



Ipsos KMG

CONCEPT SCREENING: Why PI is Losing Its Appeal





Secret codes?

PI:

- DWB
- PWB
- M/MNB
- PWNB
- DWNB

Purchase Intent:

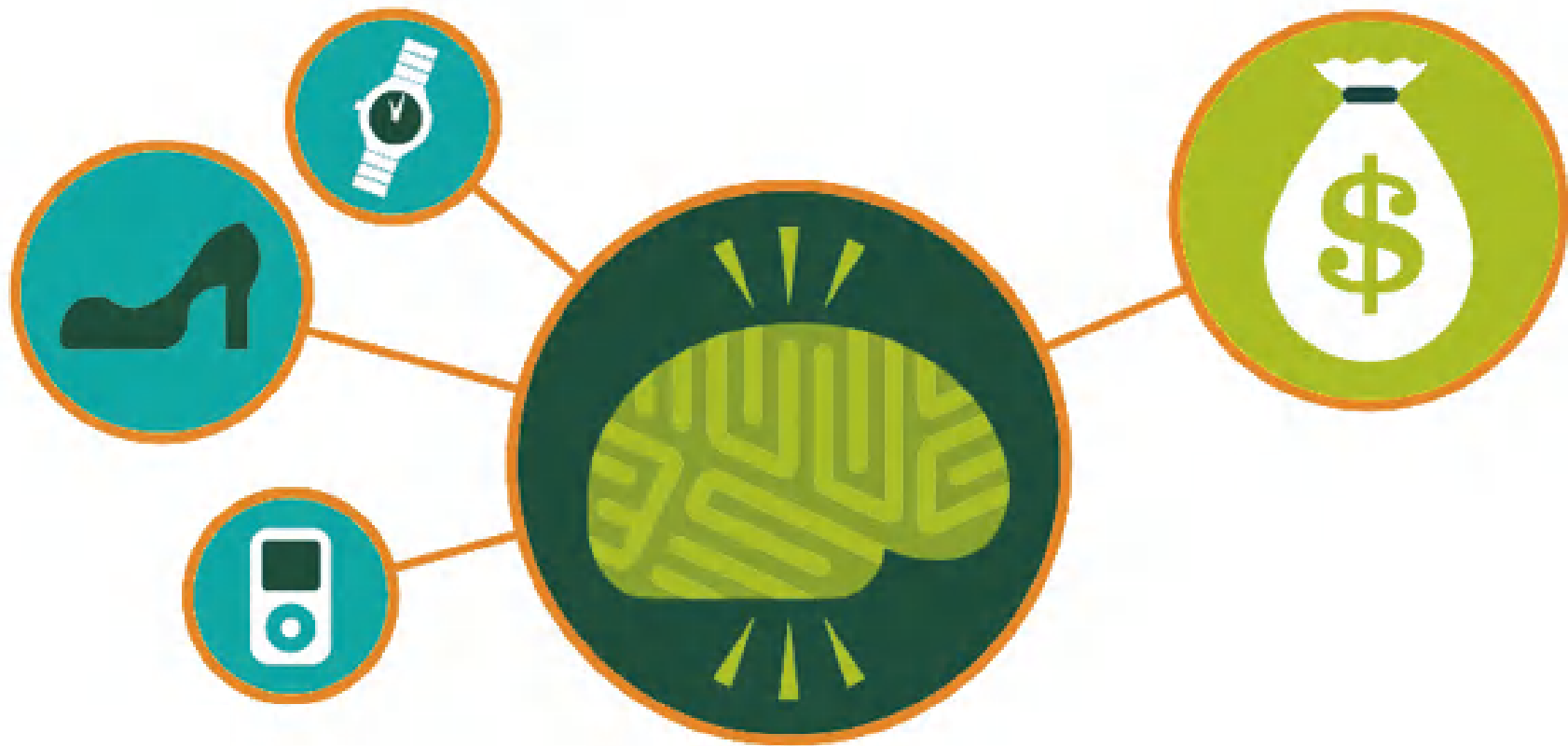
- Definitely Would Buy
- Probably Would Buy
- Might or Might not Buy
- Probably Would not Buy
- Definitely Would not Buy

Top Box / Top Two Box

Overstatement

Why PI?

To predict what consumers will do.





Why so successful?

Why so problematic?

- Intuitive
- Easy to ask, and easy to answer
- Correlation with in-market results
- Consensus on wording, scale, interpretation
- Databases



Does it really predict future?

“Getting Real About Prediction in Marketing Research”

- Jan Hofmeyr (Synovate, 2007)
- 9 studies linking PI to actual behavior (since '66)
 - ❖ $R^2 = 0.09$
 - ❖ “91% of the variance is not captured by PI”
 - ❖ “We ought to be embarrassed.”

