Creating game-changing innovation is very challenging. Delivering to the marketplace a careful balance of powerful consumer insight and strategically aligned messages has never been more difficult. More intense competition, media fragmentation, evolving channels and tightening budgets, all in a Western European context of zero growth are just some of the hurdles that brands need to overcome on the road to launching a breakthrough product.

Yet this report allows us to take stock of some of the successes. It provides a way to showcase the triumphant examples that not only meet their goals, but shatter them. It proves success is within reach of us all in spite of the adversities.

This report is the culmination of an in-depth review of around 12,000 new product initiatives that launched in Western Europe between 2011 and 2013. Among that vast pool, only a tiny handful (seven) met Nielsen’s requirements for distinctiveness, relevance and endurance to earn the title of being a Breakthrough Innovation. We identified another three innovations that have the potential to become breakthroughs in time, and are already showing all the signs of being winners.
THIS IS THEIR REPORT AND THEIR STORY.

ONES TO WATCH

- ARIEL 3-IN-1 PODS
  - See Winner Spotlights
  - Page 44

- LAY’S XTRA
  - See Winner Spotlights
  - Page 47

- CADBURY DAIRY MILK MARVELLOUS CREATIONS
  - See Winner Spotlights
  - Page 41

THE MAKING OF WINNERS: NIELSEN BREAKTHROUGH INNOVATION CRITERIA

DISTINCTIVENESS
Deliver a new value proposition to the market. Ingredient reformulations, repackaging, size changes, repositioning, and other minor refinements to existing brands are excluded.

RELEVANCE
Generate a minimum of £/€10 million in year-one sales

ENDURANCE
Achieve at least 85% of year-one sales in year two. This measure confirms a sustained level of consumer demand while allowing for some drop in revenue during the transition from trial to adoption.

= See Winner Spotlights
TO CELEBRATE SUCCESS AND ACHIEVEMENT

Through the evaluation process, we found proof that success exists and is attainable by all. It is not, however, without hard work. Breakthrough success is never just a remarkable coincidence. Rather, it’s about deliberate attempts to disrupt all aspects and challenge the norm—consumer attitudes, long standing beliefs, launch mechanics, organisational behaviours and disciplines.

TO GIVE SOMETHING BACK

By sharing the lessons that we’ve learned from this year’s winners, we aim to improve innovation outcomes for all.

DAVID HOOD
Product Leadership,
Nielsen Innovation Practice
Leader, European Breakthrough Innovation Project, Author

JOHAN SJÖSTRAND
Managing Director,
Nielsen Innovation Practice,
EMEA, Co-Author
HEADLINES

WHAT DOES IT TAKE TO ACHIEVE GAME-CHANGING INNOVATION?

Put simply, our winners help consumers get jobs done; more easily, or in a better way than they did before. Innovation winners are, at their cores, outstandingly relevant, exceptionally different and meaningfully better than the alternatives. And the teams behind their successes arrived at greatness by:

- **Challenging** reasons for non-consumption
- **Defying** pre-conceived consumer beliefs and influences
- **Overcoming** circumstances of struggle in consumers’ lives
- **Disrupting** existing categories or creating a new ones
- **Excelling** with a disciplined organisational approach to proposition development and launch activation
- **Proving** that success is no fluke. Rather, it is a successful union of insight, product, creative marketing, smart leadership and above all else, **total understanding of the consumer**.

Beyond characteristics, there are some frequently encountered actions that enable us to identify the factors that winning manufacturers think about when innovating. We observed these principles in the DNA of almost every innovation we included in the spotlight section at the end of this report, and they form our headlines for success:

1. Get the RIGHT Innovation
2. Get the Innovation RIGHT
3. Get the Activation Strategy RIGHT
4. Get everyone RIGHT behind you

This may seem like an obvious arrangement of prerequisites. There is, however, a wealth of strategic and tactical prescription underlying each of them. It is true that other elements can certainly play a role in innovation success, which we will also explore in this report, though they may be considered merely as enablers.

Each one of the winners detailed in our spotlights carefully considered and acted on all four principles. It is therefore important to stress that an absence of any of these four components would severely limit the possibility of breakthrough success. This report explores each of these pillars in detail, and provides examples of real innovation journeys, to enable everyone to reach successful outcomes.
A word of hope to any reader who fears they’re incapable of the successes attained by our winners: nothing suggests this is out of reach of any marketer. Our research highlights that innovation success can be achieved:

By any manufacturer: large or small, local or multinational, even retailer or manufacturer branded.

In any category landscape: small or large, growing or declining, with a strong or weak focus on innovation.

The importance of innovation to a category vs. past year category performance

Many of the categories shown are represented in our list of winners, which underlines that breakthrough success is within reach of any brand in any circumstance.
WHY INNOVATE? THE BIGGER PICTURE CONTEXT OF WESTERN EUROPE

AT BEST, THE ECONOMIC PICTURE IN WESTERN EUROPE IS CHALLENGING FOR MANUFACTURERS. AT WORST, IT’S BLEAK.

Unit sales for all FMCG categories over the past 12 months clearly highlight low to no growth across the five key Western European markets of France, Germany, Italy, Spain and U.K. We’ve also seen an erosion of branded product share. In fact, only discounters and private label have experienced any kind of unit growth.

TODAY’S ZERO SUM GAME OF WESTERN EUROPE

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branded Products</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Hyper/Super</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Private Label Products</td>
<td>+0.5%</td>
</tr>
<tr>
<td>Discounters</td>
<td>+1.9%</td>
</tr>
</tbody>
</table>

Source: Nielsen Strategic Planner Year to 29/12/2013 (W.E Big 5 Countries), TOTAL FMCG, Unit Sales

When we look at this aggregated view of the region, it’s clear that attempts to drive growth are not working. Furthermore, persistence with short-term activities and promotions over a longer time period is eroding brand equity and is putting manufacturer brands in an even more difficult position for the future. Manufacturers need to break this trend in order to return to growth. So the questions become “How can manufacturer brands get back to growth?, and What are their options?
RETURNING TO GROWTH WITH INNOVATION

*Why even bother with innovation?* Innovation is one of many routes back to growth for brands, but it’s the one that’s most-favoured by CEOs*. According to PWC, CEOs see new product innovation as the biggest and best opportunity for near-term growth. But the appetite isn’t limited to the board room desire to use innovation as a growth mechanism. There is often, if not always, a consumer appetite for innovation. Consumers are increasingly demanding. They *expect to have more choice, and* that includes new product options, so there is definitely an opportunity for innovation, *provided it is the right innovation.*

**INNOVATION IS A HOT TOPIC...**

**ONE OF THE HIGHEST PRIORITIES FOR CEOs IN EUROPE**

**63%**

**CONSUMERS LIKE WHEN NEW PRODUCT OPTIONS ARE OFFERED**

**56%**

**WILLING TO SWITCH TO NEW BRAND**

**49%**

**TELL OTHERS ABOUT NEW PRODUCTS THEY HAVE PURCHASED**

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*17 Annual Global CEO Survey - http://www.pwc.com/gx/en/cce-survey/index.jhtml*
AT THE SAME TIME, THERE ARE SOME BIG COMPLICATIONS THAT CAN HINDER INNOVATION SUCCESS:

• Innovation in its most fundamental state is relevant to consumers, differentiated and better than alternatives. So if everyone looks at innovation as the pathway to growth, it will be increasingly difficult for brands to achieve outstanding outcomes on these fundamental criteria.

• As if this weren’t enough, heightened competitive intensity is observed from all angles, not just manufacturer brands. Nielsen is observing a different approach to innovation from retailers, who wish to improve the number of exclusive products in store to drive footfall. Gone are the days of an exclusive focus of retailers on launching me-too products.

• With high stakes, intense competition and difficult economic circumstances across Europe, the tolerance for risk among manufacturers is far lower today than ever before, which calls for leaner ways to research, resource and activate NPD without diluting their innovativeness.

While challenges abound, it’s perhaps even more inspiring to see what this year’s breakthrough winners have been able to achieve. At the same time, their initiatives demonstrate the importance of knowing how to achieve success. Success is never certain, but marketers can predictably and consistently flip historical performance from 85 percent failure to 85 percent success by changing their approach to innovation and building a passionate culture around innovation.
A DEFINITION: INNOVATION

WHEN WRITING A REPORT ABOUT BREAKTHROUGH INNOVATION SUCCESS, IT'S IMPORTANT TO CLARIFY THREE THINGS:

What is Innovation?
What is Breakthrough Innovation?
What is Breakthrough Innovation Success?

Finding the perfect answers to these questions could lock academics and marketers in a holding pattern of pedantry and semantics. For instance, one could easily dismiss Lucozade Energy’s Pink Lemonade as “not real innovation” or “just a new flavor drink.” Others might label Cadbury’s Marvellous Creations as “just chocolate with bits,” Or Ariel 3in1 as “just another laundry product.” And to that point, is Sodebo’s Salade et Compagnie simply a “salad in a box.”... and so on.

