HAVING WORKED CLOSELY WITH MARKETERS IN CHINA FOR THE PAST 14 years, I have participated in thousands of new product developments and witnessed huge successes, as well as heartbreaking failures. I have repeatedly heard excitement coupled with frustration as it relates to how fast this market evolves and how much it lacks almost any predictability for success. We keep searching for that magic formula, with the sole mission of increasing innovation successes and mitigating risks—for ourselves and for our clients.

Today, I do not pretend to have the definitive answer for you. Yet by attempting for the first time to unveil and celebrate breakthrough innovation winners in China, I hope we are one step closer to the mission. The rigorous process we went through, the collective wisdom we put in place, and the rich cross-market experience we have leveraged, all went into this report to help you understand more and perform better in your next innovation efforts.

Leveraging these data-driven insights, let us continue this innovation journey together with a bit more confidence and a bit less frustration. The entire team at Nielsen is committed to your success.

Congratulations to the winners!
Lynn
WELCOME TO THE INAUGURAL ISSUE OF THE NIELSEN China Breakthrough Innovation Report.

After reviewing more than 24,000 consumer product launches, from July 2013 to June 2014, only 15 met our rigorous requirements for Distinctiveness, Relevance and Endurance to truly be deemed “Breakthrough Innovations.” We have showcased seven of those winners in this report.

Nielsen began this journey four years ago in North America with its first Breakthrough Innovation Report. Since then, we have launched annual reports in the UK, India and Southeast Asia. Globally, we have logged thousands of hours of analysis, winner interviews, marketer work sessions and conversations with industry leaders. Each report seeks to recognize significant new product successes and share best practices.

We believe innovation is a choice. To that end, we hope you find the insights contained in this report both valuable and actionable. We look forward to hearing from you.
CONGRATULATIONS TO THE 2015 BREAKTHROUGH INNOVATION WINNERS

2015 WINNERS
(listed in alphabetical order)

CITY MEMORY YOGURT
PG 16

COLGATE 360 CHARCOAL TOOTHBRUSH

DARLIE ALL SHINY WHITE CHARCOAL CLEAN TOOTHPASTE
PG 17

GOO.N VE NAPPIES
PG 19

HAIZHIYAN SEA SALT LEMON WATER
PG 21

HOUGU BISCUITS

KINDER JOY GIRL & BOY

LIBY DELICATE CARE LAUNDRY DETERGENT LIQUID

24,654 CONSUMER PRODUCTS LAUNCHED FROM JUL 2013 - JUN 2014

MET THE REQUIREMENTS TO EARN THE TITLE

= SEE WINNER SPOTLIGHTS

THE 2015 BREAKTHROUGH INNOVATION REPORT, CHINA EDITION
THE MAKING OF WINNERS: NIELSEN BREAKTHROUGH INNOVATION CRITERIA

DISTINCTIVENESS
Delivers a new value proposition to the market. Exclusions include ingredient re-formulations, repackaging, size changes, repositioning and other minor refinements to existing brands.

RELEVANCE
Generates significant year-one sales.

ENDURANCE
Sales value share in the 3rd half year > the 2nd > the 1st. This measure confirms a sustained level of consumer demand.

CONGRATULATIONS TO THE 2015 BREAKTHROUGH INNOVATION WINNERS

MR. MUSCLE ALL-PURPOSE GEL CLEANER

NIVEA MEN HYDRATING WATER BURST SERUM
PG 23

NONGFU SPRING WHISKED MILK TEA

OREO THIN
PG 25

SCHWARZKOPF FRESHLIGHT WATERLILY MOISTURE SHAMPOO
PG 27

SOFY SHORTS

SUNTORY LEMON WATER

= SEE WINNER SPOTLIGHTS
The primary purpose of this report is to celebrate high achievement. It is a privilege to work alongside many of the winners—from the exploratory days, through demanding development trials, to product launches and, eventually, exciting quarters of sustained growth.

