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INDIA BREAKTHROUGH INNOVATION REPORT

FEBRUARY 2014

BREAKING THROUGH WITH INNOVATION IN INDIA

Businesses innovate or businesses die. It's that simple. Successful businesses stand out because they make innovation a priority and put their money where their mouth is. We've validated through in-market performance that one of the few reasons why high-growth FMCG companies in India stand out is because they invest in innovation and make it work for them. This report presents the story of the Breakthrough Innovation Winners. Given the long odds and paramount importance of breakthrough innovation, our first purpose is to celebrate the winners – and in the pages that follow we'll recognise high achievements. Second, we highlight some essential themes and takeaways that can help marketers improve their innovation performance and win in the Indian marketplace. Finally, we have interviewed the winners to learn from their experience – enabling us to share their stories, discoveries, and transferable insights.

India is considered by many as a hotbed of innovation. However, innovating successfully in India is far from easy. But, as this year's Breakthrough Innovation Winners demonstrate, success is rooted in three core principles of Demand-driven Innovation: demand-driven insight, demand-driven development, and pervasive leadership.

DEMAND-DRIVEN INSIGHT

DEMAND-DRIVEN DEVELOPMENT

PERVASIVE LEADERSHIP

Each of the winners, while unique in their own right, exemplify the power of embracing demand-driven principles, and some of their stories are shared in greater detail in the Winner Spotlights section.

There is, of course, no dearth of successful incremental innovations in India that generate compelling returns for their managers but this is our opportunity to celebrate the breakthrough innovations that stood out by expanding their categories, delighting consumers, and creating new platforms for sustainable innovation.

THE MAKING OF WINNERS

This report is a distillation of our research of more than 14,500 launches from more than 80 FMCG categories including food, personal care, household care, over-the-counter products and soft drinks in the Indian marketplace. For this report, we evaluated products launched in 2011 – identifying 31 breakthrough winners. To be a Breakthrough Innovation Winner, a product needed to satisfy three requirements:

RELEVANCE: Generate launch-year revenues in the top 0.5 percentile for new FMCG launches in India (in the channels tracked by Nielsen in India). This corresponded to approximately INR 125 million in year one sales at a minimum.

ENDURANCE: This measure confirms a sustained level of consumer demand after the launch year. Winners had to either double the launch year sales in months 13-18 or generate revenues in the top 0.5 percentile at the 18 month milestone for all launches (corresponding to approximately INR 211 million at a minimum in the channels tracked by Nielsen in India)

DISTINCTIVENESS: Deliver a new value proposition to the market. Our innovation experts excluded re-packagings, re-formulations, and re-positionings and ensured that distinctive offerings that abided by demand-led principles and/or differentiated themselves with breakthrough execution made the final cut.

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BUSINESSES IN INDIA HAVE THE CAPABILITY TO INNOVATE, YET WE DON'T SEE THAT CAPABILITY TRANSLATE OFTEN ENOUGH INTO INNOVATIONS THAT ARE PARADIGM CHANGERS – IN MOST CASES WE SEE INCREMENTAL CHANGES, PRODUCT EXTENSIONS.

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NANDINI SETHURAMAN,
CHIEF MARKETING OFFICER,
WALMART INDIA

CELEBRATING THE WINNERS

This year's winners delivered a new proposition to the market, generated a threshold level of sales for their owners, and enjoyed a sustained level of consumer demand beyond the launch year.

CERELAC WHEAT RICE MANGO WITH DATES (Baby Food)	NIPPO HI-TOP (Batteries)	PARLE HAPPY HAPPY (Biscuits)	PARLE FESTO (Biscuits)
OREO VANILLA (Biscuits)	BAKEFRESH (Biscuits)	HORLICKS OATS (Breakfast Cereals)	 NESCAFE MY FIRST CUP (Coffee)
 BRU GOLD (Coffee)	AXE PROVOKE (Deodorants)	FOGG (Deodorants)	KUSTODY (Deodorants)
DABUR ALMOND HAIR OIL (Hair Oil)	COMPLAN PISTA BADAM (Health Food Drinks)	DEL MONTE JUICES (Juices & Nectars)	LACTOGEN 4 (Milk Food)
MADHUSUDAN (Milk Powder)	ALL OUT POWER SLIDER (Mosquito Repellent)	BEST (Packaged Rice)	BINGO TANGLES TOMATO TANGLE (Salty Snacks)
BINGO TANGLES MASALA TANGLE (Salty Snacks)	STAYFREE ADVANCED (Sanitary Napkin)	DOVE NOURISHING OIL CARE (Shampoo)	CLEAR COMPLETE ACTIVE CARE (Shampoo)
POND'S PURE WHITE (Skin Cream)	OLAY REGENERIST (Skin Cream)	 VIVEL SANDAL GLOW (Toilet Soap)	GODREJ NO. 1 SAFFRON & MILK CREAM (Toilet Soap) 
 SENSODYNE RAPID RELIEF (Tooth Paste)	COLGATE SENSITIVE PRO-RELIEF (Tooth Paste)	 MAGGI NUTRI-LICIOUS PAZZTA TOMATO TWIST (Vermicelli & Noodles)	

Source: Nielsen

 Special feature in the winner spotlight section

THESE WINNERS CHALLENGED CONVENTION AND TRIUMPHED BY EXPANDING OR TRANSFORMING CATEGORIES – A BREAKTHROUGH WINNER HALLMARK. THESE WINNERS RACKED UP AN AVERAGE OF INR 340 MILLION IN THEIR LAUNCH YEARS AND HAVE SET THE BENCHMARK FOR FMCG INNOVATION SUCCESS IN INDIA.

