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OF THE CONSUMER™



INDIA
BREAKTHROUGH
INNOVATION
REPORT

2015

BREAK ON THROUGH TO THE WINNER'S SIDE

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The greatest inventions of the last two centuries have one thing in common – their creators fumbled, stumbled and erred enough times to make a virtue of perseverance. The other great commonality that rarely gets spoken of is that they did not have quarterly targets to meet and often bootstrapped themselves to fund their innovation. The world however has changed dramatically for innovators in the last half century. Not only are assessments by the world at large more exacting, investors and management are far less patient in their quest for success.

This is not without reason – we know from our own analysis that innovation is an integral driver of incremental growth and essential to profitable survival. Yet, very few companies and brands manage this in a manner that is truly breakthrough. Surprisingly, breakthrough innovation is not a quest for the impossible – to be conquered only through great wisdom and luck. There is a known path to breakthrough success for brands that use the right map. The tenets of breaking through, though thought to be elusive, often remains strikingly similar across those who manage to achieve it. It rests upon fundamental truths that are embedded in the consumer's life, rather than strategic and esoteric boardroom discussions.

Our report this year, emphasises these rules and then uncovers a few revelations too. The truth about breaking through in the Indian market:

- **Make yourself available to your core consumers:** On average, our 23 winners were available in 115,000 stores at the end of six months and over 200,000 stores at the end of 18 months. Six winners attained 150,000 stores within six months of launch and five winners had distribution in over 250,000 at the end of 18 months
- **Be worth your consumers' hard earned money:** The winners' average revenue achievement was about INR 80 million at the end of six months which tripled to about INR 240 million by the end of 12 months
- **Offer a genuine difference in your category:** Even though many winners belonged to well-penetrated categories, on average they garnered 1.5% market share at the end of 18 months which was about 1% last year at the end of 18 months

THE HIDDEN TRUTHS ABOUT BREAKING THROUGH IN THE INDIAN MARKET:

As we analysed the performance of winners closely and compared them with each other, we identified a few compelling themes from their success:

- **Size & growth of category doesn't impact your chances of success:** Winners broke through regardless of the fact that they sometimes belonged to large and slow growing categories
- **Competitiveness of the category does not determine success:** A majority of brands that broke through did so despite being in fragmented and competitive categories
- **Reaching the right kind of stores at an early stage is critical:** A corollary to the truth that making yourself available is important to breaking through, winners not only expanded distribution indiscriminately, but chose stores that matched where their key consumers were located
- **Launching the right assortment is imperative:** Winners went with the definitive view of what assortment would best suit their consumers and then launched them all at once confidently rather than drip feeding the assortment during the launch cycle
- **No promotions at an early stage of launch:** The brands that broke through did so on their own merit instead of falling prey to the temptation to create offers and discounts too early in the launch phase

As these rules and revelations indicate, while there is no escaping perseverance, emulating success can be a faster route to glory than faltering towards greatness.

WINNERS MAKE WAY FOR THEMSELVES AGAINST ALL ODDS

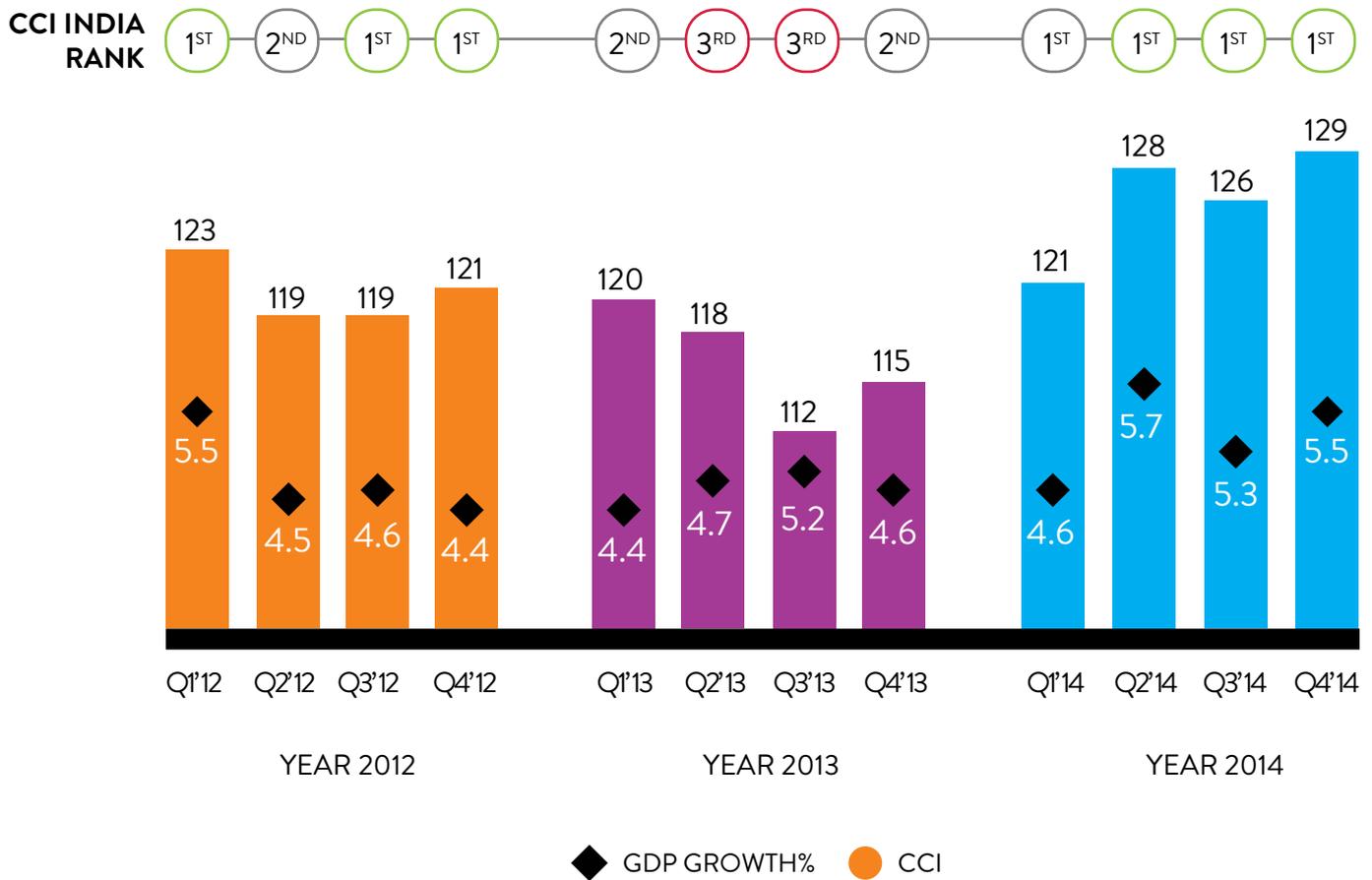
Innovation matters. It helps businesses grow and stay ahead of competition. This is exactly what we observed while analysing new launches in the Indian FMCG market over the last couple of years. This year's Breakthrough Innovation Report is a celebration of all those brands that have recognized the importance of innovation and successfully executed them.