Our work on the Nielsen China Breakthrough Innovation Report has improved our understanding of how companies that are focused on serving local consumers can win in this incredibly competitive marketplace. It also revealed the requirements for successful innovation in the real world where challenging decisions are made and substantial funds are invested.
TO IMPROVE INNOVATION OUTCOMES

Our secondary purpose is to share the winning principles of success with ambitious innovation practitioners – with the goal of improving product innovation outcomes. We learned extensive lessons and burst a lot of marketing myths. Here are our core takeaways:

- Game-changing innovation is possible in any company, across any category and for any product regardless of its level of maturity.

- Organizations perform better when more focus is placed on addressing consumer need rather than looking inward for what to produce.

- An entrepreneurial spirit and quick decision making are invaluable when leaning into consumer centric innovation.

- Innovation success has little to do with luck or genius – and even less to do with magic. It’s a purposeful and meaningful set of activities that creates value.

- The majority of the Breakthrough innovation winners root their success in profound understanding of the unmet needs from the local market of consumers and refrained from borrowing existing products from other markets. They owe their success to Chinese consumers’ buying better products in pursuit of a higher quality of life.

- Corporate managers use many definitions of innovation. Consumers use just one: innovative products perform important “jobs to be done” in consumers’ lives that currently have incomplete solutions or no solution at all. ¹

¹ The “jobs to be done” concept was articulated in Prof. Clayton M. Christensen’s 2003 book, The Innovator’s Solution on which Breakthrough Innovation Report author, Taddy Hall, collaborated. Bob Moesta is a Nielsen Innovation Practice collaborator and another “founder” of the “jobs” architecture.
WHAT IS INNOVATION?

WHAT IS A JOB?

A circumstance of consumer struggle, tradeoff, or aspiration. Context is CRITICAL – understand context to identify opportunities.

DEFINING INNOVATION

WHAT IS INNOVATION?

ARE YOU CONFIDENT THAT YOU KNOW IT WHEN YOU SEE IT?

Getting this right is a precursor to sustained innovation success. Try this experiment: write down your definition of innovation. Then, review the breakthrough innovation spotlights and see how many fit your definition of innovation. Can you explain their success? Is your definition predictive?

You may find yourself struggling for a workable definition – or simply denying the “innovativeness” of some of the spotlights. Yet based on sales data alone, these products achieved undeniable success.

Beyond sales performance, we have found that a consumer-centered, behavioral definition of innovation is a highly reliable predictor when establishing the criteria, beliefs, and mental models around what constitutes a breakthrough product.

A specification for innovation (the characteristics of an ideal solution).

How many specifications does your innovation meet?
The right question is: **Does the innovation offer consumers something that brilliantly performs jobs where all currently available solutions are unsatisfactory or nonexistent?** That is the foundation of innovation, and when consumers discover these products, they pull them into their lives again and again.

Mere uniqueness is actually a very poor predictor of success and differentiation when it comes to winning consumers’ hearts and wallets. Our research reveals that surface-level attributes rarely matter. The differences that do matter drive trial, adoption, category expansion, and sustained profitability. To identify those points of differentiation, marketers have to look to consumer behavior for clues to the unmet need. Consumers’ struggles and aspirations predict true innovation opportunities. Every product success is essentially affirmed by their acts of making repeated purchases.

**MARKETERS DON’T DEFINE INNOVATION. CONSUMERS DO.**

**WHERE GREAT ORGANIZATIONS GO WRONG**

Organizations that fail to fulfill their breakthrough aspirations suffer from one of three common pitfalls:

- Assume that outcomes are unknowable and risks are inherent
- Pursue concepts that are not grounded in consumer driven insights and fail to resolve a job to be done
- Distort compelling consumer driven insights in development so as to conform with established organizational capabilities and incentives
Demand Driven Innovation is the proven pathway to successful innovation. That said, we know from extensive, firsthand experience that the challenge remains high and the journey hard.

