



HOW A LEADING CPG COMPANY GOT TWICE THE “BANG FOR ITS BUCK” ENTERING A NEW CATEGORY

THE SITUATION:

Company A, the brand leader in one category, introduces a new product in a category new to A. Company B, the clear leader in this second category, is hit twice as hard as expected.

THE CHALLENGE:

A CPG company (A) wanted to leverage its brand equity by venturing into a new category. The company believed the time was right to attack and that it had the “right product.” Test marketing would be expensive, take too long and expose its intentions to the competition. But without this vital consumer intelligence, it had no way to make the case internally, gauge success or even determine the best launch strategy. It was unclear where to best spend its marketing dollars, at what level and how deep and broad the consumer’s acceptance would be. And, history had shown that traditional statistical approaches had been unable to accurately forecast consumer response to a cross-category line extension.

THE SOLUTION:

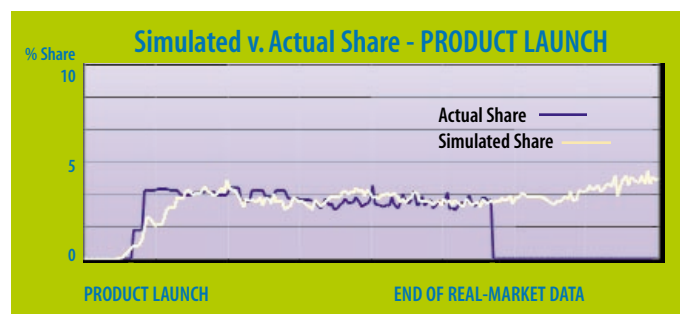
MarketSim™ was used to create a dynamic simulation model of the category by focusing on the complete consumer decision process. In addition to traditional product features, attributes and preferences, MarketSim also modeled the build-up of brand awareness and its influence on the consumer decision process. MarketSim revealed that brand awareness would be efficiently transferred between categories, from the existing products to the new product. It accurately forecasted sales and showed how the individual marketing mix elements interacted during launch, and beyond.

THE RESULTS:

MarketSim, in concert with the brand team, revealed a product launch strategy that resulted in product volumes and market share at 2X the size traditional statistical models had forecast — MarketSim forecast these dramatic results well in advance of the initiatives and provided an accurate ROI mechanism. The MarketSim calibrated model helped the company:

- Clarify the opportunity, which led to the decision to enter the market*
- Plan and measure its launch spending
- Set appropriate expectations at the factory for demand
- Communicate the expected sales to its retail partners
- Develop an intelligence tool that continues to be useful for other brands and future launches, as well as analyze the impact of competitor’s cross-category brand extensions

*Traditional forecasting methods predicted a share of less than 2%. In this case, for new product launches with an estimated share of less than 2%, the launch would not have been undertaken.



For marketing executives, brand managers, new product developers and market researchers within Global 1000 organizations, DecisionPower provides its marketing analytics software – MarketSim -- to create real-world market models on the desktop. Decision makers use these models to simulate realistic consumer and competitive behavior and develop, test, refine and act on winning solutions to complex consumer marketing problems.

For more information, call 408.379.9200, visit www.decisionpower.com or email info@decisionpower.com.