These innovation success stories have not come easily. India's economy began to slow down in mid-2012. This gradual downturn continued through most part of 2013 and, coupled with moderated GDP growth and high inflation rates, led to a decline in consumption across most industries. Growth of fast-moving consumer goods (FMCG), which are generally among the last areas affected by economic fluctuations, also dropped significantly from an average of 18.5% in 2012 to 11.9% in 2013.

In 2014, FMCG growths fell further despite a minor rebound towards the latter part of the year. This softness of growth largely reflects consumers cutting back on their overall consumption.

Amidst all the challenges posed by tough economic conditions, declining consumption and contracting growth rates, a few manufacturers smartly used innovations as a catalyst of growth and continued to stay ahead of the curve. This report studies these companies that leveraged innovation during tough times of 2012 and 2013.

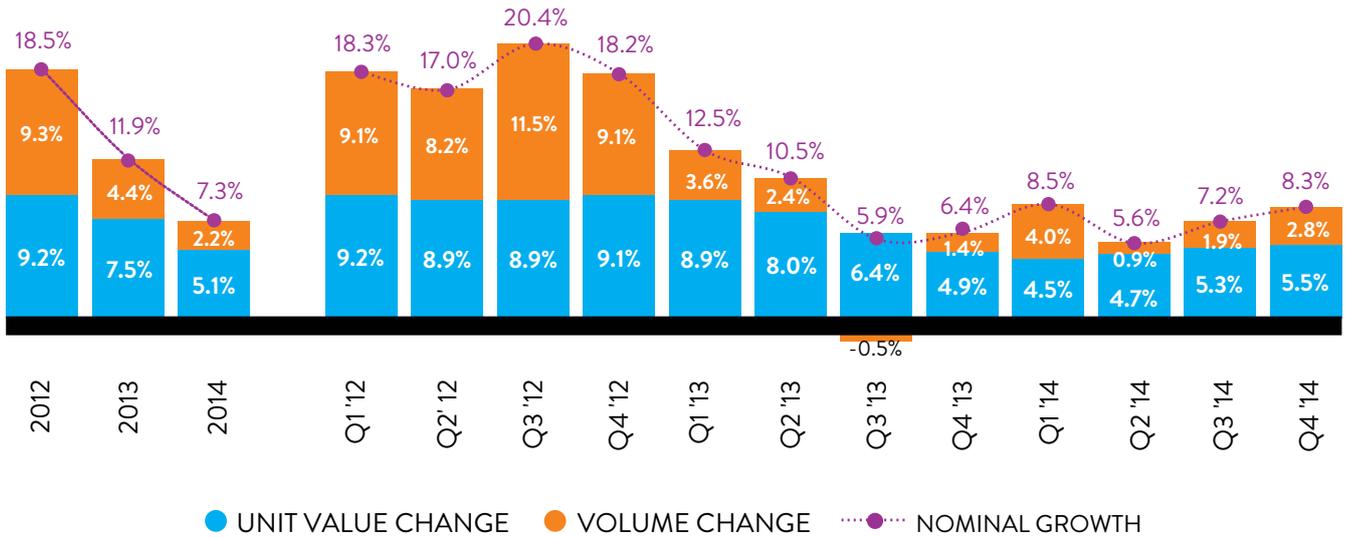
INDIA CONSUMER CONFIDENCE INDEX



Source: Nielsen Consumer Confidence Index; MOSPI

THE FMCG ROLLER COASTER

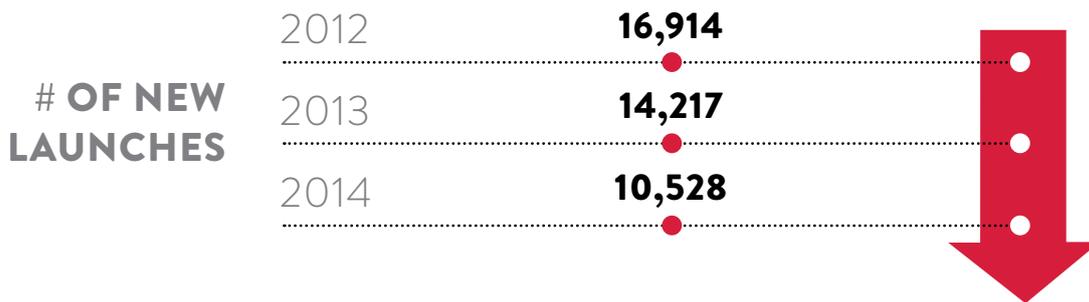
2011 was a buoyant year for FMCG with demand driving consumption, and this uptrend drove strong growth for most companies on the back of robust previous years. And during these years, success was relatively easy to achieve. However, in 2012 and 2013 when GDP growth rates started sliding, India's consumer confidence ranking slipped from its No. 1 position globally, and brands and their managers had to get creative to earn consumers' spending. This required special interventions and innovations that could not only become catalysts for overall growth but also spur new brands and segments that could be sustained over longer periods.



Source: Nielsen

But instead, many in the industry opted for defensive strategies, were persistent in upgrading existing products to drive growth and seemingly reluctant to get aggressive with innovations. Not only did manufacturers reduce the number of new launches over three years, their intent to put their weight behind them also seemed to decline. Consider the following:

- A. The number of new launches for the FMCG sector dropped sharply from approximately 17,000 in 2012 to about 10,500 in 2014.
- B. The rate of breakthrough success came down marginally from 0.2% in 2011 to 0.1% in 2012.
- C. The absolute number of breakthrough winners slipped from 31 in 2011 to only 23 in 2012



Though the journey from launch to success became challenging, some brands continued to tread the path of performance by doing what may have seemed obvious but was not easy to implement. The recipe for success in these tough times stood on the tripod of offering consumers something that surprised them and fulfilled their unmet demand. It also met their tastes and likings and, finally once it was ready for launch, was executed seamlessly in the challenging marketplace. In this report, we will find out how companies worked on these paradigms and what separated winners from the rest.