There is a stubbornly wide gap between the **state of knowledge** and the **state of performance** in the practice of innovation, and the single best way for managers to close that gap is to require every innovation initiative to resolve a poorly performed job in consumers’ lives.

**Demand Driven Operating System**

- **Demand Driven Insight**
- **Demand Driven Development**
- **Demand Driven Activation**

**Pervasive Leadership**

- **Lessons Learned and Applied**
- **Real-Time Performance Management**
IN ACTION

3 THINGS THAT MAKE DEMAND DRIVEN DEVELOPMENT HARD

THE MAJORITY OF INNOVATION WORK MERELY AIMS TO SUSTAIN THE EXITING BUSINESS.
Incremental innovations improve existing offerings in familiar ways. Consequently, when those rare transformational opportunities emerge, it’s all too easy to overlook the very different capabilities required to break through.

THE FORCES OF CONFORMITY ARE UNBELIEVABLY STRONG.
Asset utilization, established expertise, familiar channel strategies, proven brand equities, financial hurdles, managers’ incentives and other forces work visibly and invisibly to maintain the status quo, making it difficult for truly breakthrough innovations to emerge.

THE MARGIN FOR ERROR IN BREAKTHROUGHS IS SMALL.
Consumers tend to have mediocre ways to deal with nuisances or tradeoffs in their lives, so only perfect solutions break through. A few small compromises often doom potential successes.
CONCLUSION
BREAKTHROUGHS SUCCEED BY
CHANGING CATEGORY DYNAMICS
RATHER THAN CONFORMING TO THEM

Product features usually attract so much attention from marketers that actual consumer need can become secondary. The Demand Driven Innovation approach solves for that mistake and focuses efforts squarely on solving unmet consumer need as the core measure of success. Breakthrough leaders are looking at the same consumers and the same markets, but the way they look at the opportunities enables them to see important things that others miss.

Congratulations to this year’s winners. We admire your success and thank you for your leadership. A special thanks to those who were willing to share lessons learned in the interest of improving the practice of innovation. This is what leaders do. In the Spotlight section that follows, we will share seven inspiring stories of innovation. As students of innovation, we owe these brands a debt of gratitude for sharing their journeys.

Going into 2016, we look forward to working with each of you to unleash your next breakthrough success and featuring your stories in the next Nielsen China Breakthrough Innovation Report.
WINNER SPOTLIGHTS
SPOTLIGHT 1: CITY MEMORY YOGURT
SPOTLIGHT 2: DARLIE ALL SHINY WHITE CHARCOAL CLEAN TOOTHPASTE
SPOTLIGHT 3: GOO.N VE NAPPIES
SPOTLIGHT 4: HAIZHIYAN SEA SALT LEMON WATER
SPOTLIGHT 5: NIVEA MEN HYDRATING WATER BURST SERUM
SPOTLIGHT 6: OREO THIN
SPOTLIGHT 7: SCHWARZKOPF FRESHLIGHT WATERLILY MOISTURE SHAMPOO
SPOTLIGHT #1

CITY MEMORY YOGURT

INSIGHT

Five years ago, our company merged with several local companies—all with 30 to 60 years of brand history. Those local brands had many special characteristics: a good consumer base, emotional linkage with local people, and great reputations and acceptance in local cities.

However, the brands and products were aging, the consumer base was aging and the brands did not resonate with younger consumers. As a result, we took those local brands/products and integrated and revived their look and quality.

DEVELOPMENT

There were too many functional benefits and no emotional benefits, so we asked ourselves: How do we satisfy our consumers’ needs? Several several key points emerged.

Since 2008, food safety has become a great concern for Chinese consumers. Consumers care about product safety and health.

At the time, New Hope City Memory Yogurt was the first in the category to contain zero additives. This is important because it is a challenge for dairy products to have no additives and still taste good. The product needed to remain true to its current value perception and take advantage of trends. The product already satisfied consumer demands around health, but our package needed to insist simplicity, as well.

Hoping to spark sensory reactions from consumers, we executed from several angles:

• Nostalgia is a current trend, so we chose Memory as a product name.

