

Consumer-inspired Innovation

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Today the word innovation is frequently over-used, and in the context of FMCG markets product renovation often masquerades as innovation, which seen from a consumer perspective may not be very original. In this presentation the use of the term innovation is reserved for the more radical or step change initiatives.

The old innovation model of relying on technology push from R&D is losing ground in FMCG. Consumer expectations are evolving fast, and whilst consumers have always had strong preferences, they now have more choices and they are less willing to make compromises. There has been a significant change in consumer behaviour arising from “information endowment”. This is the concept that consumers know what is available, can find and assess how it fits with their desires and are willing to pay more to get the products that they truly want. Product quality and functionality are now a given – making it desirable is often the challenge.

Gone are the days when we could define our consumer targets by conventional demographics. Targets are more usefully defined by psychographics (attitudinal similarities and lifestyle priorities), need states, usage states and purchase states. For innovation to be truly effective we need consumer understanding that has depth, consumer insight that is effective, a proposition that activates the insight and finally a relevant execution of that proposition. When all this is done exceptionally well you have a fighting chance of success!