SETTING A BENCHMARK FOR FMCG SUCCESS

Our 31 winners toiled in their launch years and beyond to set up a new benchmark for innovation success in the FMCG space. Marketers in India have forever struggled to find the right success targets for their FMCG launches. Now, they can track their performance against the very best.

- **DISTRIBUTION:** Winners kept building distribution well into the second year. On average, our 31 winners were available in 145,000 stores at the end of 6 months and over 200,000 stores at the end of 18 months. 8 winners attained 200,000 stores within 6 months of launch and 9 winners had distribution in over 250,000 stores at the end of 18 months.
- **REVENUE:** On average, sales for our winners more than tripled from months 6 to 12. Moreover, in the case of 10 winners, sales doubled from months 12 to 18. On average, winners generated about INR 110 million at the end of 6 months and about INR 340 million at the end of 12 months. At the end of 6 months, 9 launches had crossed the INR 100 million mark and 2 of them had breached the INR 500 million mark. At the end of 18 months, 4 brands had surpassed the INR 1 billion mark and 2 of them had sales upwards of INR 2.5 billion.
- **MARKET SHARE:** Even though many winners belonged to well-penetrated categories, yet on average they garnered over 1 percent market share at the end of 18 months. 9 winners had already secured 1 percent share in their respective categories within 6 months of launch.

WINNER AVERAGES	AT 6 MONTHS	AT 12 MONTHS	AT 18 MONTHS
DEALERS (000)	145	182	204
REVENUE (INR MILLION)	110	338	615
MARKET SHARE %	0.74	0.95	1.05

SHIFTING THE ODDS IN YOUR FAVOUR

ONLY 31 BREAKTHROUGH INNOVATIONS EMERGED VICTORIOUS OUT OF 14,509 LAUNCHES. THAT'S A SUCCESS RATE OF ONLY 0.2 PERCENT. WHILE THESE 31 INNOVATIONS MAY HAVE COME FROM 20 DIFFERENT CATEGORIES, THEY ALL STOOD OUT BECAUSE THEY PRACTICED DEMAND-DRIVEN INNOVATION AND NOT ONLY EXCELLED AT BEING DISTINCT AND RELEVANT, BUT ALSO ENDURED.

Now even though a 0.2 percent (31 out of 14,509 launches) breakthrough success rate is not very encouraging, the good news is that odds of success vary. We found that the top 20 FMCG players had a better shot at breakthrough success than the rest of the market – and amongst the top 20, the 9 global companies seemed to have an edge over their 11 local counterparts. But even in this league, with deep pockets and accumulated learnings over the years, only 1 out of 20 innovations stood out.

GLOBAL COMPANIES HAVE AN EDGE IN INDIA

	ALL FMCG COMPANIES	TOP 20 FMCG COMPANIES	LOCAL COMPANIES IN TOP 20 FMCG	GLOBAL COMPANIES IN TOP 20 FMCG
NUMBER OF INNOVATIONS	14,509	437	184	253
BREAKTHROUGH INNOVATION RATE	0.2%	4.8%	3.8%	5.5%

Source: Nielsen

Breakthrough success rates varied significantly by categories. While 3 out of 10 innovations were in the personal care space, 4 out of 10 breakthrough winners belonged to this segment.

INTERESTINGLY, WHEN INNOVATIONS TOOK PLACE IN CATEGORIES WITH A FEW DOMINANT PLAYERS, THERE WAS A GREATER CHANCE AT BREAKTHROUGH SUCCESS. THIS ALSO MEANS WHEN YOU INNOVATE IN A FRAGMENTED CATEGORY, YOU GIVE YOURSELF LOWER CHANCES OF ACHIEVING BREAKTHROUGH SUCCESS. SO THERE IS AN INNATE ADVANTAGE BASED ON WHICH TURF YOU DECIDE TO PLAY ON.

CATEGORY LANDSCAPE IMPACTS INNOVATION



PERSONAL CARE CATEGORIES



CATEGORIES WITH DOMINANT PLAYER

% OF ALL INNOVATIONS



% OF BREAKTHROUGH INNOVATIONS



Source: Nielsen

THREE-CORE DISCIPLINES OF DEMAND- DRIVEN INNOVATION

AN EQUATION FOR INNOVATION



Source: Nielsen

Breakthrough innovation success is rooted in three core disciplines as exemplified by many of the 31 winners. Organisations that internalise these disciplines give themselves a better shot at success.

- **DEMAND-DRIVEN INSIGHT:** Uncovering latent demand – lurking in the unmet needs and poorly performed jobs in consumers' lives – is at the core of breakthrough innovation.
- **DEMAND-DRIVEN DEVELOPMENT:** From beginning to end, the innovation team must pursue the demand-driven insight faithfully and fully. The concept, product, and go-to-market execution all must align – free from the constraints of established processes, existing resources, or marketplace assumptions – in order to realise a breakthrough proposition.
- **PERVASIVE LEADERSHIP:** Driving the innovation process with rigour and passion over the countless hurdles that must be cleared from idea to launch to years of in-market support requires top down, bottom-up, outside-in, and inside-out leadership throughout a committed organisation.