• Our package label contains pictures that arouse memories for local consumers. Good looking images were not enough; we wanted emotional linkages to the past.

• We kept the bottle design simple and modern.

Based on these three areas we came up with the concept.

To ensure quality we centralized control but allowed for directed, local creativity. We adjusted taste elements for some geographical areas. Taste preferences vary significantly across different regions in China, so this was an important decision.

To make the product activations truly regional, we also

“YOU MUST RESPECT AND LISTEN TO YOUR CONSUMERS. WE HAVE GOOD INTERACTIONS WITH CONSUMERS – WE CONSULT THEM HOW TO IMPROVE THE PRODUCT AS WELL AS HOW TO EVOLVE THE PACKAGING DESIGNS.”

— MR. XI GANG

gave City Memory Yogurt different label designs for different cities (e.g., Shanghai Memory, Guangzhou Memory). Conversely, when we launched it nationally, we focused on the foundation—the product. The innovation cannot last without the product quality and reliability. In effort to successfully compete with local brands, we leveraged the brand’s national reputation around quality, while taking advantage of the local innovations that we deployed.
SPOTLIGHT #2

DARLIE ALL SHINY WHITE CHARCOAL CLEAN TOOTHPASTE

INSIGHT
Prior to the launch of All Shiny White Charcoal toothpaste, Darlie already had four other successful whitening products in the market. With a core audience of women 20 to 35 years of age, this target group has a very social lifestyle and is open to trying new things—particularly cosmetics that enhance and showcase their personal style.

Darlie was looking to increase our penetration by finding additional consumer needs not fully met by our existing product lines or within the market. We looked at a concept that we introduced to the market in a toothbrush format in 2011. We saw great success and opted to continue down the path of innovating with this key ingredient.

DEVELOPMENT
Color was a challenge. Toothpaste is normally white and having all black was emotionally challenging for some consumers. They worried about whether it would actually clean their teeth, so we made the toothpaste two-toned to showcase the benefits and power of both whitening and charcoal cleaning.

We also made sure the charcoal color was not too black, so the colors truly could complement one another and maintain visual appeal.

Once we had the color concept ready, we went back to consumers to understand how the color palette impacted them. Conceptually, it was a balance between internal ideation and consumer validation, and consumer response was quite positive.

“Darlie is proud of our charcoal innovation. We not only developed new products with an ingredient that was important and relevant to Chinese consumers, but we also paved the way within and across categories for the use of charcoal as an ingredient.”

— EDMUND CHEN
SPOTLIGHT #2 | DARLIE ALL SHINY WHITE CHARCOAL CLEAN TOOTHPASTE

The next challenge we faced was production. We were cautious during the production phase because of one key factor: the charcoal. Due to technical measurements, we needed to effectively manage several elements of the charcoal particles. First, the particles needed to be smooth enough to work with the machinery for processing and production efficiency.

Second, the charcoal particles needed to be stable and balanced enough to ensure the highest level of cleaning without any taste and color inconsistencies.

Overall, the concept-to-development process flowed seamlessly due to the amazing collaboration amongst the production, R&D and marketing teams. The product went from ideation to market in just 18 months.

ACTIVATION

Consumer education was pivotal during the communication phase. Due to the color of the toothpaste, we wanted to ensure that consumers truly understood the benefits of the toothpaste for stain removal and deep cleansing.

Simultaneously, at the store level, we launched a regimen promotion pack which bundled our Charcoal Spiral Toothbrush (launched in June 2013) with the new All Shiny White Charcoal Toothpaste. This gave us deeper penetration amongst our existing charcoal toothbrush users to introduce trial of the toothpaste while educating new users.

