

DESIGN INNOVATION FOR MARKET SUCCESS

Developing Product & Package Designs That Are “Born to Compete”

Consider the last time that you made a choice among competing products. You scanned the selection on the shelves of your favorite supermarket, mass merchandiser or mall retailer. You spent a bit of time reviewing your choices, looking at each brand and its features and benefits, comparing prices, noting packaging, and evaluating the look and feel of each product. And then you made your choice.

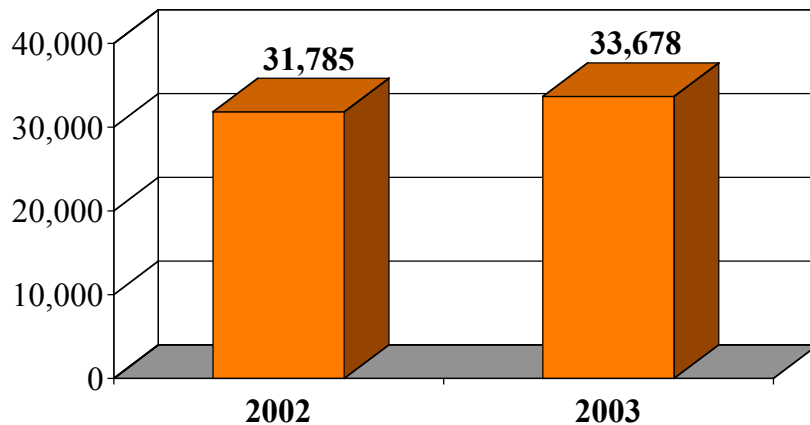
Why did you choose the one you did? More and more, companies are discovering that consumers are choosing products based not just on brand or price, but on design appeal. Simply put, aesthetics are increasingly a crucial driver of sales.

Overview

Product and packaging design have never been more important to time-pressed consumers. More than ever, new products must be attention getting and appealing, as well as offer benefits consumers value. In “The Substance of Style,” author and New York Times columnist Virginia Postrel argues that consumers increasingly make purchasing decisions based on how products make them feel. “In a crowded marketplace,” she says, “aesthetics is often the only way to make a product stand out.”

And the marketplace is certainly crowded. In 2003, consumer packaged goods (CPG) companies churned out a record 33,678 new products, up from the 31,785 introduced in 2002, according to Marketing Intelligence Service, which tracks new products worldwide. Consumer-marketing companies are investing hundreds of billions of dollars to develop line extensions, enter new categories and introduce new brands.

New Product Introductions 2002-03



Note: Includes new food, beverage, health, beauty, household and pet products

Consumer marketing companies are not only innovating products, they are also updating packaging. Research shows that over 70% of consumer decisions are made at the retail shelf, meaning packages must be updated regularly to keep the product image fresh and generate sales

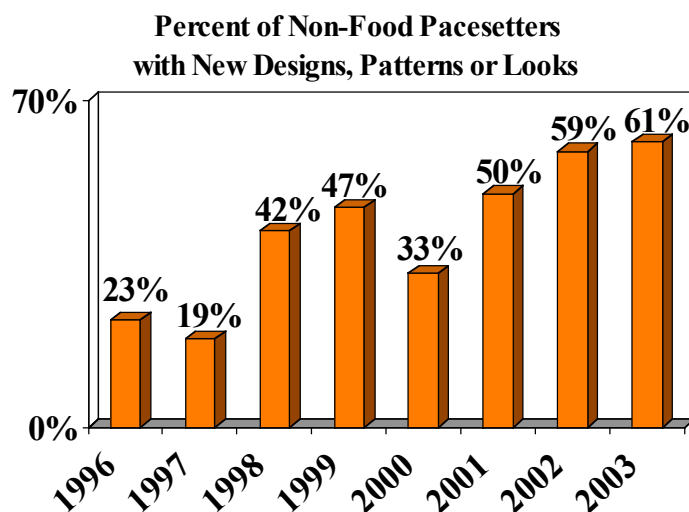
lift. In just a few seconds, the product packaging must communicate use, convenience and brand value in order to stand out among the competition and entice the consumer to make the purchase.

Given such a dizzying array of product and package choices, it is no surprise that many consumers simply make their decisions based on the product's visual appeal. To enhance their competitiveness, consumer marketing companies are moving quickly to improve their design processes and capabilities to produce products and packages that offer maximum consumer appeal. Design innovations are becoming the springboard for launching innovative new products that immediately grab consumer attention and build competitive advantage.

The Role of Design

With such pressure to fill their innovation pipeline with creative and unique ideas, consumer marketing companies need to listen closely to the needs and wants of the consumer. Product and package designers must understand constantly changing consumer preferences for product ergonomics, convenience, portability, freshness, security and environmental friendliness. They must create products and packaging that are not only visually appealing, but also offer features and functionality preferred by consumers. A recent Accenture survey of 3,500 consumers in five countries found that many consumers are not buying new products because they are disappointed by the level of perceived innovation. One-third of respondents felt that most products and services today offer nothing new.