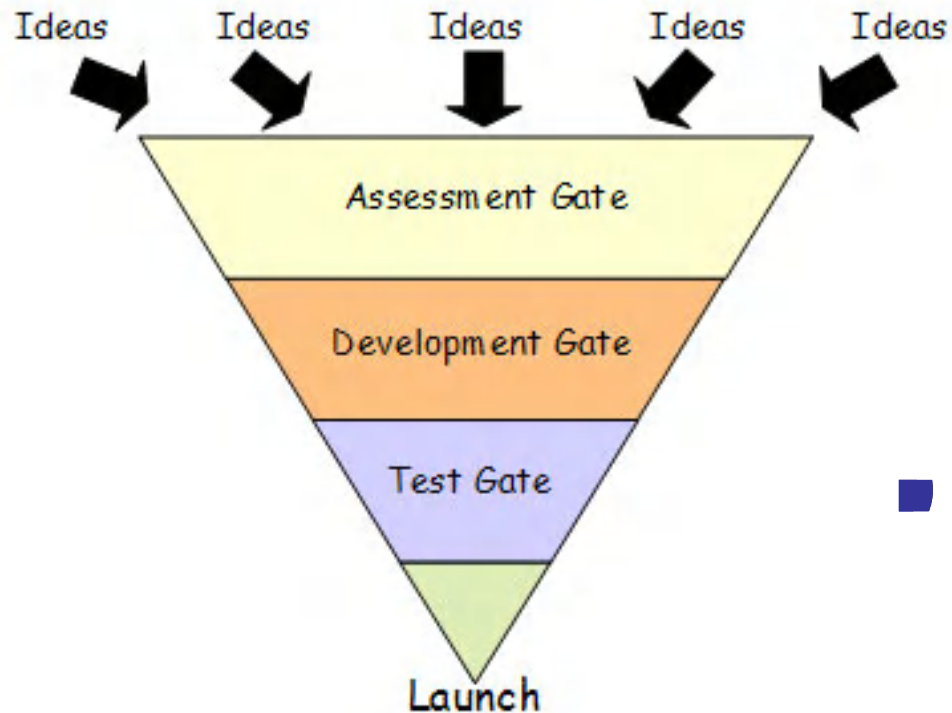


“Concept Testing: How to Test New Product Ideas Before You Go To Market”

- David Schwartz (1987)
- Offered warnings on relying on 1 number for determining which concepts should proceed along the innovation path
 - ❖ product can be polarizing
 - ❖ need other metrics too: expensiveness, believability
 - ❖ Need to understand why, diagnostics



Relying solely on PI can be dangerous



- Many more introductions
- Many more line extensions or incremental improvements (“Me-too”)
- Analysis by McKinsey (’99 – ’03): only 3% were “breakthrough innovations”



“Me-too” products



“Me-Too” products often score well on PI:

- Strong brands, trusted
- Minor changes to successful products
- Easy to understand
- Established categories



“Breakthrough” products



Breakthrough products have a harder time:

- Harder to understand / believe
- Uncertain about benefits
- Uncertain about tradeoffs





PI problem #1:

Purchase intent advances line extensions and incremental innovations, and kills breakthrough and targeted products.



- **57% ≠ 57%**
- **Is the overstatement consistent in a category or country?**
- **How do we assess this number? Is it really intuitive?**



"As Time Goes By: Do Cold Feet Follow Warm Intentions for Really New Products Versus Incrementally New Products?"

- Anderson, David L., John G. Lynch Jr., Qing Wang (2008)
- Journal of Marketing Research, 45 (June), 307-319
 - Consumers are less likely to claim PI for newer products
 - Consumers are less likely to follow through on claim
 - For newer products, PI must be deflated even more



Clorox Anywhere

- New cleaner that kills 99.9% of germs, but is safe to use around kids / food
- Trial expectation = 10%
- Trial reality = 3%
- What happened?
 - PI: 60% Top Two Box
 - But safety concerns & believability problems among “DWB” consumers
 - Consumers may have discounted their concerns, and gave PI anyway



What does PI Mean?



“I definitely would buy that product.”



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What about the database?

“Lets compare
it to the
database.”





PI Problem #2:

Purchase intent does not reflect
the competitive context.



What drives consumer reaction?



cept board:
ce
and
atures





PI problem #3:

Purchase intent fails to discriminate differences in concept positioning.