Validation is always important for Darlie. When we went back to the Nielsen consumer panel data to verify post-launch response, we saw that 60% of charcoal toothpaste buyers were new to Darlie Whitening Toothpaste. This was a wonderful surprise because we surpassed our expectation on the penetration target. This new product development also allowed us to increase our total whitening equity share, leading us to drive incremental sales without cannibalizing our existing whitening lines.
INSIGHT
We entered China rather late compared to our competitors, so we needed to move quickly to gain market share. Initially, we believed Chinese mothers wanted a lower price product and would therefore accept a lower quality product compared to that of Japanese mothers. According to sales data and market conditions, the middle tier market seemed a good choice to launch. We couldn’t be sure without fresh data. To get consumers’ views, we conducted 100 in-home visits and interviewed Chinese mothers to understand what they were looking for in a diaper.

We found the moms did not trust domestically produced diapers but had faith in imports—particularly those from Japan. To our surprise, we got this feedback from mothers at all income levels and not just the more affluent moms.

Had we not leveraged consumer insights to identify true market need, we may have lost sales, grappled with consumer adoption or worse, been forced out of the market altogether. We were successful and learned not to rely on surface data but to dig deeper to identify the needs of market you aim to serve.

DEVELOPMENT
Product development moved quickly because we had already launched an extremely popular Vitamin E diaper series in Japan. We believed Chinese mothers would embrace the same high quality product.

Additional research revealed that consumers showed lower interest in diapers sourced from materials that differed from those used in the Japanese product. We opted to keep quality
controls, production systems and packaging consistent with the existing diaper series from Japan. This allowed us advance from idea to product launch in just four months.

**ACTIVATION**

With 40% incidence, Chinese consumers didn’t have comprehensive knowledge about diapers. For instance, some felt babies should not use diapers in summer heat because it might inhibit breathability for their skin. Those moms opted to let babies go naked or use other more traditional methods. Understanding their concern, we emphasized breathability features in all marketing. Chinese mothers also cared about the diaper being gentle to a newborn’s sensitive skin, so our soft, high quality materials were touted, as well.

Chinese mothers want to provide the best to their babies, but many feel confusion around which brand and product is most suitable for their infant.

We started the activation strategy with face-to-face education—teaching mothers how to choose the best diaper for skin care and breathability.

We teach consumers how to determine quality, and that has helped gradually convert them into customers. This highly engaged marketing tactic has helped increase brand recognition among consumers.

We also cooperated with local governments to hold events teaching mothers baby care techniques. These events allowed us to build awareness, public praise and brand good will.
**SPOTLIGHT #4**

HAIZHIYAN SEA SALT LEMON WATER

**INSIGHT**
In 2012, we were looking to develop a new product that would close a gap in consumer need and fit within our portfolio of water and fruit juices. Two insights helped us move forward. First, we found that consumers living in first-tier cities were conscientious about health and rejected overly sweet and rich beverages, so we focused on reduced sweetness.

Secondly, Japanese salty drinks were at the forefront of the beverages market. At the time, there was a salty beverage on the market in China focused on quenching thirst in the hot summer. The basic functionality was there, but it was not carbonated.

Combining aspects of domestic demand for ‘light’ drinks and market opportunity from salty drinks, we decided the best choice would be a product packaged with the functionality to provide coolness while replenishing consumer at the same time. After determining the key attributes, we went into product development.

**DEVELOPMENT**
We wanted the salt to be of the highest quality, all-natural and come directly from the sea. Domestic sales of salt are strictly controlled, so we looked outside of China for sourcing. Eventually, we selected sea salt from the Mediterranean and signed an exclusive agreement with the supplier.

When it came time to develop the packaging, we kept the sea theme and selected a color that we call “noble blue” similar to the waters of the Maldives. For the label design, we invited a Japanese team to create our vision of sea and simplicity for the bottle.

“**SUCCESSFUL INNOVATION MUST NOT ONLY MEET CONSUMER DEMAND BUT IT MUST ALSO CREATE VALUE FOR THE COMPANY AND PARTNERS.**”

— LOU XIAO TING
SPOTLIGHT #4 | HAIZHIYAN SEA SALT LEMON WATER

Prior to the launch of Haizhiyan, the traditional thermal contraction method Uni-President used to make bottle labels caused some logo distortion. We decided to customize a new labeling machine. The technology took six months to develop, but it gave Haizhiyan’s bottle a smooth, premium image that was worth the wait.