However, evaluating how different a product looks is actually a very poor predictor of success and “differentiation.” Doing so also tends to be a highly unreliable guide in pursuing winning innovation. Meanwhile, focusing on consumer behavior and action presents a decidedly different assessment.

Of the around 12000 new introductions to Western European markets between 2011-2013, only a handful sold more than £/€10 million in the first year, and an even smaller amount maintained similar performance through year two. This compares to a huge 76% of all innovations that did not even achieve 52 weeks of sales (and barely half achieved even 26 weeks of sales). In short, consumers found extraordinary relevance in this year’s breakthrough winners.
What the breakthrough set reveals is that the differences that matter – the ones that drive trial, adoption, category growth, and sustained profitability – are not revealed in surface-level attributes. In other words, consumer behaviour offers a more useful definition of innovation: **CONSUMER STRUGGLES AND ASPIRATIONS REVEAL INNOVATION OPPORTUNITIES AND REPEATED PURCHASE, AND USE BEHAVIOURS AFFIRM INNOVATION SUCCESS.**

**WHAT IS A JOB?**

1. A CIRCUMSTANCE OF CONSUMER STRUGGLE, TRADEOFF, OR ASPIRATION – CONTEXT IS CRITICAL
2. COMPRISED OF FUNCTIONAL, EMOTIONAL, AND SOCIAL (HOW WILL I BE REGARDED) DIMENSIONS
3. A SPECIFICATION FOR INNOVATION (I.E. WHAT ARE THE CHARACTERISTICS OF AN IDEAL SOLUTION)

Put another way, marketers don’t define innovation, consumers do. Marketers who impose their own definitions, because of past results or practices of peers, deny themselves the opportunity to learn the truly transferable lessons from past commercial outcomes. Consequently:

1. They introduce solutions where no unmet consumer job exists
2. They consequently miss the real opportunities to innovate and grow

We have found these observations to be some of the most helpful takeaways from the Breakthrough Innovation Project. We also realize that adopting new definitions is hard. Inevitably, each of us develops a mental model of what innovation looks like. Breaking with deeply embedded beliefs and biases is extremely difficult. By bringing a degree of self-awareness to these judgments, we can begin to learn the lessons that winning brands teach and sharpen our understanding of the true nature of innovation.
With an archive of more than 60,000 new SKUs to Western European markets from the past three years, (translating to an estimated 12,000 initiatives), Nielsen Innovation Practice’s innovation database is a gold mine of insights. The database provides our team with a platform to deliver a range of strategic and tactical insights, from launch assessment of individual lines, through to extensive portfolio evaluation.

In the context of this report, we arrive at what matters to innovation success with far greater clarity because we have a chance to also look carefully at what is not a breakthrough success, so there is even more conviction in our counsel.

The vast majority of new introductions get taken out of distribution before the end of their launch year.
Today, there are big differences in innovation activity levels across categories.

A huge majority of innovation revenue comes from a tiny minority of SKUs, indicating that a lot of innovation has very little impact.

This is because in all categories examined, there is a very long tail of small initiatives that will quickly be delisted because they don’t achieve sufficient sales velocity.

Therefore, we believe focus need to shift toward “bigger” (quality) as a means to improve success rates and category growth. One simple measure of quality can be to benchmark the size of the initiative vs. category average.

Index of revenue of BEST SKU vs. category average revenue per SKU (UK 2013)
THE ROLE OF BRANDS IN INNOVATION SUCCESS

Every breakthrough introduction is a remarkable coming together of consumer closeness, skillful marketing and disruptive thinking. We have seen that there is no end of challenges to overcome, but is brand health yet another? For example, would an innovation be doomed to fail if the parent brand was not in a position of good health?

Good brand health is not a prerequisite. The plethora of new brand and new manufacturer introductions is proof that strong equity is not a requirement for success. In many cases, neutral equity has sufficed. But good brand health is an enabler, a catalyst for strong performance. Healthy brands create fertile grounds for innovating and enabling successes. Success can breed success. Reception to innovations from strong brands is more positive than reception to those from weaker brands. That's because there is more faith in the brand's ability to deliver against unmet demand and to meet trade objectives of category growth.

Conversely, poor brand health does not translate to surefire failure, and there are many “phoenix from the flames” examples from lost travelers. But weak vitality can reduce the odds. So it's advisable to establish strong credentials on brand affiliation and loyalty ahead of innovation in order to lay the foundations for future success.

“GOOD BRAND HEALTH IS AN ENABLER, A CATALYST FOR STRONG PERFORMANCE. HEALTHY BRANDS CREATE FERTILE GROUNDS FOR INNOVATING AND ENABLING SUCCESSES”

Foster’s Gold is a good example of an innovation that launched from a strong brand position. Positive brand health and loyalty metrics had been on a steady upward trajectory for a period of time prior to launch of Gold, driven by the outstanding “Good Call” advertising campaign. In the case of Foster’s, consumers were resonating with the brand, and it was ready to be stretched. This ‘preparatory’ phase of the brand was regarded as one of the success enablers of Foster’s Gold, and may help to explain why other products didn’t achieve the same level of success when they came to compete.
Our work with clients has revealed some guiding principles to successful innovation that are consistently observed in our celebrated spotlights.

**GETTING THE RIGHT INNOVATION**

“Great innovators ask impossible questions.” This is an inspiring thought from Geoff Tanner, Big Heart Pet Brands VP of Marketing, that we included in our 2014 U.S. Breakthrough Report. In the case of his company’s cat food brand, Meow Mix Tender Centers, the question was how to deliver wet food in a dry format, and the answer came from understanding the experience of cat owners – another story of resolving a historic trade-off. In this case, that meant combining the benefits of dry and wet cat food.

Great demand-driven insights often come from simple observations of reasons why people don’t use a product or even a category: what causes them stress, confusion or inconvenience, and what compromises they have to make. Resolving these situations can be a big opportunity to uncover emerging or latent demand. Indeed, breakthrough innovations often go beyond current demand to look at the opportunities leveraging trends and evolution of demand or even creating future demand.

Because of that, breakthrough innovations have significant impact on the categories they enter. They are outstandingly relevant to consumers. Because breakthrough innovation is designed to overcome a circumstance of struggle in consumers’ lives they may often redraw the lines of how categories are described and defined in the minds of consumers.

This observation also suggests that what preceded breakthrough introductions did not. This simple observation suggests that brands can begin their search for the right innovation by taking a long hard look in the mirror. Doing so helps brands understand the job(s) they perform in the lives of consumers, while also clarifying where the frustrations or reasons for non-consumption lie.
Andra Gough, Category Head at Mondelēz, shares a story about Cadbury Dairy Milk: “From the beginning, we knew we had an iconic chocolate product, loved by consumers across the globe. Yet, arguably, we had a staid base range that did not fit the need of today’s consumer.” The belief was that “consumers loved our brand, but they were not in love.” The journey to address this started with a candid assessment of the role the brand was playing in consumers’ lives. A sobering self-appraisal of its U.K. Dairy Milk portfolio, and the subsequent consumer closeness exercises to understand their experiences with the product, helped the brand’s successful launch of its Marvellous Creations, which achieved sales of more than €50 Million in 12 months.

This approach provides a compelling starting point to any innovation. Such an examination of how consumers apply brands to moments in their lives, and crucially, where they don’t, provides marketers with an understanding of how to unlock the opportunity and tap into latent demand.

Of course, understanding the role a brand plays in consumers’ lives would not give the marketer everything they need to judge what consumers are looking for. Brands and products are not at the centre of consumers’ minds; jobs are. For instance, consumers say “I need to clean the floor.” They don’t say “I need a floor cleaner.” So an exhaustive assessment of the jobs to be done remains vital to revealing the “aha moments” that translate total understanding of consumer struggles and frustrations into game-changing solutions. Without this, there remains confusion over reasons for non-consumption, which produces inadequate answers. Finding the right innovation for consumers is therefore about answering this question creatively and disruptively from a position of total understanding.

Our spotlights showcase many examples of brand teams taking lengthy periods of time to work on understanding the jobs to be done. This is a recommended action, and while speed to market is critical, there is nothing but false advantage to moving swiftly toward solutions without first walking in the shoes of the consumer. Remember, the innovation system itself cannot create compelling innovations. Cadbury’s Marvellous Creations launch is a textbook example of how going slow at this stage actually facilitated going faster later. In that particular case, the innovation hardly changed along the road because the team put so much hard work into the innovation requirement specs. As a result, the team could recognise what a strong solution would look like without needing a lot of iteration.
For multi-national manufacturers that are able to develop compelling product solutions from within for use in other markets, there is both opportunity and complication to finding the right innovation for the consumer and the organisation. In some cases, there is a complicated “square peg and round hole” conflict for local marketers to resolve, as companies often unceremoniously dump products from certain “lead” markets and force-fit them into others.