KEY LEARNINGS FROM OUR BREAKTHROUGH INNOVATION WINNERS

Successful innovation is not formulaic, but there are patterns and behaviours that winners share. Breakthrough innovations cut through the clutter because they address an unmet consumer need with a distinctive market-ready offering and then back it up with relentless follow through. This is why they are breakthrough.

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BREAKTHROUGH INNOVATIONS CUT THROUGH THE CLUTTER BECAUSE THEY ADDRESS AN UNMET CONSUMER NEED WITH A DISTINCTIVE MARKET-READY OFFERING AND THEN THEY BACK IT UP WITH RELENTLESS FOLLOW THROUGH.

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THE INNOVATION AGENDA NEEDS TO BE SET FROM THE TOP. YOU NEED TO HAVE THE COURAGE TO CULL LOW ROI INNOVATIONS IF THEY ARE NOT HITTING MILESTONES; PROFITABILITY GUARDRAILS ARE AS IMPORTANT AS MEETING CONSUMER NEEDS.

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DEEPIKA WARRIER,
VP- MARKETING, PEPSICO INDIA

”

Breakthrough innovation refuses to be reduced to an insipid checklist but we found a few themes that were common to how our India breakthrough winners activated their launches in year one. Here are five learnings that stood out.

1 PREMIUM PRICING: Our breakthrough winners out priced their categories. They knew they had a winning proposition and they asked the consumer to pay for it. On average, our winners were priced at a multiple of 1.7X compared to the category average versus 1.2X for all innovations. Some winners challenged the pricing perimeter of the category and asked for several multiples of a price premium. Olay Regenerist, one of the breakthrough innovations in Skin Creams, is priced almost seven times higher than the category average. Breakthrough innovations like Colgate Sensitive Pro Relief and Sensodyne Rapid Relief in the Toothpaste category are priced four times higher than the average category price. Indian shopping baskets are upgrading and these winners cashed in.

2 LEVERAGING THE MODERN TRADE CHANNEL: Our winners also outperformed their peers in the modern trade channel. They maximised the in-store theatre opportunity and used it to appeal to the early adopters. Breakthrough winners grew twice as fast as the other innovations at the all India level but seven times faster than all other innovations in modern trade. Clearly, winners jumped on to modern trade early and banked on it as a laboratory for innovation. Most of the successful innovations like Bru Gold, Colgate Pro Relief, Sensodyne Rapid Relief and Maggi Nutri-licious Pazzta Tomato Twist witnessed extremely high growth and higher than typical revenue contributions for their respective categories come from Modern Trade.

The Modern Trade channel was used as a key medium to reach their intended consumer groups since the channel has access to premium-end consumers and most of the successful innovations did ride on a premium positioning.

INDEX TO AVERAGE CATEGORY PRICE

UNSUCCESSFUL INNOVATION

1.2X

BREAKTHROUGH INNOVATION

1.7X

Source: Nielsen



Source: Nielsen

3 MAXIMIZING THE METRO OPPORTUNITY: Our breakthrough winners also went aggressive in the metros in their launch years (where approximately INR 3 out of INR 10 is spent on FMCG in general) – they grew 7X faster than the other innovations and sold 3X more per store than the others. They were under indexed in rural and the smallest of towns – but they kept betting big on where the money is, where shoppers are most experimental, and where their distribution networks won't let them down. Metros are great for new innovations as many consumers here can be classified as early adopters who actively look out for new launches, making a marketer's job relatively easier.

Many innovations that look to create or fortify relatively newer categories are better served by focusing on the evolved metro consumer. Take the case of Olay Regenerist in India. It primarily targeted females in the age group of 30 - 45, living in the top 10-12 metros. Its success story was scripted in catering to these evolving consumers who are more aware than ever and have begun to engage with the category. Sonali Dhawan, Chief Marketing Officer- P&G India, says, "The knowledge of Skin ageing had significantly grown versus five years ago. Especially now that consumers know that skin ageing starts from mid 20s and that fairness creams may no longer suffice. Also, the success of Olay Total Effects in India and the acceptance of the product among the Indian consumers did help drive the launch (for Olay Regenerist)."

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INNOVATION MINDSET HAS TO BE DRIVEN FROM THE TOP, WHILE ENABLING FREE THOUGHT AND EXPERIMENTATION AT ALL LEVELS OF THE ORGANIZATION. TEAMS NEED TO IDENTIFY THEIR 'SILVER BULLETS' AND DO RELEVANT RESEARCH AND TESTING BEHIND THE CONCEPT AND MARKETING MIX, IN ORDER TO GENERATE CONFIDENCE IN THE SIZE AND SUCCESS OF THE IDEA.