Our company’s rigorous attitude toward new product development makes it impossible to allocate an investment without an accurate forecast. We piloted Haizhiyan to gauge consumer response, and it was met with great success. We officially launched March 2014 with only one production line which resulted in a short-term product supply issue.

ACTIVATION
Before ‘Haizhiyan’ was released, Uni-President’s teas, juice drinks and other beverages were priced around 3 RMB which left poor profit margin for dealers, so were our own profit. During the pricing stage, we made dealers and channel partners a vital consideration. We increased margin by a couple of more RMB. This small price change triggered a marked difference. Profits increased from channel to terminal sales and greatly motivated dealers.

Ensuring dealer benefit is a pivotal strategy point for your product. It is crucial to make dealers profitable in the early post-launch stage. In order to keep market price stable, we also canceled gifts (e.g. a free box of the same product upon purchase of 100 boxes) and product rebates. Price stability can be difficult to control with multiple promotions, and that stability is integral to maintaining long-term growth and success.

Because production did not initially keep up with demand, we didn’t advertise ‘Haizhiyan’ at launch. We did not want to exacerbate the out of stock issue. After adding more production capacity, we were able to deliver on supply. Then we focused all marketing resources on online advertising. With online and offline aligned, we saw brilliant, rapid performance with sales exceeding 1 billion RMB by August 2014. ■
SPOTLIGHT #5

NIVEA MEN
HYDRATING WATER
BURST SERUM

INSIGHT
Even though Nivea had great success over the last ten years in China, we knew there was more potential. We have a diverse portfolio, and each product has its own selling points and a wealth of fans, but we knew we lacked a hero product in the men’s category.

We conducted several rounds of consumer research, and found that men tend to be simple consumers in pursuit of an easy lifestyle. The data showed that only 50% of men use face cream or lotion as a step in daily skin care, and more than 40% deemed it “unnecessary.” For those who held negative attitudes, we recognized the difficulty in changing their consumption habits in a short period of time.

Another vital finding in the research was that more than 30% of male consumers refused to apply skin lotion because they disliked the sticky feeling of the products on their faces. They felt fresh and comfortable after facial cleansing which is where and why they stopped. Nivea Hydrating Essence aims to convey the benefits of a high technology product that hydrates skin and won’t cause stickiness.

At this point, we leveraged science to create an effective product with a water-like texture as a simple, yet strong reason to believe for male consumers.

DEVELOPMENT
Nivea has strong R&D globally, but this innovation was customized for China. Chinese males have different consumption habits compared to Europeans who pay more attention to after shaving care, but tend to show weakness in face cleansing. The face cleansing market across Asia has a large gap compared to Europe. The team in China played a leading role in research and development, making this innovation a largely local initiative.

We faced a series of challenges in the development phase. We made many initial prototypes; only one survived. The first product candidates either mirrored the water-like texture too fast...
or couldn’t perform the hydration task. It took us several attempts to find the right balance.

For packaging, we imported a Nivea product from Germany. At that time, it was niche but enjoyed great popularity and an excellent reputation. The bottle was memorable and tested very well with men because of the ‘click’ like, machinery sound the pump makes. This unique packaging has been patented to avoid copycats.

The Chinese name for Nivea Hydrating Essence is difficult to remember so we nicknamed it ‘Little Blue Bottle’ which is easy to remember and helped generate word-of-mouth buzz amongst consumers.

Due to the highly competitive market and pressure from the business, we took approximately nine months for the entire process from ideation to the official launch. Nivea has strict stage-gates to control efficiency that facilitated speed to market. We balance that with freedom in the local market to make necessary customizations. This allowed us to complete the breakthrough innovation in a relatively short time.

**ACTIVATION**

Finding a relevant celebrity who could represent the brand and the product while making an emotional connection with consumers was critical.