Brands can locate the proverbial “sweet spot” by squarely answering unmet demand with a “globalized” product from established production lines. Breakthrough innovations of this kind are possible, but uncommon. The Lays team in Spain delivered precisely this in its launch of Lays Xtra in Spain, which delivered fantastic solution to a circumstance of struggle in consumers’ minds even though the product did not originally come from the region. The headline here is that once the job to be done is clear, the right innovation may come from a range of sources, including from within.

“THERE IS NOTHING BUT FALSE ADVANTAGE TO MOVING SWIFTLY TOWARD SOLUTIONS WITHOUT FIRST WALKING IN THE SHOES OF THE CONSUMER. REMEMBER, THE INNOVATION SYSTEM ITSELF CANNOT CREATE COMPELLING INNOVATIONS.”
GETTING THE INNOVATION RIGHT

Success involves translating the demand-driven product solution into a complete market-ready offer. However, success is an ambiguous term that is interpreted differently according to the lens from which one is looking at something. Therefore, translating a solution to a job or occasion into a successful proposition requires passing a series of considerations to arrive at as much of a consensus view on outcomes, and to ensure the innovation is ripe for capitalizing on unmet demand. They include:

- Confirmation that the innovation has strength on the foundational elements of relevance, differentiation and superiority.
- Confirmation of which innovations should be prioritized or removed.
- Confirmation of strategic alignment and volumetric potential.

With these considerations, and in light of tough economic pressures throughout Europe, there is a widespread shift toward risk aversion, even among those who own the shelf. Yet we observe that innovation effectiveness and returns often suffer at this stage because companies do not build sufficient learning and adaptation into their planning, and/or they do not impose sufficient rigorous standards for what constitutes a market-ready launch. Therefore, holistic, objective, predictive frameworks with initiative-specific action standards should be sought out to improve decision making and ultimately outcomes of innovation. Precious merchandise can be measured against important consumer adoption and business success criteria, while organisations strive to stay true to the demand driven insight through development.

Another way manufacturers seek to improve success outcomes is by prioritizing resource and investment behind a ‘special few’. The expectation here is that with more focus, innovations can be more successfully nurtured into big bets, which is arguably correct. The heralded mantra of “fewer, bigger, better” is by no means new, and it always provides wise counsel to innovators on breaking through the clutter of Post-It® notes from ideation workshops. However, closer inspection of manufacturer behavior proves that there is a long way to get to 100 percent adherence to such a philosophy.
Of the 60,000+ new introductions we analysed, a huge 76% of them failed to make it to the end of their first year on the shelf, while only 1 in 3 innovations achieve more than 10,000 unit sales, which is a meagre number for any consumer product. What’s more, in the case of both the U.K. beer and chocolate categories in 2013, 80 percent of innovation-based revenue came from the top 3 percent of innovations. Given the inevitably softer performance of the remaining 97% of innovations, and in spite of a seemingly universal focus on fewer, bigger, better, a lot of detritus seems to exist.

The observed difference between thinking and acting is likely an outcome of compromise, given a broader agenda around new product introductions that may sometimes be outside of the control of brand owners. Category growth may be a shared goal of manufacturers and retailers, but the consumer and retailer demand for refreshed category shelves is relentless and often results in the arrival of tweaked extensions at the store. This appears a misguided and time-consuming way to achieve very little, clearly proven by the fact that overall sales in hyper/supermarkets are not growing.

A consistent set of opportunity metrics between retailers and manufacturers would surely help bridge the gap.

Specifically, use of an objective framework would:

• More easily identify relevant, differentiated, superior introductions > increase consumer interest in the shelf > create value opportunity for retailer and manufacturer.
• Produce stronger innovations overall: if retailers demand to see unbiased predictive opportunity measures for innovations, all innovations would need to up their game.
• Create an opportunity for retailers to drive footfall through exclusives with better odds of success.
• Establish a mutual opportunity to focus money and resources on fewer bigger introductions that stand a better chance of growing the category.
• Reduce risk.

Even ignoring this ongoing subtext around innovation, and looking inside organisations, it’s still surprising to perceive the frequent non-existence of an ‘escape chute’ for low-potential innovations, given their cost (in resources and real money). Do weak innovations have a chance to fail in your organisation?

Much of the success story hinges on the existence of multi-faceted action standards, the use of predictive frameworks or other sensible guardrails. Unpolished innovation is unlikely to be able to walk the talk at launch if these attributes are absent. On the contrary, organisations that do employ them are more likely to get their innovations right.
GET THE ACTIVATION STRATEGY RIGHT

After investing extraordinary time, money, and resources to develop a compelling proposition, the opportunity is often won or lost where the rubber meets the road – in the marketplace.

Winners resist the tendency to revert to past practices or common rules of thumb to frame their go to market activities. Indeed, if there is one rule of thumb for breakthrough activation, it’s to not use rules of thumb.

Since the demand-driven insights of breakthrough winners are wildly different from one another, it should come as no surprise that their activation strategies are equally varied. That said, however, we’ve identified a few key approaches that have enabled breakthrough winners excel in their execution:

Once the research has been completed to understand the consumer frustrations and circumstances of struggle, and the team has worked tirelessly on getting the innovation right, against what matters to success (whatever that means to individuals), it is very difficult to conclude that breakthrough innovation is in any way a coincidence, or a product of luck.
(EARLY) TRADE COLLABORATION PAYS OFF

The unique approach that each Go-To-Market team took to engage its customers (the trade) was among the most common themes we observed in our winners. Indeed, the collaboration between manufacturer and retailer – often much earlier than typical – was striking as both worked together toward making the innovation a success.

• The Oral B Pro Expert launch in the U.K. was hampered by the dominance of other prominent brands on the oral care shelf. Yet, the team engaged customers early with a compelling pitch that was perfected during a huge pow-wow of trade marketers aimed at educating them about the remarkable product performance of Pro Expert. Consequently, the toothpaste gained prominent distribution and full retailer backing before competitive brands even had a chance to react.

• Strong and early collaboration with key customers also allowed Cadbury’s launch of Marvellous Creations to excel. The principal objective was to engage the trade in the story behind the launch and articulate the significant unmet demand that this introduction was addressing. The product blitzed stores and achieved 99 percent ACV distribution in the U.K. within four weeks.

• Milka is known for its distinctive lilac packaging, but it wasn’t known for producing chocolate biscuits. While Choco Supreme was the product solution, the creative solution - which produced huge shelf impact and brand halo - was to use a block merchandising approach to showcase the biscuit in store. By grouping the new chocolate biscuits with new and existing Milka products, Milka benefitted from long-standing package branding that consumers already equated with premium quality.

Our examples illustrate that early collaborative relationships with the trade helps all parties get behind launches to produce “1+1=3” outcomes. Equally, sharing the innovation’s journey and raison d’être with the trade has been shown to produce a togetherness that optimizes activation.
Inevitably, trade acceptance of breakthroughs is also high because they clearly add value to the shelf. In the case of Milka, for instance, the Choco Supreme introduction represented a significant premiumisation of the shelf: incremental revenues of about 40 percent for the category, despite premium unit price. Clearly, such a trade up is beneficial just as much for the retailer as the manufacturer.

**BRING THE INSIGHT TO LIFE**

Successful activation brings the demand driven insight to life by helping consumers link the new product to their job to be done. There are so many examples of creative content that excel on this important task. Few are better than Unilever’s “Dirt is Good” campaign which produced such a resonating insight to family life that resolved a now obvious conflict: a child’s desire to explore and play, even if that means getting messy, conflicting with a mum’s concern for clean clothes. The copy balanced strong emotional connections with demonstrations of strong product performance that removed concerns – mums were reassured on product delivery and did not have to stop their children from having fun.

**CONVERSELY, WE OBSERVE SO MANY CASES WHERE THE CREATIVE FALLS WOEFULLY SHORT OF REPRESENTING THE SOLUTION AND THE HARD WORK UNDERTAKEN.**

It’s true: the responsibility of creative is to produce original, fresh thinking on a subject, not just a logical representation of a new product. Without fresh thinking, it’s difficult in-market communication to be memorable or persuasive. However, this fresh thinking ultimately needs to be tethered to something that makes consumers tick – the solution to their struggles and frustrations. What is the value of working hard to get the innovation right if ultimately this is ignored at launch by the creative copy? **Outstanding copy sets itself apart by balancing imagination with meaningful content.** The result is aha–strength insights and reassurance on delivery, wrapped up in an emotional context. Just like “Dirt is Good”, in fact.

**HOLD YOUR CREATIVE PARTNER TO ACCOUNT TO PRODUCE ORIGINAL COPY WHILE ALSO REPRESENTING THE STORY OF YOUR INNOVATION.**
CHOOSE THE RIGHT “ABOVE THE LINE” STRATEGY

What’s the best way to proceed in terms of “above the line” support? Analysis from our 2012 Breakthrough Innovation report uncovered two distinctive activation patterns in the U.S.