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VIKAS AHUJA,
CMO, MYNTRA

VALUE GROWTH



7X



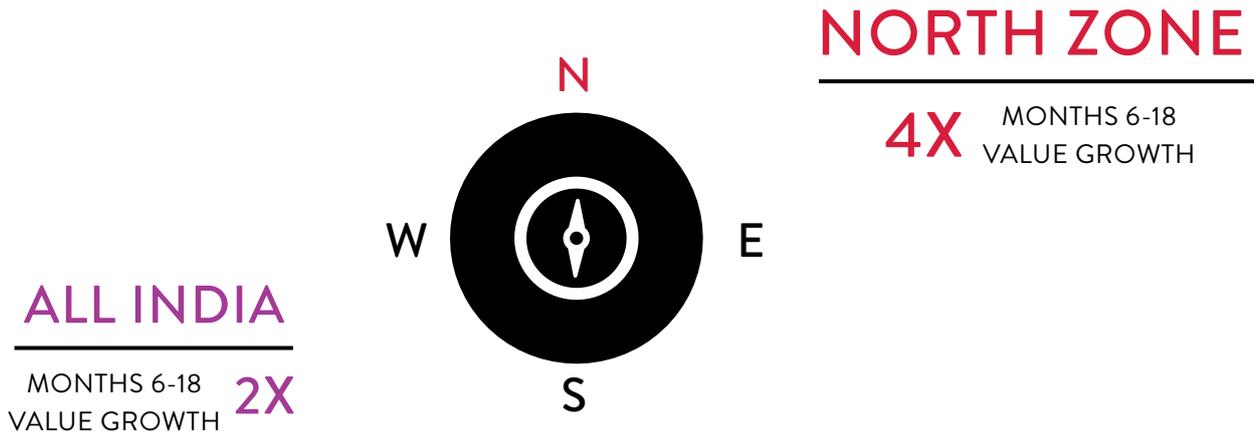
SOLD MORE



3X

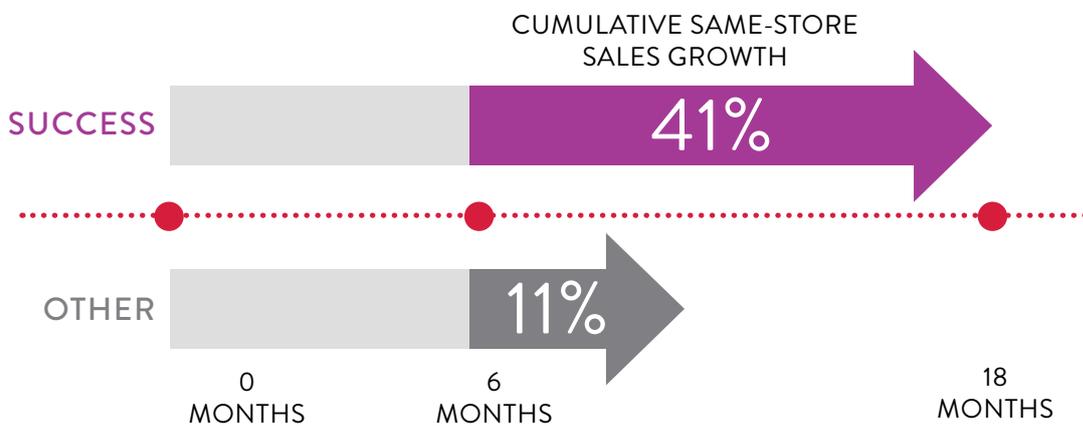
Source: Nielsen

4 CAPITALISING ON THE GROWING CLOUD OF NORTHERN STATES: The one part of the country where breakthrough innovations particularly stood out was the North zone. The winners grew sales here four times as fast as other innovations. The South and West are historically known as preferred test markets but the winners did not ignore the growing cloud of the North zone. Winners like Ponds Pure White, Godrej Saffron, and Kustody had much higher salience and growth in the north versus their respective categories and capitalised on this high-growth region.



Source: Nielsen

5 INVESTING BEYOND YEAR ONE: Winners took little rest. Our breakthrough winners continued to power through with relentless support beyond the first six months. We found same store sales increased 41 percent in months 6-18 on a much higher base compared to just 11 percent for the other innovations. Our winners built demand by not only being in the right stores but also by supporting the product well into the second year. Lactogen 4, Bakefresh, and Fogg are prime examples of winners who kept the momentum strong well into the second year – each of these brands at least doubled their year one sales in months 13-18.



Source: Nielsen

WHAT SETS WINNERS APART?

Best-in-class innovators take a holistic view of their initiatives, keeping an eye on three key dimensions throughout the innovation development process.

THE BEST INNOVATION DECISION MAKING SYSTEMS EMBRACE THREE KEY, RELATED AREAS:



STRATEGY



Have you identified an unmet consumer need?



CONSUMER VIABILITY



Do you have enough differentiation and consumer acceptance for both short and long-term success?



FINANCIAL POTENTIAL



Will you execute in market to reach your sales goals?

“

THINK BEYOND YOUR IMMEDIATE COMPETITIVE LANDSCAPE WHEN YOU DETERMINE METRICS. LOOK AT GLOBAL BEST-IN-CLASS AND LOOK AT OTHER CATEGORIES THAT COULD POTENTIALLY EXTEND INTO YOUR OWN SPACE. HOLD YOURSELF ACCOUNTABLE AND DEVELOP A CULTURE OF CONTINUOUS IMPROVEMENT WHERE YOU COMPETE WITH YOURSELF.

”

NANDINI SETHURAMAN,
CHIEF MARKETING OFFICER, WALMART INDIA

OTHER WIN THEMES & THE IMPORTANCE OF DISTRIBUTION QUALITY

Many winners told us that demand-driven insight was a prerequisite for breakthrough success – they could not have gotten far without a proposition they believed was extremely relevant and distinctive. Each of them pursued development faithful to the core insight. Winners also spoke of a superior product that was an outcome of a clear stage gate process that ensured development within one year.