Clearly, innovative design is critical to the new product development process. And research shows it is particularly important for non-food consumer products. In the IRI New Product Pacesetters studies, which analyze the product features driving successful new products (known as "pacesetters"), a new design, pattern or look has been increasing in importance over the last eight years the study has been conducted. In the most recent study, fully 61% of non-food consumer products offered a new or updated design benefit.



While designers are challenged to create innovative product and package designs, they must also operate within budget constraints. “Universal design,” defined as the design of products for maximum usability without the need for adaptation or specialization, is a concept that many have adopted in an effort to design products that reach the largest possible audience. Universal design enables fewer items in a product line, generating significant cost savings. Multi-lingual packaging is another example of the way companies are rationalizing product lines to cut costs.

The Design Process

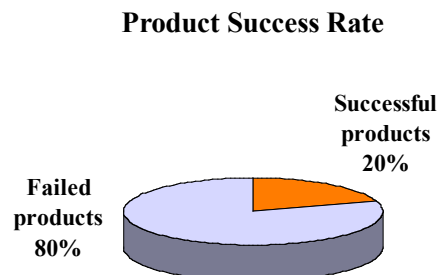
With a dual accountability to generate innovative designs yet manage costs, a typical product or package design project brings together a wide and diverse group of internal, and often external, constituents. Design is not a core competency for many consumer marketing firms, as it has been for other industries such as fashion or home furnishings. Many CPG firms recognize that in order to improve their product and packaging design processes, they need to invest in additional design resources to enhance innovation and product success rates.

The most successful new product development teams are cross-functional, including research and development, engineering, manufacturing, finance, purchasing, and operations, as well as marketing and market research. This broad group is required to create designs, select ingredients and materials, formulate the product or package, manage costs, coordinate manufacturing and obtain consumer input on the new product or package. If an outside firm is selected to help with design, its efforts must be well-coordinated with that of the internal team to ensure that the design conveys a look and feel that supports the brand identity.

The duration of the design project depends on its scope and complexity. Many design alternatives are iterated and discarded through the process, but speed to market is of the essence. New methodologies such as rapid prototyping and conceptual modeling are being used effectively by many firms to speed up the product design process. In fact, the Product Development Management Association (PDMA) found that in the last few years 60% of reporting companies have reduced the time needed to develop and launch new products.

Put the Consumer First

Even with all the resources that consumer product firms are applying to design, fully 80% of new product launches fail in the marketplace. Why? Because they were not able to ignite consumer interest. If a new product or package does not stand out from the competition and entice consumers to buy within the first several weeks or months of its release, few firms are financially able to commit further resources to make improvements. So it is imperative that the product be right from the start, offering a design with features and benefits that consumers prefer.



Most current market research methodologies are not up to the task of inviting consumer input throughout the design process. Cost and time limitations allow consumer involvement only at specific points, and as a result, the consumer is never fully able to help the firm evolve the most preferred product or package design. Consumer input is critical throughout the process to make sure that the final design is not only attractive and appealing, but is what consumers want. A solid understanding of consumer preference will help guide the team in its efforts to produce a product or package that will both sell well and be preferred over the competition.

The Affinova Solution

With intense pressure to speedily generate unique, consumer-preferred new products and packaging, companies are looking for new ways to bolster their innovation processes. Affinova offers a revolutionary new solution that brings the designer and the consumer closer together throughout the process, enabling the design team to explore, adapt, innovate, and ultimately develop more successful products and packaging. Affinova improves new product success rates by:

Focusing on the consumer

- Including the consumer throughout the entire design process
- Adapting design concepts to changes in consumer preference
- Recognizing that the voice of the consumer is the single best source of input in creating successful new products and packages

Leveraging design capabilities

- Exploring millions of product and package designs in a single exercise
- Enabling the consumer to iterate designs and evolve the most preferred design, saving the expense of further design refinements

Affinova's suite of applications, including Product Design Optimization and Package Design Optimization, allows companies to meet these objectives. Affinova uses its patent pending IDEA™ (Interactive Design by Evolutionary Algorithms) technology, the engine for reinventing innovation, to evolve the most preferred designs based on consumer input. This game-changing technology leverages creative expertise to explore, discover and evaluate a vast array of design possibilities. Fully utilizing the IDEA technology enables companies to better capture consumer mindshare, to develop products and packages that are born to compete.

For more information about how Affinova's optimization solutions can help you develop innovative new product and packaging designs that consumers prefer the most, please visit www.affinova.com or phone 781.464.4700.