“SPRINTERS” RACE OUT OF THE GATE IN YEAR ONE WITH HEAVY BACKING, AND THEN ALLOW MOMENTUM TO SUSTAIN THEIR IN-MARKET PERFORMANCE IN YEAR TWO.

“MARATHONERS,” ON THE OTHER HAND, DELIBERATELY START OUT AT A SLOWER PACE, AND THEN BUILD ON THEIR SUCCESS IN SUBSEQUENT YEARS.

These two activation models – Sprinters and Marathoners – are driven in part by the characteristics of the new products, and in part by the market and financial objectives of the companies that launched them. The Marathoner’s activation plan is consistent with a profitability-first mindset, whereas the Sprinter’s actions appear to reflect a growth-first focus. Data clearly shows that both activation models can generate significant and sustained in-market success.

Our 2014 investigations revealed that other activation models also exist, and they often strike a balance between the Sprinter and Marathoner approaches. The selection of an activation model is often likely a product of brand share/dominance, category, relationships with the trade and also innovation type.

Marathoners, as their name suggests, take a more measured path to greatness. The Breakthrough Innovation Leaders that followed this model included companies that launched a new brand, created a new category, or otherwise pursued an initiative that carried with it a qualitatively higher-risk profile. Not surprisingly, most of the small companies follow this model. While the new products launched under this model are priced at nearly a 35 percent premium to the average product in their category, they are significantly less expensive than the Sprinter innovations. Breakthrough Innovation leaders that followed this model include Dove Men+Care and Chobani in the U.S.

With the confidence gained from their year one success, these Breakthrough Innovation leaders ratchet up their activation levels in year two. They broaden distribution and they boost their investment in both advertising and in-store support increase. They also deepen their penetration of middle- and lower-income shoppers, perhaps aided by their relatively lower price points. The result is a dramatic increase in sales in year Two, by an average of 80 percent. By the end of their second year in-market, the slow-and-steady Marathoners achieve a higher level of sales on average than the Sprinters.

Sprinters tend to be larger companies that introduce products that are relatively similar to those in their existing portfolios. These products are typically priced at a substantial premium, both in relative and absolute terms. They are 1.9 times as expensive as the average product in their category, and 1.4 times as expensive as the Marathoners’ introductions. In the U.S., Sprinters spent an average of nearly $50 million in traditional media during year one. In-store support is also high to stimulate trial, as both discounting and off-shelf display activity far outpace category norms. The result is significant in-market sales success: Sprinters averaged $83 million in sales in the first 12 months after launch.

After racing out of the gate, Sprinters take their foot off the accelerator in subsequent years, appearing to shift focus from growth to profitability. They pull back substantially on in-store activity and advertising – though advertising levels still remain higher than the Marathoners. Distribution levels remain flat. But the alignment of their offer with a unique demand insight, coupled with their aggressive year one activation efforts, provides enough momentum to sustain Sprinters’ sales performance in year two.
Distraction is one of the biggest threats to breakthrough success. It removes focus, it dilutes the effectiveness of teams to solve problems creatively, and it slows development and activation progress. In every innovation case study we present in this report, the message is loud and clear that breakthrough success is a product of organisational togetherness.

Disciplined management and organisation around innovation remains an imperative to success. Executives should set the strategy from the start and then create the perfect balance of pressure to get adrenalin circulating through the veins of the team without making them feeling the weight of the organisation on their shoulders.

Forging togetherness and focused belief in the work of a team creates outstanding outcomes when it is applied to the right opportunity. Performance is often exceptional not only in the form of results, but also in the form of speed. In several cases, and in spite of the huge challenge of producing a breakthrough solution, projects teams recorded significantly faster cycle times than their typical innovation cycle times, suggesting the “Holy Trinity” of Speed, Quality and Cost (in this case volumes) is achievable by a special few.

CITING HER EXPERIENCES ON THE CHOCO SUPREME LAUNCH IN FRANCE, BRAND MANAGER OLIVIA DE CARVALHO AQUINO SAYS:

“Executive management inspired a sense of commitment and togetherness that created an environment where nothing seemed impossible. Such backing also meant the team could dig in quickly and efficiently, facilitating fast decision-making, and provided the team the ability to quickly identify and bypass any road blocks or barriers to success.”

ANDRA GOUGH AT CADBURY:

“Behind the success was an organisational togetherness unlike any other launch. We moved as one, to push the boundaries more than ever before.” The role of executives was critical. Throughout the organisation and in every single operation, there was a single-minded approach and a philosophy to demonstrate collaboration. “Even if people were not working on Marvellous Creations, this is still the biggest thing we’re doing this year, and we stand together.”
SUCCESSFUL INNOVATION IS REALLY ABOUT CAREFULLY BALANCING A LOT OF THINGS THAT MARKETERS PROBABLY KNOW THEY SHOULD BE DOING. SO IF THIS IS THE CASE, WHY DOES THE INDUSTRY RARELY PUT ITS HEAD ABOVE THE PARAPET OF FAILURE TO DELIVER EXCEPTIONS?

ONLY 7 OUT OF 12000 LAUNCHES COMBINE STRENGTH OF RELEVANCE, ENDURANCE AND DISTINCTIVENESS TO DELIVER SUPERLATIVE PERFORMANCE.

OUR BREAKTHROUGH CASES AND THE LESSONS WE TAKE FROM THEM ARE TESTAMENT TO OUR POINT THAT INNOVATION SUCCESS DOESN'T HAVE TO BE ROCKET SCIENCE. ON THE CONTRARY, THEY ARE GREAT CASES OF RELENTLESS FOCUS ON THE DEMAND DRIVEN INSIGHT AND A DISCIPLINED APPROACH TO ORGANISATION AND EXECUTION WHEREBY EVERYTHING COMES TOGETHER OUTSTANDingly WELL.

DISRUPTIVE SUCCESS IS WITHIN REACH OF US ALL.
ACKNOWLEDGMENTS

It has been an immense privilege to hear these remarkable innovation stories first hand, to get a glimpse into the engine room of teams that have manufactured breakthroughs. Nielsen is thankful to all of our client partners that have taken time out to participate and share, and without whom we are unable to pass on such remarkable stories. They each offer a beacon of light to the industry of how superlative performance can be enabled. We offer our sincere thanks to all of them.

Many thanks to the wonderful team of Nielsen colleagues without whom this report would not exist, especially Ronald Goudsmit, Eijaz Sheikh, Sharon Jacob, and Priya Shettigar.

Special acknowledgment should also go to our U.S. Breakthrough Innovation community led by authors of our U.S. report: Taddy Hall and Rob Wengel.

ABOUT THIS RESEARCH

Nielsen’s European Breakthrough Innovation Report is part of a series of reports that cover the globe, and together form facts, insights and thought leadership on Innovation for marketers, based on real observations of impactful launches in the past three years. This is our opportunity to give something back to the industry, to help everyone improve innovation outcomes, to make every penny invested in innovation go further. The U.S. 2014 was report delivered to the industry in June, and was featured in Forbes magazine. To add to the richness of our findings, we make reference to some stories from our U.S.-based clients in this report alongside European specific examples. To complete this report, Nielsen has used our proprietary ScanTrack Innovation platform to identify innovations from four key Western European Markets for this report: U.K., France, Spain, Italy. While these markets have represented the focus of the data behind this report, breakthrough innovations in other markets, particularly Germany, have been reviewed and form part of the overall findings described within.
Detailed breakdown of Innovations included in this research

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This number represents the total number of new introductions launched in each market between January 2011 and December 2013. Where different EAN codes make up the same SKU, these have been combined. This means that well in excess of this total of EANs have been included in this research.

We intended our focus to be as broad as possible. Given the sheer volume of innovations to review, however, we restricted our search to 17 categories covering all corners of FMCG. Together, they form around 30 percent of ALL commodity volume (Value) in FMCG.

This research report will evolve. We plan to include more categories and more markets in subsequent reports. Geographical expansion will include Germany, plus Russia, Poland and Turkey, to build an East European perspective.

References

- Price Waterhouse Cooper 17th Annual CEO Survey http://www.pwc.com/gx/en/ceo-survey/2014/key-findings/transformation/index.jhtml
WINNER SPOTLIGHTS

SPOTLIGHT 1: FOSTER’S GOLD
SPOTLIGHT 2: MAGNUM INFINITY
SPOTLIGHT 3: LUOZADE ENERGY PINK LEMONADE
SPOTLIGHT 4: MILKA CHOCO SUPREME
SPOTLIGHT 5: CADBURY MARVELLOUS CREATIONS
SPOTLIGHT 6: ARIEL 3-IN-1 PODS
SPOTLIGHT 7: LAY’S XTRA
SPOTLIGHT 8: MÜLLER LIGHT GREEK YOGURT
SPOTLIGHT 9: SODEBO SALADE ET COMPAGNIE
FOSTER’S GOLD:

THE BREAKTHROUGH BEER THAT MADE THE GOOD CALL

It’s true that innovation success can be achieved by any manufacturer in any category, provided there is relentless focus on the jobs to be done. But it is also evident that a healthy brand may be better placed to serve up breakthroughs. Healthy brands create confidence, with consumers and trade customers alike, who both have more faith that they can deliver. A healthy brand creates solid foundations for any kind of onward stretch for a brand in a way that weaker brands may not.