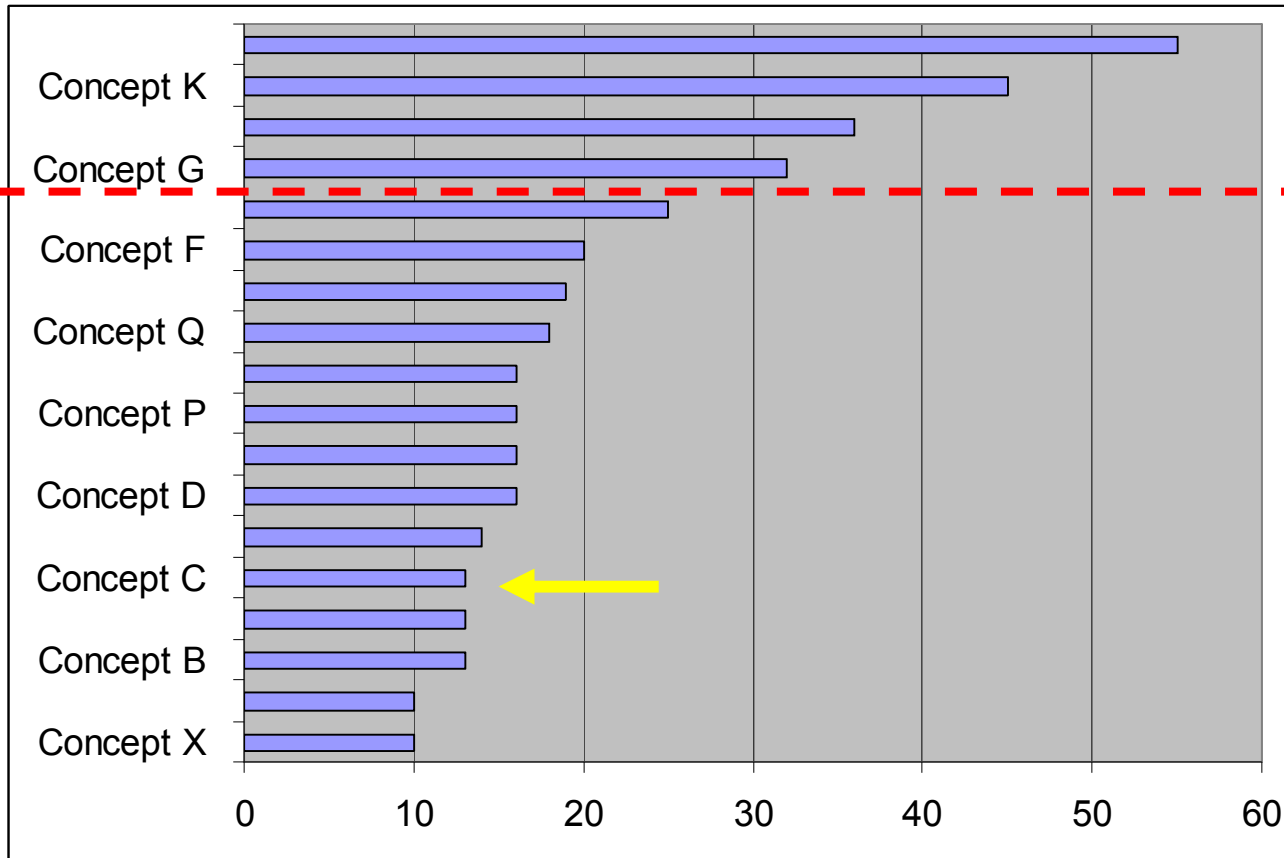


PI problem #4:

Purchase intent is
not diagnostic.



Finding the good ideas



If Top Box > 25%,
then proceed to the next stage



What does PI really mean?

- PI is an outcome metric
- It is a collection of many thoughts and themes:
 - Is this category meaningful to me?
 - Is the product relevant?
 - Does this product offer something new or better?
 - What is the tradeoff (price, features, process)?
 - Do I believe it?
 - How do I feel about the brand? Variants?

What do you really need to know at this stage of the innovation process? In screening, what are you really searching for? What is the decision criteria to move forward?



Understand your true screening objective.

- Identify key ideas or constructs that you can measure individually
- Provide clear direction on how to improve
- Take into account competitive context
- That are directly related / contribute to the net behavior (sometimes about usage, not purchase)

Relevance = meet consumer needs

Differentiation = unique benefit vs. competition

Expensiveness = perceived price vs. competition

Individual attributes



Jan Hofmeyr confirms:

Psychological and human decision making research indicates:

- People are not mechanical calculators
- People are comparative
- Ambivalence is a fact of life

“...what matters is not how highly a product is rated per se, but how highly it rates relative to others.



- PI is not bad
- Its actually important and special in our industry
- But we must use it carefully, particularly with today's innovation environment.
- There are other tools & techniques out there
- Evaluate closely your innovation goals, and tools you're using to move products through stage-gates