We were aware that Zhejiang Satellite Television planned on pushing its new reality show with Ryan Zheng as the main actor, so we decided to sign him up before the show was set to air. After the show, he became one of the hottest male stars on television.

Our advertised event launched at the end of 2013 once distribution and point of sale were in place. Promotion followed two weeks after the campaign. As in-store sales ramped up and created heightened awareness and demand, online execution was introduced six months later—making it a very hot e-commerce item.

If I could have changed one thing, I would have shifted resources and possibly launched online first, but in the end, we achieved enviable results both online and offline.

“**WE NICKNAMED IT ‘LITTLE BLUE BOTTLE’ WHICH IS EASY TO REMEMBER AND HELPED GENERATE WORD-OF-MOUTH BUZZ.**”

— SIMON CAO
INSIGHT
The brand story was two-pronged: how to position Oreo Thin and how to evolve the parent brand. For Oreo Thin, we wanted to hold on to the sharing moment—the idea of connecting people—be it amongst moms and kids or friends. We also wanted to keep the simplicity, because for Oreo, playful and simple are key attributes. The difference was tonality. For core Oreo, it’s warm, but for Oreo Thin consumers – young women – we wanted a delicate feeling. In terms of the mom-and-kid sharing moment it’s a nice, slow, warm and feminine moment.

We asked, “What would really be incremental?” We took all that we learned from other markets, and found that Double Stuff, for instance, was really popular in the U.S.

So we asked, “Is this right for us?” When we talked to Chinese consumers, we knew they preferred a smaller, lighter snack. We brainstormed to cut the cream instead of doubling it. The idea was an internal hit, and R&D quickly made a prototype.

Then, we started thinking about how to position the product. Our challenge was to get more incremental sales. We knew that young adults, particularly women, did not consume Oreo that much. Therefore, we decided to use Oreo Thin as an opportunity to convert them. We wanted to know what was most relevant to this demographic. It led us to develop a concept for young office females who are fashionable, modern and enjoy “light” food and snacks.

DEVELOPMENT
During the concept testing with Nielsen, the strategy proved very successful so we knew we had half the formula right. We then worked on the rest of the bundle.

The package design was very different from the blue-dominant, playful, and simple Oreo everyone knows and loves. With Oreo Thin, we wanted a more
elegant, light-toned package.

Next, we focused on flavor. Typically, we have classic flavors: chocolate, vanilla etc., which are popular globally. With this product, we decided to go with less traditional and more aspirational flavors. This is a common trend with many categories and is just beginning in biscuits. Our final flavors included lemon cheesecake, tiramisu and vanilla mouse—all of which were rather foreign in China at the time of launch.

**ACTIVATION**

On the channel strategy, we leveraged existing channels. In the early launch phase, we thought it might be more relevant to target large modern cities and markets where our target consumers live. We adjusted the strategy after initial launch. While our target is young women, we were seeing a much broader consumption base. We seized the opportunity to go bigger and decided to include traditional trade. We thought about going for a new channel, selectively activating in more relevant channels such as e-commerce.

We tested this channel with solid success.

Oreo Thin exceeded all KPIs for its launch year. During the post launch review, we found that there were no pivotal changes that needed to be made, but we continuously looked at different ways to reach new consumers. The actual product offers more than thinness. Step-by-step, we will communicate additional benefits to young females so they continue to feel Oreo Thin is relevant to them.

“THIN IS AN EXCELLENT ILLUSTRATION OF LOCAL MARKET KNOWLEDGE AND EXECUTION. IT IS SOMETHING THAT WOULD NOT HAVE BEEN IDENTIFIED WITHOUT BEING ON THE GROUND AND UNDERSTANDING THE CHINESE CONSUMERS.”

— JACKY CAO
SCHWARZKOPF
FRESHLIGHT WATERLILY
MOISTURE SHAMPOO

INSIGHT
Consumers today look for personalized, premium and professional products, especially amongst young women. Unlike their parents’ generation, they are more willing to express their individuality and personality. They have the spending power to pamper themselves and the knowhow to get the best brands and products to enhance their quality of life. This also applies to daily routines like hair care.