For Foster’s, a major player in the U.K. beer category, its strong brand health provided the fertile ground that enabled the success of Foster’s Gold: a premium bottled-beer launch in the U.K. Yet, success was by no means a sure thing: Innovation in beer is widely thought of as challenging, if not impossible, which partly explains why 3 year revenue sales from innovation stands at a measly 1.2% (vs. other high penetration categories at around 10%), in a declining category backdrop. In short, high returning innovation is rarely attempted in beer, while bigger opportunities in Cider and elsewhere received more focus from some. Yet this was no distraction for the Foster’s team, who, with the launch of Foster’s Gold, delivered the first scaled innovation in U.K. beer for some time and with it provided some staggering figures to prove that innovation was
possible even from the most barren of landscapes.
- Revenue sales well in excess of £30MM in sales*
- Incrementality reported at 93% to the brand**
- This single launch represented more than 25% of the total beer category sales from innovation in the past 3 years.***

With these facts alone, it is clear why the work of the brand team on Foster’s Gold should be applauded.

Ahead of the launch, and with the business objective to grow the brand, it was deduced from shopper research that one of the biggest opportunities to grow was by moving Foster’s into the as-yet untapped bottled beer market. “The first choice consumers make is on format, so we knew that by not having a bottled beer we were missing a good chunk of the market”, says Gayle Harrison, previous Brand Director for Foster’s at HEINEKEN (European owner of the Foster’s Brand). “What’s more, we’ve understood that there is a “bottle occasion” that we are not engaged in – mixed social events, presenting a time to be a bit more upmarket, and when consumers don’t want to drink cans.” For both of these reasons, top management was supportive of exploring this growth opportunity.

Yet the consumer insight work needed more exploration. Breakthrough Innovation is achieved by walking in the shoes of consumers, to get under the skin of demand, and to find reasons for non-consumption. And it was clear the team had done their homework on these elements. This was not just a case of putting existing Foster’s into bottles. Research explored the anticipated bottled beer experience to ensure that a future product provided the best possible outcome. The solution:
- Needed to be more premium to suit the “showier” mixed social occasions. Aesthetics were vital - bottle colour, logo and labelling, as well as packaging look and feel were all determined as important criteria to fit the occasion.
- Needed to have a higher alcoholic content (ABV) than cans. This was an observed prerequisite.
- An “easy to drink” lager- a fresh high quality taste without compromise.

Foster’s Gold represents a fine balance of these criteria, while detailed work on these elements carved out a superior proposition to significant alternatives. For instance:
- Introduced a “lightsafe” hops compound to allow clear flint bottles to be used. Without this, the hops content within the product would react badly to light exposure, damaging freshness.
- The design of the bottle, with minimalist logos and features improved the product’s fit to the occasion and the premium experience.

* Revenue sales well in excess of £30MM in sales
** Incrementality reported at 93% to the brand
*** This single launch represented more than 25% of the total beer category sales from innovation in the past 3 years
These insights helped to shape the innovation to target the unmet demand perfectly, and helped to serve up a strong customer sell in story. Focus on a new format for a new occasion, the premium position (translating to category trade up), and the brands conviction that Foster’s Gold addressed the category’s unmet consumer demand were all strong reasons to expect trade backing, which was duly received. Foster’s Gold represented an opportunity to revitalise a staid category that did not focus on innovation, from a brand that excited the trade and had the brand health credentials to deliver.

At launch activation, the team was insistent this was not just a flash in the pan – “this is an innovation, not a launch”, stated Harrison, referencing many other occasions where new introductions had been left unsupported on the shelf. “We had a 3 year execution strategy. Part of that was to carefully roll out above the line activities with existing communications, whereby [Foster’s] Gold had its own identity, yet could “piggy-back” on the [widely heralded] ‘Good Call’ brand advertising campaign”. The campaign line extension took the “Good Call” boys to high end mixed social occasions to reinforce the bottle’s premiumness and point of difference. This was all to good effect with the outcome generating significant two-way halo for the brand.

The launch was 93% incremental to Foster’s and led to significant category growth. These impressive facts reinforce the existence of a different occasion to cans, while category growth suggests the shelf had not squarely addressed consumer demand prior to launch.

Foster’s Gold took a short amount of time to evolve from opportunity identification to launch, relative to other introductions. Speedy lead times were enabled by top management backing, and the will to pull together the right people with the right experiences for effective results. “Everyone believed in the opportunity and were mobilised behind it”, says Harrison. “We had a genuine consumer insight we believed in and had researched, and we were all impressed by the outcomes. It also reminded us that beer innovation was possible even if others didn’t think that.” The product’s success continues.
MAGNUM INFINITY SERVES UP INDULGENCE THROUGH SCIENCE

When you look at the landscape of new products, very few achieve true breakthrough success. In fact, Nielsen research suggests that only one in 200 attains this holy grail of success thresholds. So what are the odds that one brand could hit the mark twice? And to that point, knowing what it takes to break through, would a brand consciously try to outdo itself knowing how steep the challenge?

Magnum, which has been serving up glamour and sophistication through a growing line of premium ice cream products for 25 years, has built its business on pulling the levers of emotional indulgence in the category, and “without doubt Magnum Infinity pushed the boundaries of pleasure and indulgence even further” said Letizia Razzino, Brand Developer in the Global Magnum Team.
While the brand has a long history throughout Europe, its entry into North America was nothing short of powerful. In fact, after Magnum crossed the pond in 2011 to debut in the U.S. and Canada, Nielsen named Unilever among its 14 Breakthrough Innovation winners, calling the Magnum Ice Cream launch a game changer.

But while Magnum was shaking up the ice cream category in North America, the brand team was not sitting on its laurels back home. In fact, it was prepping its next unique offering: Magnum Infinity, which it debuted in early 2012. But this new product isn’t simply a re-packaging of what Magnum had offered previously. It’s a scientific achievement in chocolate delivery—one that promises consumers an extended period of indulgence. Magnum Infinity is a lesson in how consumer insights and product development teams can come together to produce something greater than the sum of its parts.

Building on its drive to give consumers the best possible chocolate experience, the brand team set out to extend the “high” of consumption—the release of more endorphins—to essentially prolong happiness for longer. Despite sounding like confectionary fiction, Magnum met the challenge head on by sourcing a rare supply of chocolate from Tanzania that can actually elevate consumer enjoyment. How? This cocoa source contains a naturally higher level of theobromine, natural element of the cacao plant that creates the “high” consumers experience when they eat chocolate. With this rare-source of cocoa, the brand team could combine a significant product breakthrough with a resonating consumer insight that would deliver pleasure that stays with the consumer longer. The Tanzanian cocoa together with the use of cocoa nibs in the coating and high levels of cocoa powder in the ice cream has created a product with Magnum’s longest lasting intense pleasure. As Razzino explains “This powerful claim has been carefully substantiated using Time Intensity studies and it has been communicated through the message of “Intense Magnum Pleasure that stays with you longer”.

When it came to introduce customers to Magnum Infinity, the brand knew that science would play a part of the launch, as would taste and the overall experience. So in addition to an extensive ad campaign that spanned TV, outdoor, press release, print ads and digital efforts, the brand team embarked on a pervasive consumer marketing campaign as well—one that combined chocolate and ice cream with celebrities including actress and model Kelly Brook, and a sensory experience to illustrate the science behind the bars.
ENTER THE PLEASURE POD

Taste is one thing, but seeing what you taste is something else. To complement the science behind the chocolate in Infinity ice cream, Magnum partnered with the Jotta design group and culinary experience firm Bompas and Parr. The result of the collaboration? The Magnum Infinity Pleasure Pod: a high-tech, bio-interactive experiential sphere, which Magnum included in its product launch to give consumers a bio-sensory experience that would display their enjoyment of the chocolate ice cream bars.

Upon being given an Infinity bar, visitors were asked to sit inside a large, black sphere fitted with sensors to detect heartbeat, swallowing, facial expression and skin tension. As visitors enjoyed their treats, the sensors collected readings and fed them into the pod’s digital software, which then projected a personalized “pleasure portrait” of what the visitor is experiencing within the pod. Magnum Infinity makes your brain smile! The experience created the first merging of ice cream, cybernetics and neuroscience.

In the end, the expanse of exposure, promotion and excitement around this UK launch sparked more than £16 million in retail sales in year one, equating to more than 12 percent of the entire UK Magnum portfolio. Comparatively, the previous launches in the same market of Magnum Ghana and Magnum Gold generated year-one sales of £6 million and £7 million, respectively.