RECIPE FOR **BREAKTHROUGH** SUCCESS

MARKET READY
PROPOSITION

UNMET
DEMAND

SEAMLESS
EXECUTION



**BREAKTHROUGH
SUCCESS**

PILLARS OF INNOVATION

IDENTIFYING UNMET DEMAND

Planning innovations well became extremely important in this period of low consumer confidence. In tough times, consumers leave no opportunity to cut spends and save money. Hence, right from the concept stage, manufacturers needed to be absolutely sure that the innovation they plan to launch truly satisfies consumers' unmet need and is not merely another product in the market.

GETTING A MARKET READY PROPOSITION

Half the job is done if the innovation addresses a need currently unfulfilled. In order to get picked up from the shelf, the product needs to check all boxes for the consumer in terms of pricing, packaging, availability and convenience that it offers. The other important lever to press during the innovation process, especially during a tough economic situation, is to create a proposition that is absolutely market ready and offers the right product to satisfy that unmet need.

EXECUTING WITH BRILLIANCE

This is one other critical factor that can determine the eventual success of an innovation. Even if the innovation spots unmet need and is able to fulfil that demand with the right offer, it must reach the end consumer by not only communicating its unique selling propositions (USP) but also ensure availability at the right stores within the right time. Effective execution in the marketplace and efficiently communicating the distinct proposition can be big differentiators for successful innovations.

THE MAKING OF WINNERS

The current edition of the Breakthrough Innovation Report follows a similar approach that was employed in the first edition and examines all the new launches from more than 80 FMCG categories. For this report, we evaluated products launched in the calendar year 2012 and analysed their performance over next 18 months.

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 105 million sales in year one at a minimum.
- **ENDURANCE:** This measure confirms a sustained level of consumer demand after the launch year. Winners had to either double launch year sales in months 13-18 or generate revenues in the top 0.5 percentile at the 18 month milestone for all launches. This corresponds to approximately INR 177 million sales 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-packaging, re-formulations, and re-positioning and ensured that distinctive offerings that abided by demand-led principles and/or differentiated themselves with breakthrough execution made the final cut.