OTHER CLIENT “WIN” THEMES



PRODUCT
SUPERIORITY



CLEAR STAGE
GATE PROCESS



12 MONTH GESTATION
WINDOW



DISTRIBUTION
QUALITY



HEAVY RELIANCE
ON TELEVISION



SALES-MARKETING
PARTNERSHIP

● DISTINCTIVE & RELEVANT PROPOSITION ●

FROM AN EXECUTION STANDPOINT, OUR WINNERS FOCUSED ON DISTRIBUTION QUALITY. THEY GOT INTO THE RIGHT STORES, INVESTED IN HIGH QUALITY IN-STORE COLLATERAL AND IN THE SHOPPER EXPERIENCE. THEY RELIED HEAVILY ON TV AND MASS MEDIA TO REACH OUT TO A BROADER AUDIENCE AND DID NOT SHY AWAY FROM LEVERAGING EXPERTS AND CREDIBLE INFLUENCERS TO WIN THE CONSUMER.

Winners banked heavily on mass media (TV & Print) along with a reliance on credible influencers to generate trial. Many winners challenged category codes and found creative ways to make a splash and garner attention. Sensodyne is globally associated with sensitive and effective pain relief and therefore the brand not only leveraged their global brand equity but also believed that advertising recommendations from dentists would really drive the “fast relief” communication for the brand; this helped them connect successfully with their consumers. Fogg deodorants kept their TV ads simple and focused on the key USP of being more effective and guaranteeing long lasting fragrance and more sprays. On the other hand, Bru Instant Coffee’s innovative strategy to include aroma inserts in newspapers worked wonders in garnering attention and effectively communicated the message of waking up to an aromatic Bru coffee.

Lastly, the winners also acknowledged that sales and marketing unified as one team to make the innovation a success.

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ANYTHING THAT HAS THE POTENTIAL TO SHAPE THE MARKET NEEDS INSIGHTS, TIME AND RESOURCES TO GAIN TRACTION. MANY BUSINESSES PULL THE PLUG ON POTENTIALLY STRONG IDEAS BECAUSE THEY ARE UNWILLING TO PROVIDE THE INITIAL RESOURCES NEEDED TO BUILD TRACTION IN THE MEDIUM TERM.

”

AMAL KELSHIKAR, COUNTRY HEAD & GM,
ABBOTT NUTRITION INTERNATIONAL - INDIA

WINNER SPOTLIGHTS

SPOTLIGHT 1: **HORLICKS OATS**

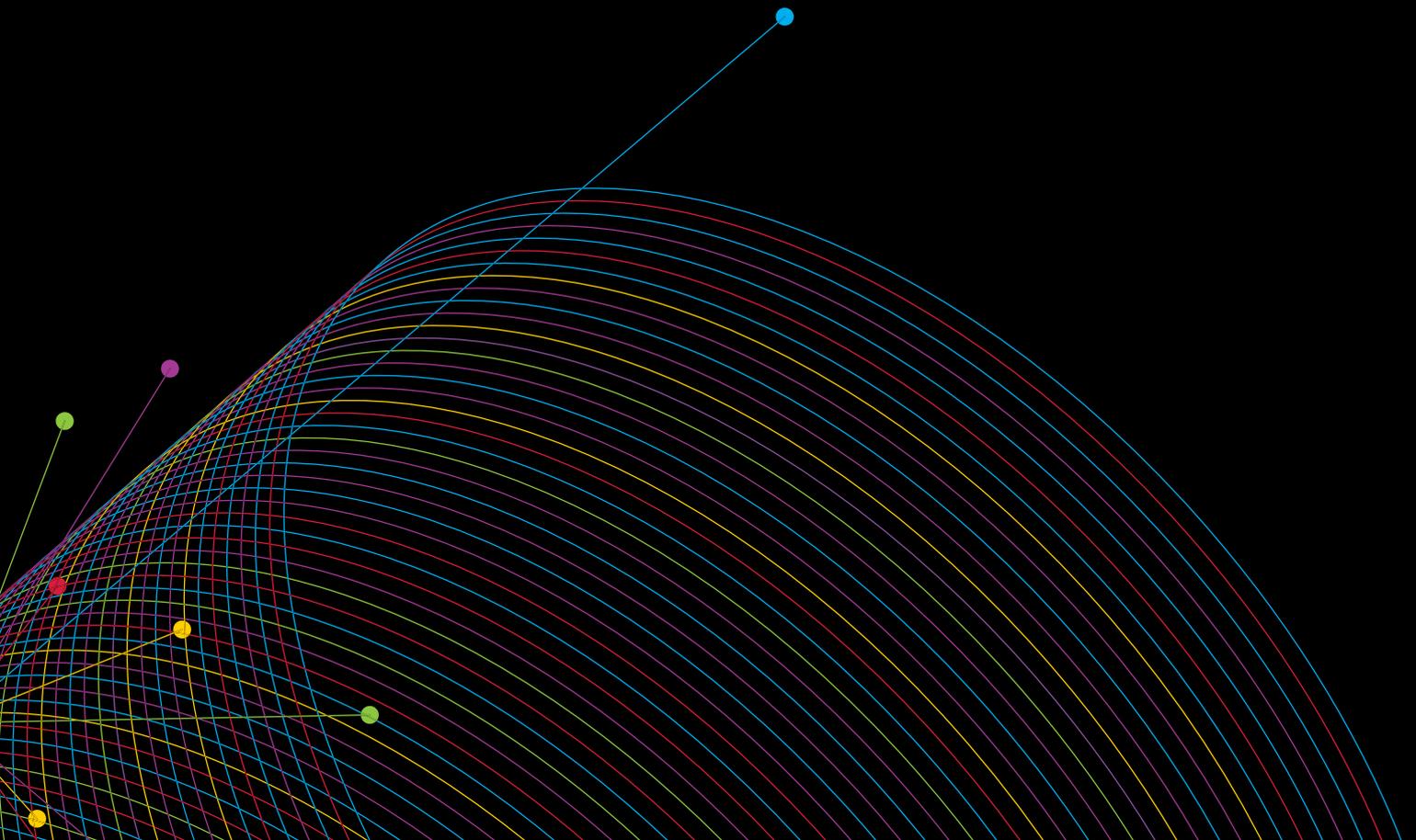
SPOTLIGHT 2: **MAGGI NUTRI-LICIOUS PAZZTA TOMATO TWIST**