While the results were overly positive, the Magnum Infinity launch did not take business from other areas of its business—or even its competitors. In fact, the UK Magnum team reported that in the market 70 percent of buyers were new to Unilever, with 45 percent new to the ice cream category and 25 percent switching from different brands, highlighting true brand and category growth.

With numbers like that, Innovation has never tasted so sweet.
THE POWER OF PINK:

UNLEASHING ENERGY TO A NEW CONSUMER

When it comes to innovation, market leaders frequently stress that brands and companies leave no stone unturned on their hunt to find significant unmet consumer demand. But it’s not enough to simply identify a need. Brands also have to challenge their findings by creating something relevant, different and better—traits that can truly change the game. But that doesn’t necessarily mean creating something overly complicated. In fact, sometimes the simplest ideas are the most powerful.

And that was the case when U.K. energy drink giant Lucozade Energy set out to stir up an increasingly competitive landscape. While the beverage behemoth battled with the challenge of innovating, it actually found that the answer was simple and straightforward—and was powerful enough to have a game-changing impact.

Pre-innovation, Lucozade Energy was already the No. 1 energy drink brand in the U.K. and had a powerful, long-standing brand identity associated with energy and fuelling social active fun. At the same time, the brand had historically been more male-focused, so when
faced with the challenge of correcting the bias and “being cool.” Lucozade’s brand team looked for a disruptive answer. How could the brand appeal more to females without alienating its core? With the launch of Lucozade Energy Pink Lemonade, the brand team hit the nail on the head, and with it, produced some impressive numbers.

The new beverage was not just a flavour extension though. Well actually it is, but it’s a whole lot more too. And to be honest, not all flavour extensions have as many strategic challenges to overcome. Lucozade Energy Pink Lemonade is a disruptive, yet elegant answer to some key category issues:

- The need to stand out on a shelf dominated by blue and black branded packaging which has greater appeal to a male bias.
- Make a mainstream flavour new and exciting for the category

Pink Lemonade was the solution for a different consumer, with a different palate, for a different occasion. No wonder performance was so strong.

So why Pink Lemonade? Through research, Lucozade Energy identified pink lemonade as trendy, ever-so-slightly female and not-so-sporty. In a word, ideal. Research also reassured the brand team that it was satisfying to women, and critically, not dissatisfying to men. It seemed ripe for launch, but there was no denying that the launch would be risky and adventurous for the brand, given a clear change of direction away from its heritage.

Lucozade Energy initially launched Pink Lemonade as a limited edition product. In looking back, it’s possible that the limited edition route actually gave the brand an opportunity to launch something a little “left-field” without having to commit to it always being available.

Launch began with a female-targeted activity with one key retailer connected to the Tickled Pink breast cancer campaign. From there, the target audience broadened but maintained a bias towards women via clever launch copy. To great amusement, some of the key launch communication very honestly managed the potential tension between the brand heritage (male bias) and brand future (including ‘pink’). The “how brave are you” tagline jokingly mocked the brand heritage. It allowed the new introduction to focus on the new direction even more explicitly, challenging the brand’s core consumer to try something unfamiliar—and pink. The net result has been overwhelmingly strong: Lucozade Energy Pink Lemonade has been consistently one of the biggest SKUs in the brand (and category) since launch – £17MM sales* in year one alone, it has strong incrementality, and the beverage performed similarly in year two.
Just as we have seen in our other spotlights, the organisation was fully behind Pink Lemonade. By focusing on fewer bigger innovations the brand was able to execute a successful launch plan, while top management engagement was maintained throughout. The launch changed the brand’s personality for good, enabling it to successfully turn the corner in its goal of appealing to more women, and on more occasions.

So, Lucozade Energy Pink Lemonade isn’t just a new flavour. Rather, it’s another great example of breakthrough success.

NEW 2014 Ltd Edition Lucozade Energy Brazilian which is following the same success of Lucozade Energy Pink Lemonade.

*Source: Nielsen RMS data 2011-2013
HARNESSING THE POWER OF THE LILAC BRAND TO DISRUPT A COMPETITIVE CATEGORY

What could be better for an organization than to create a breakthrough snack innovation by synergizing the equities of two brands within its stable? How about changing consumer attitudes towards an entire category and creating a lucrative product portfolio in the process?

Taking on a challenge like that is no small feat, especially when the focus is a category already inundated with choice. But when a company takes a proactive approach, backed by pervasive leadership and high equity brands, the results can be powerful. And that’s exactly what happened when Mondelēz International set out to transform the biscuit category in France, and to stand out on an already crowded shelf by leveraging the power of the Milka brand with the acquired baking know-how of LU Biscuits.
The result? Breakthrough winning Milka-branded Choco Supreme, part of a brand new Milka Biscuit and Soft portfolio.

360° DISRUPTION

While leveraging the power of a well-known brand isn’t unique in and of itself, Mondelēz’s approach to the initiative was. In fact, it was unequivocally disruptive.

A DISRUPTIVE PRODUCT FROM A COMPPELLING OPPORTUNITY.

As the team began to assess the chocolate biscuit landscape, they made a game-changing discovery: consumers weren’t invested in the chocolate component of the biscuits they were buying. In fact, consumers so were so focused on the biscuit component that they didn’t give any consideration to the chocolate. The chocolate needed to be good enough. But what if the chocolate weren’t just good enough? What if it was more than good enough? Despite the prevalence of quality biscuit brands in France, no one had paired a biscuit with branded chocolate. Armed with the power of the lilac brand, this was the opportunity the team was looking for to dramatically raise the bar of consumer expectation of chocolate biscuits.

The Mondelēz team quickly began developing a biscuit and a soft cake that incorporated the baking credentials of its biscuit category with the chocolate superiority of Milka. And the Milka Biscuit and Soft range was born.

A DISRUPTIVE LAUNCH STRATEGY

For Mondelēz, conceiving, developing and baking was just the beginning. The company carried its disruptive approach into the product launch as well, primarily because it knew it needed a bold tactic to stand out in stores.

Knowing it had significant visual competition at the shelf, the team opted to take a “block branding” merchandising approach at retail outlets, to leverage the very identifiable lilac packaging of its upper mainstream Milka brand. Rather than relying on traditional promotion efforts that are divided (and therefore diluted) by category, the team pulled together a cross-category Milka activation which included the new Choco Supreme and the other new products to powerful effect. An ‘unmissable Lilac display ‘wall’ boosted Choco Supreme visibility and value for consumers. By grouping the new chocolate biscuits with new and existing Milka products, they benefitted from long-standing package branding that consumers already equated with premium quality.
A DISRUPTIVE ORGANISATIONAL APPROACH

From board mandate to product launch was an impressive nine months. Nine months to achieve a breakthrough product launch, to effectively leverage assets from within and maximize synergies, to overcome all barriers and obstacles. So how?

Principally via a dedicated task force, with the sole objective of launching a product with undeniable value in the biscuit category. High pressure and high expectation, but few distractions.

The heavy focus from executive management, including bi-weekly briefings, was said to inspire a sense of commitment and togetherness that created an environment where nothing seemed impossible. Such backing from top management also meant the team could dig in quickly and efficiently, facilitating fast decision-making and provided the team the ability to quickly identify and bypass any road blocks or barriers to success.

A GAME-CHANGING OUTCOME

The result of a disruptive approach was itself remarkable:

- Year 1 and Year 2 sales each around €15MM for Choco Supreme in France
- Incremental revenues of about 40 percent for the category, despite premium unit price for the Milka Biscuit and Soft range
- Significant premiumisation, which also made for a compelling trade story.

The Milka Biscuit and Soft launch, including the Choco Supreme launch, changed the rules of the category, raised consumer expectations for their chocolate biscuits and kick-started a new stream of incremental revenue for the company.

Now there’s a tasty innovation!
SPOTLIGHT #5

MARVELLOUS CREATIONS:

MARVELLOUSLY CREATED

Game-changing breakthroughs are rare, which is why this report has only a handful of spotlights. Yet the launch of Cadbury Dairy Milk Marvellous Creations - an aptly named introduction for this report - is one that perhaps deserves special recognition given its scale and impact on a huge U.K. brand.

Cadbury Dairy Milk Marvellous Creations is a very successful move by Mondelez International to turn the love affair consumers already had with Cadbury Dairy Milk chocolate back into a passionate adoration. This launch was a product of great insight work, skilful marketing and total togetherness, which resulted in outstanding outcomes.

“In Cadbury Dairy Milk, we have an iconic chocolate product, loved by consumers across the globe”. says Andra Gough, Category Head at Mondelez “Yet, arguably, we had a staid base range that did not fit the need of today’s consumer.” This was a candid self-appraisal of a powerhouse brand; the belief was that “consumers loved our brand, but they were not in love.” The journey to address this started with an honest assessment of the role the brand was playing in consumers’ lives.
When the team looked closer at consumers’ experiences with Cadbury Dairy Milk, it found that it didn’t always meet the need. Consumers said they wanted a more enjoyable, fun, unexpected & magical chocolate experience for those treasured family sharing occasions. Take any Friday—mums everywhere have a nice opportunity to provide treats and a few fun end-of-week rewards. Mums said they wanted the brand to be the heart and soul of that moment, giving them the chance to be the ‘hero’. Yet, Cadbury Dairy Milk’s existing formats were not delivering to that need.