Our success criteria for threshold sales have come down marginally from 2011 because the average sales generated by all the new launches was lesser in 2012. This further impresses the fact that with overall consumer expenditure coming down, achieving success in 2012 and 2013 was even more difficult. The winners therefore had to show tremendous agility to stay relevant, sustain their endurance and offer distinctiveness to impress consumers.

CELEBRATING THE WINNERS

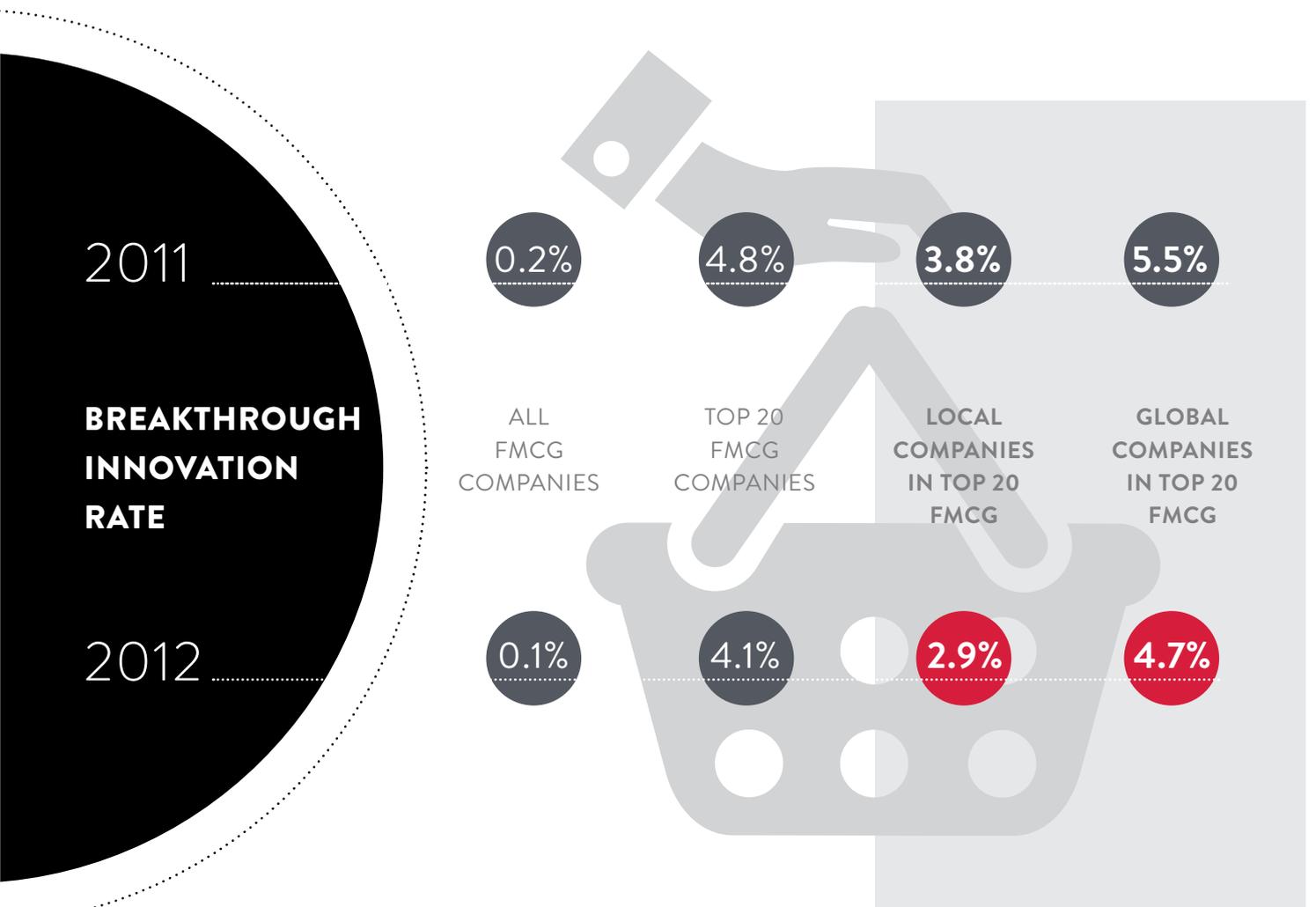
THE WINNERS DELIVERED A NEW PROPOSITION TO THE MARKET, GENERATED A THRESHOLD LEVEL OF SALES AND ENJOYED SUSTAINED CONSUMER DEMAND BEYOND THE LAUNCH YEAR.