SPOTLIGHT 3: **GODREJ NO. 1**

SPOTLIGHT 4: **BRU GOLD**

SPOTLIGHT 5: **SENSODYNE RAPID RELIEF**

SPOTLIGHT 6: **OLAY REGENERIST**



INNOVATING WITH OATS

INSIGHT:

Horlicks is one of India's largest food brands, trusted and loved by millions of consumers. The brand enjoys a leadership position in Health Food Drinks (HFDs), and has recently been extended into other categories such as biscuits. GSK spotted early that oats was not only catching on as one of the fastest growing category segments but also because of its inherent do-good nutrient benefits, many urban Indian households were rapidly on the adoption curve.

SOLUTION:

For Horlicks, entering into Oats was a natural choice especially given:

- GSK's expertise in nutrition – whereby with its experience, it could stand out on this platform with a compelling and consumer-ready proposition in an undifferentiated branded oats category
- Execution excellence in market to stand out in a category that was getting crowded quickly

Jayant Singh, EVP - Marketing, GSK Healthcare, states, "It took us about a year to set up the supply chain once the strategy and the strategic rationale was established for entering in Oats as a category. For the flavoured variants launched subsequently, different product formulations were tested with consumers through researches. The winning formulations were then tested for stability, shelf life and made to pass through other regulatory requirements before it got launched into the market". For Horlicks Oats, it was a focus on category relevance and awareness. What made the initiative stand-out was a differentiated proposition – 'A more holistic approach to overall health as opposed to only heart health'. Of course, what also helped was the right execution of relevant POS/visibility tools which enabled the category to stand-out.

IMPACT:

For a period of 18 months, GSK closely monitored the performance on key parameters of Market Share, Sales Growth, Brand Equity Parameters, Width and depth of Distribution before deeming the initiative as a successful launch. Horlicks Oats captured over 2 percent market share in the first 6 months alone and went on to generate over INR 250 million in the first 18 months for GSK.

“

IN THE NEW CONNECTED WORLD, MAKING USE OF A LARGE NUMBER OF RESEARCHERS OUTSIDE THE COMPANY, LARGE SUPPLIER NETWORKS, EDUCATIONAL INSTITUTIONS AND KNOWLEDGE CENTERS THAT MAY EXIST OUTSIDE OF COMPANY PROVIDE APPROACHES WHICH ARE LESS EXPENSIVE, IMPROVE ODDS OF SUCCESS AND CUT LEAD TIMES ASSOCIATED WITH WITHIN R&D INNOVATION APPROACHES.

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JAYANT SINGH,
EVP - MARKETING, GSK
HEALTHCARE

THE PASTA WITH A TWIST

INSIGHT:

Nestle Maggi's core proposition has always been to be the consumer's 'ally' giving them an option to prepare wholesome and tasty food in a convenient manner. Over the years, Maggi has adapted itself to changing lifestyles and developing insights into Indian food habits while continuously innovating and renovating to meet emerging consumer needs.

Shivani Hegde, Business Executive Manager, Maggi Foods, says, "Maggi already had a strong portfolio in Instant Noodles and was growing rapidly, ahead of all other newer players put together. However, the team felt that there was potential to create another market because our insights revealed that consumers were open to consider more products that could deliver 'Taste Bhi Health Bhi,' conveniently."

At the time, consumer demand for pasta was showing positive signs but the size of the market was difficult to define. Maggi Nutri-licious Pazzta Tomato Twist was conceptualized on the belief that there was potential to create this category by introducing a pasta offering that was superior, nutritious, tasty and easy to prepare. Insights that the company had, pointed towards teenagers as being the primary user for this product.

SOLUTION:

The company wanted to create a product that would be different and a 'value-add' for the pasta category itself. The team worked extensively with its Nestlé R&D Centre in Germany to develop a short cooking time (standard pasta takes 15-20 minutes to cook, while Maggi Pazzta takes just five minutes). The mandate was to use ingredients that are traditionally known to be healthy (product made with 100% Suji (semolina) - a source of protein and fibre), while adapting the taste to local preferences. Furthermore, Maggi Nutri-licious Pazzta Tomato Twist was introduced in a first-of—its-kind unique 'standee' pack which made it stand out in retail stores. All of this was backed by a strong category building communication campaign based on key product attributes.

IMPACT:

When Maggi Nutri-licious Pazzta Tomato Twist hit the shelves, it actually created a new category, and made the product a success.

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MAGGI ALREADY HAD A STRONG PORTFOLIO IN INSTANT NOODLES AND WAS GROWING RAPIDLY, AHEAD OF ALL OTHER NEWER PLAYERS PUT TOGETHER.