Further, in trying to understand the key moments better, broad competitive analysis highlighted that other products—far beyond the boundaries of chocolate—were able to drive the excitement that consumers were saying Cadbury Dairy Milk needed to do a better job of. For instance, simple vanilla ice cream provided the platform for self-creation and surprise, ideal for these family occasions. The benefit is that people can create their own magic. Cadbury Dairy Milk needed to compete.

The innovation brief became clear: bring the brand to life for sharing occasions, create magic and fun, and generate “wide eyed wonderment” to bring the family together. In other words, they needed to push the boundaries, break the mould.

Despite facing a notable challenge, the team’s ideation produced outstanding concepts from which to lead the charge forward. The ideas proposed innovative combinations of Cadbury chocolate and other ingredients such as popping candy, cola, honeycomb and more, that immediately prompts the feeling of fun and exploration, the childhood nostalgia of chocolate making and strong brand recognition. From this, Cadbury Dairy Milk Marvellous Creations was born, with textual sensations, disruptive shapes, unusual ingredient combinations, and at its heart, delicious Dairy Milk chocolate. The route to execution was speedy because of the time taken to thoroughly understand the consumer and the occasion—“MC” was ‘tweaked in a bowl’, says Gough “Because the original idea delivered so well against the unmet need, we didn’t feel the need to change or improve much”.

At launch, the team perpetuated the ‘break the mould’ philosophy with an unprecedented effort to inspire consumers to think differently, to reappraise the brand as something that had broken the shackles and as being fit for new occasions. Cadbury Dairy Milk Marvellous Creations embodies the heart of Cadbury’s innovative philosophy presenting significant category growth potential. With strong and early collaboration with key customers, everyone could see the opportunity, and got behind it.

The team’s go-to-market execution gave the launch incredible momentum. The product blitzed stores and within 4 weeks achieved 99% ACV distribution (source: Nielsen Total coverage), and was backed by significant above the line support. From a packaging
perspective, the distinctive new white stripe over Cadbury Dairy Milk’s trademark purple underscores a sense of familiar as well as something different. “Consumers could not miss it – there was an immediate and beautiful impact on consumers’ lives”. Such a powerful roll out gave the launch a great trajectory, and formed a barometer to measure all future launches against. Year one sales in the U.K. eclipsed £46million, and the product boasted strong incrementality, making it one of the most successful launches in any category in the past year.

“Behind the success was an organisational togetherness unlike any other launch” says Gough. “We moved as one, to push the boundaries more than ever before”. The role of executives was critical. Their driving focus on “fewer, bigger, better” was central to business success. Throughout the organisation and in every single operation, there was a single-minded approach and a philosophy to demonstrate collaboration. “Even if people were not working on Marvellous Creations, this is still the biggest thing we’re doing this year, and we stand together”.

So while a core team led the launch, the whole company lived and breathed the development, and celebrated the success. Looking back, Gough reflects by saying “perhaps the biggest learning, when everyone is so strongly aligned, there are really no limits. We can all be proud of this”.

Key Learnings

1. Exhaustive and tireless needs assessment. The team worked hard to understand the job to be done and think carefully about the solution, knowing that how consumers currently solve the problem may come from well outside your category.
2. Text book example of go slow to go fast. The innovation hardly changed along the road because there was so much hard work put into the brief. People could recognise what a strong solution would look like without the need for a lot of iteration.
3. The Power of Big and Small - total team togetherness, from CEO to office cleaner. ‘even if you’re not working on this, it is the biggest thing we’re doing this year’ – everyone was behind it and it made a huge difference to the motivation of the team.
There’s no consumer on the planet that would prefer to do something in three steps when they can achieve the same result in one. Yet this is the inconvenient series of steps that consumers go through to get to the level of cleaning results they want for their clothes. If there’s one thing that both consumers and marketers know, however, it’s that few—if any—products with combined uses can deliver an overall better experience on simplicity and performance as the different independent steps.

So in that regard, a uncommon combination of performance and convenience without a multitude of steps is the primary goal for any product maker seeking to develop a breakthrough product. The steep challenge, however, is often too much of a deterrent for many to try.

There are those that stand up to the test and face it head on, as Procter & Gamble’s Ariel team did when it observed that consumers around the world were looking for a better cleaning experience for their clothing that could boast outstanding performance and complete simplicity. Liquid detergents had long been the most powerful option on market, but they lack true convenience. And during its research, the Ariel team discovered that there wasn’t anything on the market that was effective and technologically savvy for modern times. And the demand wasn’t concentrated in just one corner of the world. It was a true worldwide need that the company made a commitment early on to deliver in every market with a global innovation.
TECHNOLOGY EMPOWERED ARIEL TO ANSWER THE DEMAND

But identifying a global market need was only the beginning. In fact, the journey from insight to launch spanned about seven years. Given the specific nature of the market need, the Ariel team knew that technology would play a major role in the development and success of the final product. And in the end, the technology proved to be the key that opened the door—and the entire fabric care category.

The breakthrough for Ariel was a ‘segregation of chemistry’, presented in the form of a transparent film that enabled the team to package three components of a cleaning product into a single washing pod. The team learned through extensive testing that the use of three compartments in one unit was the only way to create a super-powerful cleaning product—the factor that would deliver the efficacy and the convenience.

But why three compartments? According to Francesco Urso from Ariel’s Greater Europe Design team, each component brings a different key aspect of the cleaning process that needs to be isolated from the others until just the right time. And Urso says the marketing story stems from the product’s unbeatable 3-in-1 performance—its ability to clean, brighten and remove stains for a better overall experience than any other product. Urso stresses, however, that the 3-in-1 aspect wasn’t the real innovation. Rather, the real innovation was superior cleaning on top of convenience.

EXPERIENCE THAT DRIVES “ADDICTION”

While the product and marketing make a strong claim, it wasn’t until the team began testing the pods with consumers did the compelling scenario come to light. While there is a strong value proposition in marketing a product that delivers across three specific needs, the Ariel team learned during consumer testing that the 3-in-1 pods were able to do more than just deliver on the claim—they created addiction. During testing, the team let consumers try the 3-in-1 pods for a time, and then withheld them—essentially depriving them of the product—which forced them to go back to their original products. The so-called “deprivation” tests created “3-in-1 addicts,” as consumers clamored for the pods after realizing its superior performance. And when they offered their feedback, the consumers didn’t mince their words by saying the pods did just as good as other products. Urso says the feedback was overwhelmingly focused on the fact that the pods did the whole job holistically—and was very convenient to use.

When it came time to market the 3-in-1 pods, the team used an
approach that was just as simple as the concept of the pods itself. In fact, the team even made the decision to put the POD prominently in the centre of the packaging, sidelining the Ariel logo, to make it the symbol for consumers of this new way of washing, and to focus on the innovation behind the product. Additionally, the team devised unique marketing strategies for different media. This approach helped differentiate the product even more and create an aura of something new and truly innovative.

In about six months, the Ariel team in Europe moved from final concept to market—a very fast pace for even the smallest of companies, not to mention a company with a market capitalization of more than $215 billion. At launch, success was overwhelming. P&G was expecting a strong launch, but still the outcome exceeded expectations - plants are running at full speed to keep up with the consumer demand.

Urso says when the team looks back at the journey, it marvels at how, even in 2014, it’s still possible to change a category that has been around for decades—and change it for the better.
LAY’S XTRA :

BREAKING THE MOULD OF HOW TO ACHIEVE INNOVATION SUCCESS

It is easy to fall into the trap of talking about a ‘right way’ to create breakthrough innovation. That would almost always begin with a challenge to get under the skin of consumers, walk in their shoes, understand problems, and only then ideate on solutions – first concepts then products. However, most people know that is not always a reality. While these phases remain critical, it would be shortsighted to report that this is the only way, or that it always happens in this order. It doesn’t.

For multi-national manufacturers who are able to source compelling product solutions from within their own ‘system’, for release in other markets, a ‘product first’ approach to innovation is a common practice of leveraging assets. For one, there are big opportunities for the manufacturer if innovations from existing production lines can become game-changers in new markets. It is undoubtedly more efficient and higher margin. This said, such a route also creates complication for the local marketer, who is asked to find the right innovation for both consumer and organisation. In some cases, there is a complicated “square peg versus round hole” conflict to resolve. However, when it is resolved, there is a pleasing harmony of squarely answering unmet demand with a “globalized” product from established production lines. Breakthrough innovations of this kind are possible, but uncommon.
There are countless examples of launches that took a different route to market, starting first with a product or a technology, a recipe or breakthrough ingredient, then working out the insight. It’s true that their failure rates are high, but this is not different to any innovation that takes the more “conventional” route to market. Moreover, when a “sweet spot” is achieved between a killer product and its positioning against significant unmet demand, the outcomes can create exceptional performance. The Lays team in Spain delivered precisely this in their launch of Lays Xtra, which delivered fantastic impact despite the technology development not coming from the region.