CLEAN & CLEAR MORNING ENERGY (Skin Cream)	JUZI JELLY (Confectionery)	PARACHUTE ADVANCED DEEP NOURISH BODY LOTION (Skin Cream)	SUPERIA SILK (Toilet Soap)
KUR KURE PUFFCORN (Salty Snack)	ALL OUT ULTRA (Mosquito Repellent)	CERELAC SHISHU AHAAR (Baby Food)	LIFEBUOY CLINI CARE (Toilet Soap)
PARLE HIDE & SEEK FAB! (Biscuits)	PEPSODENT TRIPLE CLEAN (Toothbrush)	PANASONIC SPECIAL (Battery)	LONDONDERRY (Confectionery)
GODREJ EXPERT RICH CRÉMÉ (Hair Dye)	COLGATE SUPER SHINE (Toothbrush)	STREAX (Deodorant)	BENADRYL CONGESTION RELIEF (Cough Syrup)
SKORE (Condom)	ALPENLIEBE SPICY 1 (Confectionery)	SENSODYNE (Toothbrush)	RIN (Blues)
TRESemmé (Shampoo)	ALPENLIEBE 2CHOCO ECLAIRS (Confectionery)	PEPSODENT EXPERT PROTECTION COMPLETE (Toothpaste)	

Special feature in the winners spotlight section for the brands highlighted

SUCCEEDING IN TOUGH TIMES

The 23 breakthrough brands we selected are spread across 17 categories ranging from food, personal and household care and over-the-counter pharma products. Though the odds of success remained the same, fewer brands could survive the criterion of distinctiveness, relevance and endurance as compared to 2011. The overall rate of success dropped to 0.1% in 2012, compared with 0.2% in 2011. This was true for both global and local players and nearly similar to the marginal drop in the success rate of top players. However, the top 20 FMCG players continued to dominate the innovation space with the total number of new launches from them going up to 491 in 2012 from 437 in 2011, reinstating the fact that leading companies in FMCG are still the torchbearers on the path of innovation.

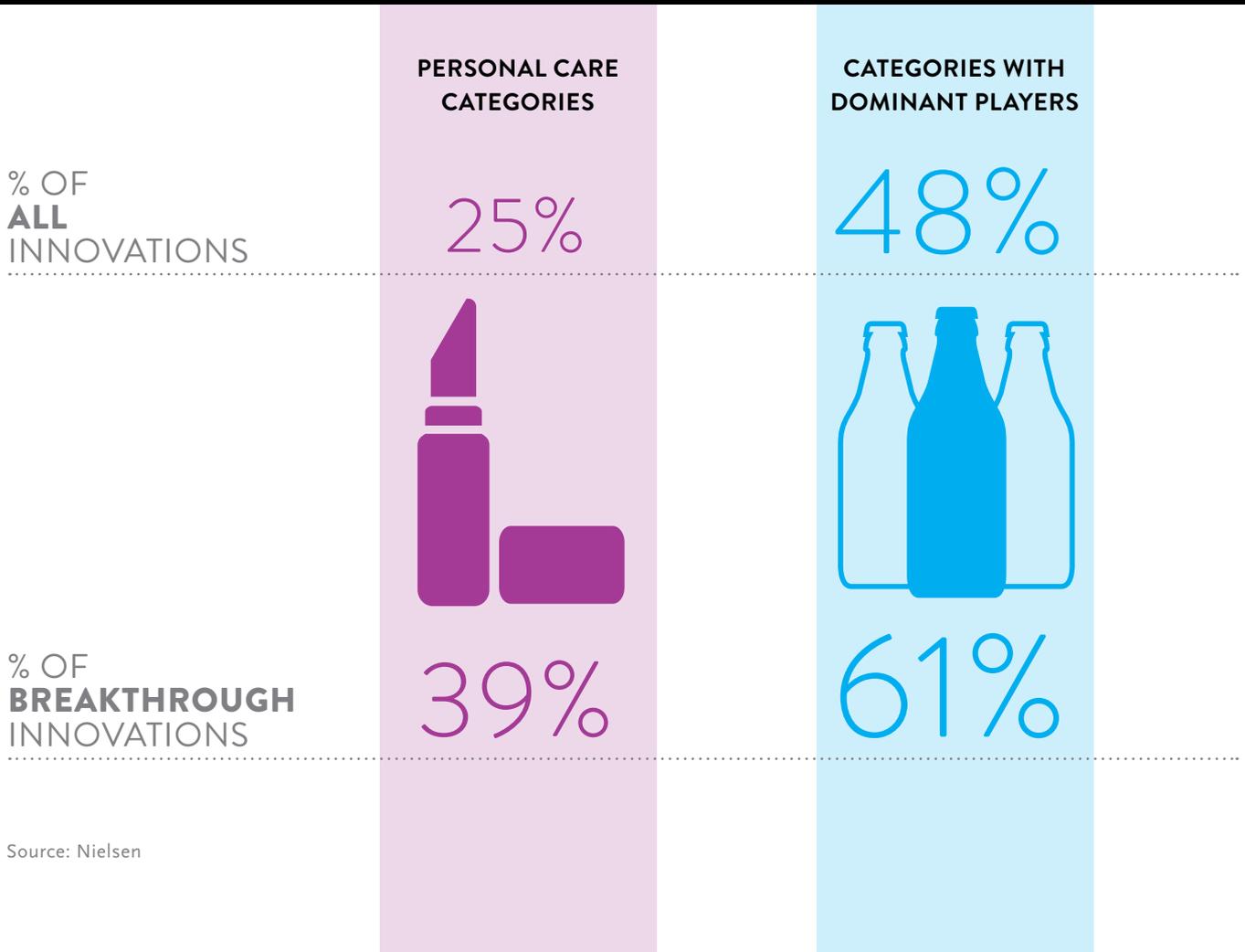


Source: Nielsen

In addition, while food categories led the growth of the FMCG market in India, personal care space was once again a breeding ground for new products. Similar to 2011, a quarter of new launches in 2012 were from personal care, and this segment also witnessed a higher success rate than other industries, with almost 40% of brands making it to the breakthrough winners list. This could also be due to the greater penetration of many food categories, while many non-food categories like toothbrushes, hair colours and deodorants have yet to expand 'their footprint' fully in the Indian market' thereby leaving an opportunity for them to increase their penetration and gain more consumers.

