Kansas State University and all the individuals that helped to conduct and fund each of these experiments.

REFERENCES

CHOMKA. 2003. Supermarket sweep. Food Manuf. Feb, 33-34.
KRIEG, R. 2004. Impact of structured product definition on market success. Int. J. Qual. Reliab. Manage. 21, 991-1002.
OTTESEN, G.G. and GRØNHAUG, K. 2005. Exploring how managers conceive and practice market orientation in near 'perfect' food markets. J. Food Prod. Market. 11: 2, 59-74.