”

SHIVANI HEGDE,
BUSINESS EXECUTIVE
MANAGER, MAGGI FOODS

THE PERFECT MIX OF INNOVATION, ASPIRATION AND NATURAL BEAUTY

INSIGHT:

Godrej No. 1 operates in the highly competitive personal wash market, where consumer loyalties are fickle. Innovation has been one of the key pillars for its success – with new variants driving penetration (by offering relevant benefits) and also consumption (by satisfying the variety seeking behaviour in this category). Thus, the role of the extension was not just to contribute in terms of sales but also to build back equity into the mother brand around innovation, aspiration and natural beauty. In order to ensure early consumer buy in, Godrej went through the product and proposition development process by co-creating offerings with consumers.

SOLUTION:

While conceptualising this new launch, there was a need to strengthen the “naturals” code, and at the same time build aspirational cues. The unique part of the way they went through the product and proposition development, was co-creating offerings with consumers. They had open discussions with consumers and asked them to do the mix and match. The winning mix thus created was tested through an extensive consumer validation process across India. So, using consumer cues and a stage gate process, the innovation was rolled out in 10 months. Their distribution strategy covered two important criteria – width/ depth of coverage and impactful presence in the market/ outlet. One unique feature of their detailer tool kit was the presence of an actual naked soap which gave the retailer a chance to touch and feel the soap and most importantly smell the soap. This not only made the selling story more impactful but also converted the retailer into a product advocate, thereby spreading positive word-of-mouth leading to trials. Additionally, paid trials through a Rs 5 price point SKU and unpaid trials through cross-sampling helped increase the reach of the brand.

IMPACT:

- Business Growth: High sales and market share gains combined with low cannibalisation
 - o Rapid build of business – In the first six months the new variant clocked 6 percent of the overall Godrej No. 1 business
 - o 30 percent CAGR on the franchise post launch (two year period) versus 7 percent CAGR growth on the franchise prelaunch
- The launch helped significantly improve the consumer imagery scores for the franchise
 - o Enhances Beauty scores up from 27 percent to 30 percent
 - o Strengthened equity on naturals from 29 percent to 34 percent



PURE COFFEE WINS GOLD

INSIGHT:

Bru Instant coffee is a coffee-chicory mix in a 70:30 ratio. Bru enjoys a very strong equity in Southern India. The scenario is significantly different in the other regions (non-South markets) where the brand is a distant challenger. The prime competitor for the brand in this geography is Nescafe Classic - a 100 percent pure coffee product. The competition brand enjoys high preference on both taste and equity in the non-South regions. Thus, there was the need to launch Bru Gold as a 100 percent coffee to strengthen the core Bru franchise and build equity and preference so as to capture share among consumers.

SOLUTION:

Different regions in India consume coffee in different ways and their expectation from coffee is different. While in the South a stronger coffee with chicory notes are preferred, in Non-South market the coffee preferred is of lighter coffee notes.

Therefore, Bru needed to launch a 100 percent pure coffee "Bru Gold" to suit the taste palette of the Non-South consumers, keeping their preferences in mind.

Once they got the product right, the first thing that they did right was to plan launch during season time. Overall, the trade margins on the product were higher over competition for faster trade acceptance. Bru created special assets in the shop for retailers which did not clog their retail space and stood out in the clutter.

IT ACHIEVED FOR THE BRAND WHAT IT WAS MEANT TO WITHIN YEAR ONE OF LAUNCH. BRU GOLD ALSO ATTAINED INR 250 MILLION IN SALES WITHIN 18 MONTHS OF LAUNCH; CAPTURING 1 PERCENT SHARE OF THE LARGE COFFEE MARKET.

IMPACT:

In the first year of launch, Bru Gold gained early success in the Non-South traditional trade market and even higher acceptance in Modern Trade; It achieved for the brand what it was meant to within year one of launch. Bru Gold also attained INR 250 million in sales within 18 months of launch; capturing 1 percent share of the large coffee market.

NO TEETHING ISSUE HERE

INSIGHT:

Globally, Sensodyne, a GSK brand, is the largest brand for dentine hypersensitivity management and has a strong portfolio of products that address the various needs of sensitivity sufferers. In India, the awareness levels in 2011 for the condition of sensitivity was low at 17 percent compared to 33 percent globally. Furthermore, Indians did not like changing their current toothpaste.

Amongst sufferers though, there existed a section of consumers who needed quick relief from the discomfort of sensitivity. Rapid Relief was launched to address this need.

SOLUTION:

Rapid Relief has an extremely hardworking scientific formulation to clinically provide relief in 60 seconds. It also provided the dentists with a unique solution as an acid-resistant sensitivity toothpaste. This was a first-of-its-kind benefit area which was previously unexplored, creating a differentiated positioning for the brand. The advertising was customised to suit the Indian audience, and tested. The entire mix was adapted for the Indian consumer to ensure a successful launch. The entire process took about a year to launch on ground. Dentists are core to the Sensodyne brand. One of Sensodyne's core success factors was keeping real dentists at the heart of all its communication right from TV to the point of purchase. Rapid Relief was launched as a key variant to the Sensodyne portfolio. The ambition was to make it fully available in all stores where the Sensodyne base variant was available. The segment sells most out of the chemist and the Modern Trade channel, and as such, visibility and distribution efforts were more concentrated towards these two channels.