Another interesting trend that we observed this year is that fragmented categories managed to increase their presence among breakthrough winners. Though a large number of winning innovations still belong to categories that are dominated by few players, their contribution came down over the year from 71% to 61%. This indicates that innovations can be an effective catalyst for success both for the lead player to entrench its relative position, as well as for the challenger brand to gain share. The Indian market place offers ample opportunity for everyone!

CATEGORY LANDSCAPE IMPACTS INNOVATION



SETTING THE BENCHMARKS FOR SUCCESS

Our 23 winners toiled in their launch months and even beyond to set new benchmarks for innovation success. Marketers in India have struggled to find the right targets to measure launch success, but now they can track performance against the very best.

- DISTRIBUTION:** Winners kept building distribution well into the second year of launch. On average, our 23 winners were available in 115,000 stores at the end of six months and over 200,000 stores at the end of 18 months. Six winners attained 150,000 stores within six months of launch, and five winners had distribution in over 250,000 at the end of 18 months. The initial distribution build-up was slightly lower compared to 2011, but by the end of 18 months, the winning 2012 launches reached a nearly similar number of stores. Hence the benchmark for 18-month reach continues to stay at about 200,000 stores.
- REVENUE:** Being a slightly tough year for generating sales, the revenue benchmarks came down by about 20% in 2012. The 18 months achievement was pegged at INR 549 million as against INR 615 million compared to the previous year. The winners' average revenue achievement was about INR 80 million at the end of six months, which tripled to about INR 240 million by the end of 12 months. By the end of 12 months, six launches had crossed INR 300 million, and four had surpassed the INR 750 million mark by the end of 18 months.
- MARKET SHARE:** Even though many winners belonged to well-penetrated categories, they still garnered an average 1.5% market share at the end of 18 months, which was about 1% last year at the end of 18 months. Five winners had already secured 1% share in their respective categories within six months of launch.

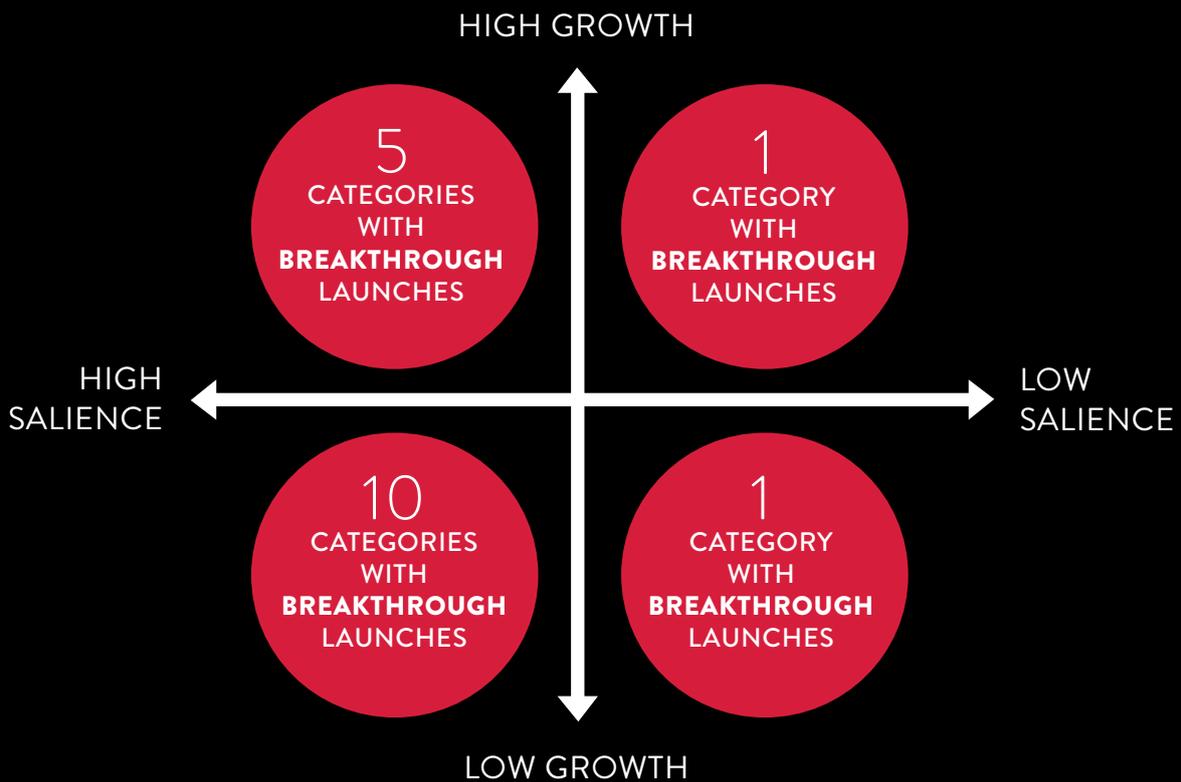
	WINNERS AVERAGES	AT 6 MONTHS	AT 12 MONTHS	AT 18 MONTHS
 DEALERS (000)		115	164	203
 REVENUE (INR MILLION)		80	239	549
 MARKET SHARE %		0.68	1.19	1.50

Source: Nielsen

WHAT DID WINNERS DO DIFFERENTLY?