We reviewed premium brands in other beauty categories (e.g., cosmetics, fragrances, facial skincare) and found similar trends, like integrating fun and youth elements in the brands and products. Schwarzkopf Freshlight captured this mega trend and listened to the hearts of their consumers by launching a line of hair care products including three ranges of shampoos and conditioners in April 2014.

Supported by the advanced hair care technology from Schwarzkopf, coupled with the cute and fashion Blythe dolls on the bottle design, Freshlight offers its target audiences superior hair care functional benefits as well as a “young-at-heart” emotional response.

While most competitors mainly focus on the functional part of hair care, Freshlight brings out the brand personality via the different Blythe looks on each shampoo and conditioner bottle. They blend the premium and professional images of Schwarzkopf to give the Freshlight hair care line a strong functional and emotional experience for consumers.

DEVELOPMENT
Schwarzkopf Freshlight enriched its formula with floral extracts to offer superior hair repair and protection. It carries three ranges: Waterlily Moisture to provide hydration for dry hair, Cherry Blossom Color to provide color locking for color treated hair and Orchid Smooth to provide smoothening
results for damaged and coarse hair.

On top of technology, Freshlight worked closely with Hasbro (licensee of the Blythe doll) to put cute and fashion-forward Blythe designs on its bottles. Blythe has been famous for its trendy fashion sense, including hair color and hair style changes to match wardrobes. This is a perfect complement to the brand’s versatile personality.

The difficult part was to fulfill the fashion promise and positioning of the brand. We always need to keep a fast pace in development—not only to preempt competition, but also to stay on trend. We must offer newness again and again in short periods of time. The team has to remain nimble and be sensitive to hot topics and lifestyle trends when managing this brand.

**ACTIVATION**

It’s not easy to capture consumer attention amongst the thousands of local and multinational hair care brands in China. Therefore, connecting with consumers and giving them surprises are key to this new brand. The brand opened a pop-up cafe at the Shanghai Museum of Contemporary Art as part of its launch campaign. The cafe was decorated with flowers to amplify the product’s floral extract technology, a number of Blythe dolls were on hand for selfies and the company held a range of weekend activities for its young consumers (e.g., floral handicraft, cake making and hair styling sessions).

Instead of bringing the advertising to consumers, the brand let consumers come into the brand itself to experience it.

The brand also launched Limited Edition this year with new travel themed designs, bringing Blythe to Paris, Tokyo and New York. In-store promotion campaigns with collectible gift items, photo taking opportunities with Blythe and even ice cream during hot summer months. All this makes the brand unique in the eyes of our young consumers.

“ONE OF THE KEY SUCCESS FACTOR OF SCHWARZKOPF IS CONTINUOUS INNOVATION. WE INNOVATE IN TECHNOLOGY, FORMAT, USAGE AND CONCEPT TO PROVIDE BETTER HAIR SOLUTIONS TO CONSUMERS.”

— ANITA CHING
WHAT DO BREAKTHROUGH INNOVATORS DO?

- Game-changing innovation is possible in any company, across any category and for any product regardless of its level of maturity.

- Organizations perform better when more focus is placed on addressing consumer need rather than looking inward for what to produce.

- An entrepreneurial spirit and quick decision making are invaluable when leaning into consumer centric innovation.

- Innovation success has little to do with luck or genius – and even less to do with magic. It’s a purposeful and meaningful set of activities that creates value.

- The majority of the Breakthrough innovation winners root their success in profound understanding of the unmet needs from the local market of consumers and refrained from borrowing existing products from other markets. They owe their success to Chinese consumers’ buying better products in pursuit of a higher quality of life.

- Corporate managers use many definitions of innovation. Consumers use just one: innovative products perform important jobs in consumers' lives that currently have incomplete solutions or no solution at all.
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