IMPACT:

Rahul Bibhuti, GM, Oral Care, says "We considered success against our objectives on three clusters: market performance, brand performance and dentist's perception. On market performance, the brand delivered on objectives of market share, distribution targets, Share among handlers and PDO. On the brand performance we measured success on overall awareness and brand equity parameters. We also delivered on our objective of driving awareness and recommendation of Rapid Relief amongst the dentists we cover". Sensodyne Rapid Relief generated INR 260 million within 18 months of launch.

“

WE CONSIDERED
SUCCESS AGAINST OUR
OBJECTIVES ON THREE
CLUSTERS: MARKET
PERFORMANCE, BRAND
PERFORMANCE, AND
DENTISTS' PERCEPTIONS.

”

RAHUL BIBHUTI,
GM, ORAL CARE, GSK

THE INNOVATIVE ANTI-AGEING PRODUCT

INSIGHT:

In the last few years, there was a disproportionate increase in the disposable income of the Sec A/A+ segment – mid luxury segment (relatively affluent consumers) driving higher spending on beauty/skin care products. The huge gap in pricing between the prestige and masstige skin care brands left the consumers without a choice in between. The success of Olay Renegerist, one of the company's most successful boutiques across the world combined with the success of Olay Anti-ageing in India (> 50% of the anti-ageing category with Total Effects being the #1 anti-ageing product) gave P&G the confidence to bring the best Olay boutique to India. The knowledge surrounding skin ageing had significantly improved versus what it was five years ago. Moreover, consumers understood that skin ageing starts from the mid-20s and post that fairness creams may no longer be enough.

SOLUTION:

The success of Olay Total Effects in India and the acceptance of the product among the Indian consumers did help drive the launch. Olay Regenerist was able to introduce a product that delivers the performance of luxury skin creams at a very affordable price. Hence, with this product they were able to target people who were just entering the luxury segment. Successfully, they reapplied the best in-class global formula sold in developed markets which were relevant for the Sec A/A+ segment – mid luxury segment in India. This was also one of Olay's most awarded products globally. P&G realised the importance of innovation in not only the product but also in the go-to-market strategy given the underdeveloped nature of the category. With Olay Regenerist, their idea was to deliver a luxury skin care shopping experience in the context of the traditional beauty stores in India – a key challenge that they were looking to solve. They did this by creating a department store-like environment by creating experience zones in the traditional trade format thereby creating a premium shopper experience. This was supported by significant PR buzz and leveraging credible influencers (like beauty editors) and publicity surrounding the numerous awards that the product won globally.

Sonali Dhawan, Chief Marketing Officer, P&G India, says, “We had a waiting list for the product much before they were in the market with the top beauty editors from India who were on it. This drove a lot of buzz for the product even before it hit shelves. We leveraged credible influencers like dermatologists and global awards that the product had got.”

IMPACT:

- Year 1 volume delivery was ahead of P&G's expectations. In values sales, the launch generated INR 260 million in the first 18 months alone.
- Great consumer review/feedback
- Won multiple beauty awards in India like Vogue Beauty Awards, Elle Beauty Awards, etc.

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SONALI DHAWAN,
CHIEF MARKETING OFFICER, P&G INDIA

INNOVATING TO WIN IN INDIA

	YEAR 2011	YEAR 2012	H1'13
TOTAL INNOVATIONS	14509	14135	6639
FOOD	45%	44%	45%
PERSONAL CARE	29%	28%	27%
HOUSEHOLD CARE	18%	20%	19%

Undoubtedly, India is home to some of the finest minds and abundant resources. Many of its corporate, academic and scientific institutions have a track record that is second to none. Relatively, higher business growth in India also means that industry captains here have lot more at their disposal to take risks and invest for the future. India has the potential of being the benchmark for breakthrough success globally and even though the number of FMCG launches have slowed in recent times, what shouldn't is the appetite to improve the odds of breakthrough success and deliver on that consistently.

On average, Breakthrough Innovation Winners generate INR 340 million in first-year sales and sustain high growth into the outyears. Nothing breeds success like success: the majority of breakthrough winners go on to launch extensions that fuel additional growth at comparatively low risk.

India is capable of scripting many more breakthrough innovation success stories. To shift the innovation odds in its favour, companies in India should listen more acutely to partners and retailers, embrace more risk in the early stages of the innovation funnel, leverage the power of modern trade as an experimental laboratory for innovation, launch fewer innovations that are bigger and bolder and support innovations well into the second year. While the odds of innovation success remain daunting, we can make the risks more manageable and the path to success less hazardous by accelerating the cycle of sharing, learning, and improving.

APPENDIX METHODOLOGY NOTES

CHANNELS COVERED BY NIELSEN INDIA:

Nielsen covers seven types of retail outlets which sell FMCG products in its retail audit. These include Grocers, General Stores, Chemists, Cosmetic Stores, Paan/Bidi shops (which sell FMCG products) Specialised stores which deal in packaged food products and Modern Retail stores. In case of Soft drinks, audit data is captured from three different channels namely Grocery, Convenience and Eating & Drinking outlets.

DEFINING DOMINANT AND FRAGMENTED CATEGORIES:

Herfindahl Hirschman Index was used to define dominant and fragmented categories. This index is defined as the sum of the squares of the market share of 50 largest firms within the industry where the market shares are expressed as fractions. So categories where the index was higher would be dominant categories and where it was lower are more competitive categories.

ABOUT THE AUTHOR



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DISCLAIMER

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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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