WINNERS VERSUS WINNERS

Clearly, a winning proposition isn't affected by environmental compulsions, and if it is able to identify the right demand spot and offers the right product to meet that demand, effective execution can definitely make it successful. As we analysed the performance of winners closely and compared them with each other, we identified a few themes from their success.



SIZE AND GROWTH OF CATEGORY DOESN'T AFFECT YOUR CHANCES OF SUCCESS:

Most categories that saw breakthrough winners were high salience (large size) but low growth categories. This belies the usual assumption that to be a breakthrough winner, one must be present in high growth categories.

COMPETITIVENESS OF THE CATEGORY DOES NOT DETERMINE SUCCESS:

While it may seem that one can take easy share from leader brands it may be worthwhile to note that only six out of the 23 winners emerged from dominant categories (those with less than five brands contributing to 80% share). The rest of them were from categories that are competitive and may even be quite fragmented.

REACHING THE RIGHT STORES AT AN EARLY STAGE IS CRITICAL:

As we looked at the distribution build-up of our winners, we observed that 17 out of 23 winners reached more than 100,000 stores within the first 12 months of launch, and 11 out of these were able to reach 200,000 stores during this period. Importantly, 10 out of 23 winners built a category-weighted distribution of 20% by the end of the first six months, which helped them reach the right potential consumers

LAUNCHING THE RIGHT ASSORTMENT IS IMPERATIVE:

Our analysis shows that 18 out of 23 winners launched (brought to market within the first six months) their innovation with the optimum combination of pack size and variant. Their assortment not only had pack sizes that could generate trials but also helped people upgrade to bigger packs once they liked the innovation.

NO PROMOTIONS ARE USED AT THE EARLY STAGE OF LAUNCH:

The best propositions sell on their own. Fifteen of the 23 winners did not introduce any promotions till the first six months and instead focused on winning consumers through the right product and execution. Once these winners achieved the right threshold of offtake and distribution, they then introduced promotions to expand the consumer base and reward those who purchased the product.

These learnings form a definitive guide for marketers to drive innovation success. They may not be the sure shot keys to winning but are helpful enough to plan what one may call antidotes to failure.

WINNERS VERSUS THE REST

For this exercise, we evaluated the top 1,166 launches (top 80% of contributing brands) among 16,914 launches in 2012. This was done to weed out a huge number of brands that may not have been invested upon adequately by their manufacturers. It also helped remove any bias in drawing conclusions pertaining to pricing and other marketplace dynamics. As we draw inspiration from these themes, it is prudent to highlight here that these are not the 'checklist' for launching an innovation but the actions that have worked for successful launches and have now been validated consecutively over two years. It is further important to note that we checked the relevance of these themes in the second year and found that these findings stand out and remain valid for 2014 as well. It may, however, warrant that companies read them in the light of current market conditions before setting out to implement some of them.

Let's have a look at these themes:

PREMIUM PRICING: Intuitive thinking may suggest that popular price is the safest strategy during tough economic conditions. But innovative thinking says that if the product is worth its price then it should command that. This breakthrough thinking was visible in the average price premium that successful brands charged compared to those that tried lower pricing as a means to achieve success. Breakthrough winners were priced at 1.5X compared to the average category price, and most of them sought the super-premium segment. In addition, 48% of successful brands were launched in the premium/super premium spaces while 55% of unsuccessful ones were mostly focussed on the popular segment.

The higher prices of breakthrough winners also meant that every transaction done by consumers yielded a higher return to the manufacturers and helped improve their share performance. Since these innovations addressed the unmet need of consumers and had the right impetus, consumers were willing to shell out that "extra" from their pockets for a premium yet value-centric offering.



INDEX TO AVERAGE CATEGORY PRICE

UNSUCCESSFUL
INNOVATION



0.9X

BREAKTHROUGH
INNOVATION



1.5X

Source: Nielsen

VALUE CONTRIBUTION %

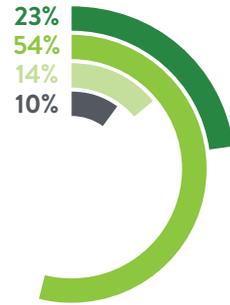
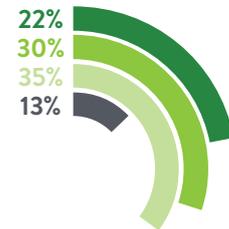
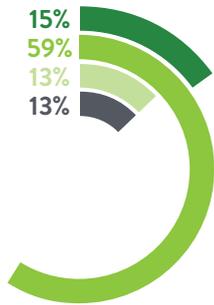
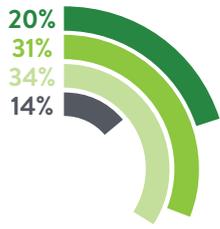
COUNT %