Ahead of launch, the potato chip category was struggling to develop. In the 18 months prior to launch, the team observed increased commoditization, disappearing value and increasing dominance of private label competitors. There was notable pressure to offset this trend with successful added-value innovation from both retailers and manufacturers. As a dominant player in the category, all eyes were on Lay’s to deliver.

At the same time, “Xtra” - a premium potato chip product - “became available in the system” at Lays, says Anna Vila, Sr Consumer Insights Manager Western Europe & South Africa Snacks at Lays (PepsiCo). The innovation had been developed initially in the UK under the Walkers brand and had demonstrated strong performance against a strong local competitor. In Spain, where the potato chip category was less mature, the opportunity looked promising, but innovation success was achieved by far more than “just availability”. As Vila describes, the product’s availability to the local team coincided with a wider strategic objective in Spain to broaden appeal among younger consumers while also extending attraction and loyalty among males. Research indicated that this opportunity could be unlocked by a more filling, fuller flavor consumer experience – something that was missing from the shelf. The central benefits of Lays Xtra – a thicker (more filling), deep ridged (holds more flavor) product - would squarely address this unmet demand in the category. The so-called sweet spot had emerged between business objectives, unmet consumer demand around product experience, and the availability of a new product offering that could deliver on the need.

At Launch, the team capitalized on the opportunity via significant commercial activity to engage with the audience. Distribution targets were aggressive but achieved with a solid consumer and customer program aimed to deliver incremental growth to the category anchored on Lay’s Xtra point of difference on flavor and eating experience against the consumer opportunity.
Nielsen data from the first year of availability underlines the impressive performance. Lay's Xtra achieved in excess of €12.3MM in year 1, and also demonstrated solid levels of incrementality - 38% over other Salty Snacks, and 60% over Pepsico Snacks.

The story highlights a coming together of a series of elements that, when put together, explain the emerging success of Xtra in Spain. It confirms by example that high impact innovation is just as possible by a different approach, in this case where a relevant innovation is successfully lift and adapted. Regardless of approach, the key is that all elements are still considered – strategic imperatives, strong concept/product fit, and critically, strong understanding of the consumer—whereby opportunity is unlocked.

The team is just entering year two of availability as we go to print, indicating this launch is one to watch for next year’s report.
MÜLLERLICIOUS
MYTHBUSTING
THE STORY OF MÜLLERLIGHT GREEK STYLE YOGURT

Müllerlight Greek Style Yogurt is a great case of an innovation that meets an existing need to resolve a key conflict for consumers—the balance between health and taste. Can something really be the holy grail of indulgence without actually being an indulgence? This was the challenge facing the Müllerlight team as it sought to introduce the U.K.'s first mainstream Greek yogurt.

Compared with other varieties, Greek-style yogurt offers a thicker, more indulgent yogurt experience. Greek-style yogurt has been powering growth for the category in the U.K. and many other markets for a few years. The $1 billion-plus success of Chobani (a U.S. Nielsen Breakthrough Innovation winner) is testament to the opportunity of Greek-style yogurt.

With limited local competition in the U.K., there was a big opportunity for Müllerlight to deliver an authentic, mainstream solution into a category that was only doing limited innovation on flavours.
But there was a barrier to address first. The fat content of Greek-style yogurt is perceived to be high, and many U.K. consumers say they find the taste sour. Delighting consumers while delivering to the strict “99 calories or less” brand mantra for Müllerlight products and authenticity through “Müllerlicious” (i.e., best in class) taste required a fine balancing act along with breakthrough R&D input. Müllerlight, of all brands, was well positioned to resolve this conflict given the persistent consumer opportunity for delicious AND fat-free products.

As Michael Inpong, Müller marketing and R&D director, told us, Müllerlight Greek Style was primed for mainstream success. “Detailed consumer insights work revealed that Müllerlight was perfectly positioned to bring Greek Style yogurt to the wider diet market,” Inpong said.

The delicious, thick and creamy tasting, fat-free Müllerlight Greek Style proved to be the perfect balance, and an excellent example of one of the core principles of Breakthrough Innovation: resolving a big consumer need found in a tension between perceived opposites.

“GREEK-STYLE YOGURT HAS BEEN POWERING GROWTH FOR THE CATEGORY IN THE U.K. AND MANY OTHER MARKETS FOR A FEW YEARS.”
Many consumers around the globe are focused on getting healthier, but they’re also leading busier lives, which presents a unique opportunity for brands with an ability to innovate. This was a custom-designed challenge for Sodebo, which is becoming an expert in changing the codes of snacking. Sodebo identified an opportunity for active consumers who want a healthy lunch without compromising on quality and pleasure.

Following the success of its PastaBox in 2010 and 2011, France-based Sodebo realized it had created a new market for meal boxes—healthful food options for busy consumers looking to eat right when away from home. Already established with a line of sandwich options for consumers to eat at work and its fresh pizzas for meals at home, the company began exploring solutions beyond the simple sandwich for consumers looking for quality and freshness when they weren’t near their kitchens.

When conducting its research, Sodebo identified an unmet need to fill the gap in the market and appease consumers’ hungry stomachs midday. While the company knew the current go-to option for busy consumers was the light salad bowl, but its research showed that most people found the available options as skimpy and unsatisfying. So for Sodebo, the opportunity involved meeting a need for convenience as well as one for pleasure, while offering a satiating meal to avoid feeling hungry later in the day.
With this key insight, Sodebo set out to broaden its presence in the snacking segment by developing healthy, gourmet salads for a broad group of consumers using a range of brasserie recipes. The new range, “Salade & Compagnie,” aimed to be convenient and tasty—key factors to appeal to true salad gourmards.

THE DEVELOPMENT OF SALADE & COMPAGNIE

The Sodebo team started with one recipe and began testing it and the product packaging. Every detail mattered—all the way down to the fork in the package, which required its own designer. Sodebo stressed that designing the right fork was critical, as they needed the right utensil to signal quality and convenience. The team also added breadsticks and separate dressing for an even greater gourmand experience.

Once Sodebo developed the initial case, the team moved the process forward very quickly. In fact, the company was able to transition from initial green light from senior management through launch in just 10 months, a feat the company says wouldn’t have been possible without collaboration and the full support of its management team.

Even more impressive was the fact that the team didn’t skip any steps along the way to product launch. The process even included five phases of research: exploring the market and needs; qualitative; initial packaging; concept; and full mix evaluation, including the packaging. Sodebo stressed that having each research step clarified the direction along the way and facilitated a smooth execution.

ACTIVATION

Innovation has always been a part of Sodebo’s DNA. And while the company had been looking to move into the salad segment for a few years, the development of the Salade & Compagnie offering started with a gut feeling—one that was focused on providing balanced and gourmand individual-sized meals for active people.

Salads, popular in delicatessens, represented an option that was closely aligned with Sodebo’s core business. So the brand felt comfortable exploring ways to meet the evident need, even though doing so meant stepping outside its immediate comfort zone. The challenge at the activation stage centered around bringing emotional value into the take-out space while commanding a 30% price premium. It also sought to do so with a pack size that was larger than the competition’s—and the packaging was opaque, thus breaking the category code of using fully transparent packages.
Fortunately, the Sodebo name had significant credibility in the retail channel, largely due to the prior success of the brand’s PastaBox offering. The company also had compelling evidence from its pre-launch research. With these attributes as backing, Sodebo invested in training its commercial teams and developed a compelling pitch that it used to educate retailers on the benefits and potential of the premium innovation.

The launch was a complex process, requiring many departments to contribute and collaborate. Because the launch changed the market and inspired private-label competitors, the innovation process is ongoing. Sodebo now has 10 recipes, up from the original range of six, and the brand added a cookie in June 2014 to provide a dessert value. And Sodebo has controlled the entire evolution—including the breadstick and the cookie, which are homemade, just as the sauces and boiled ham are.

With the launch of Salade & Compagnie, Sodebo has definitively changed—and expanded—the overall packaged salad market in France. With the launch of Salade & Compagnie, the company generated sales that doubled its original estimates. Additionally, the brand contributed to bring an additional 60% to the market’s organic growth, which it attributes to meeting consumer needs and bringing new consumers into the category.

Throughout the development and launch of its Salade & Compagnie offering, Sodebo maintained its corporate philosophy and followed its desire to meet unmet consumer needs. It also executed its goals by heralding a strong sense of collaboration throughout the organization and at every step of the process.
ABOUT NIELSEN

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence and mobile measurement. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands.

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