WINNERS

REST

WINNERS

REST

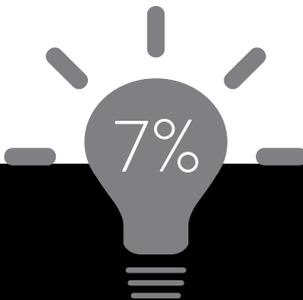


● MASS ● POPULAR ● PREMIUM ● SUPER PREMIUM

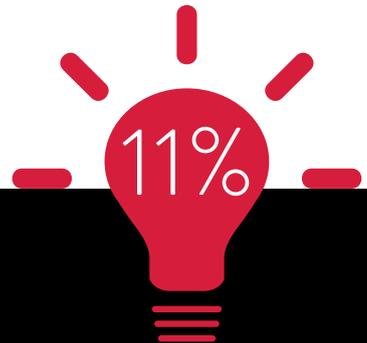
LEVERAGING THE STRENGTH OF THE MODERN TRADE

CHANNEL: In 2010 and 2011, many retailers were on an aggressive trajectory, and the modern trade channel's growth was fuelled both by new store expansion, as well as sales growth from existing stores. But with the economic softening that began in 2012, reality started settling in, and the modern trade channel growth started to witness a slowdown. In such a scenario, leveraging a channel that was slowing down rapidly didn't seem like wise marketing. But that is where our breakthrough winners had a different game plan. In the previous year's report, we observed that winning brands used the modern trade channel as a laboratory for launching innovation and witnessed staggering growth of 7x what other brands saw. This trend continued with brands launched in 2012 as well; modern trade accounted for 11% of the value sales of winning brands, compared with 7% for those that

MODERN TRADE



REST



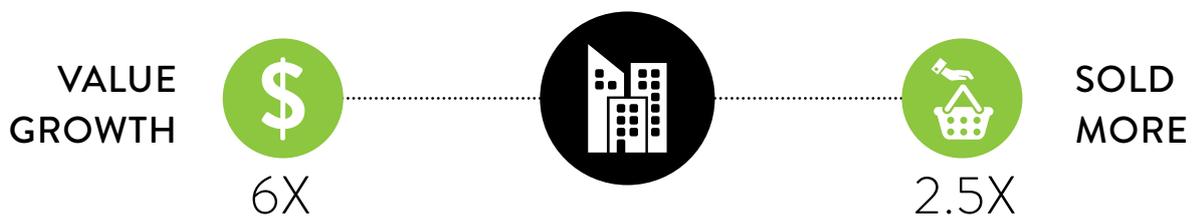
WINNERS

1.6X HIGH DEPENDENCY

M12-18 VALUE CONTRIBUTION

While robust go-to-market strategy for traditional trade remained a priority, modern trade didn't get undermined in overall distribution and sales planning. Winning brands made good use of the insight that today's Indian consumer is a cross-over shopper and visits both modern and traditional channels. They ensured that while being available at traditional trade outlets was important for repeat sales, modern trade could still be an effective channel for generating trials and driving noticeability.

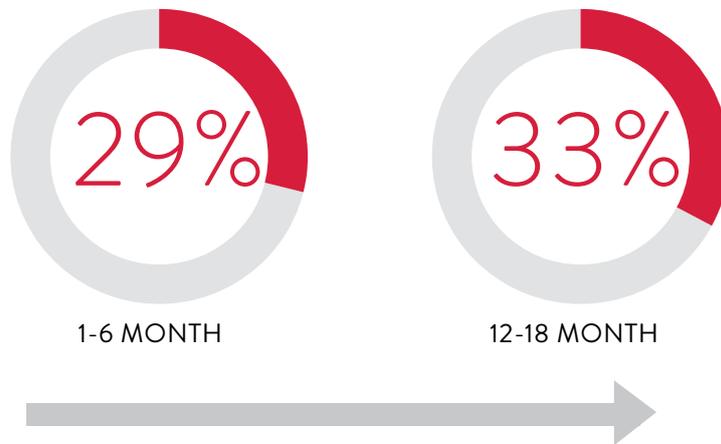
TESTING THE WATERS IN DEEPEST POCKETS – METROS: Better infrastructure, a denser retail population, higher direct reach and a more diverse customer base makes metros a perfect platform for testing new launches. With greater focus to reach the right stores at launch, relying on direct coverage and bigger pockets of expenditure/consumption, it's an obvious choice to focus on the towns with populations of 1 million or more. Better still, after getting acceptance in the market and trade, it is always easier to move to smaller towns. Most successful innovations realized about 40% of their sales from metros, and this contribution remained the same across first 18 months of launch. As a result, metros offered 6x higher value growth versus other geographies and were therefore the priority markets for breakthrough winners to not only market test their products but also to scale up to reach the 52 large cities of India.



NORTH REMAINS THE FAVOURITE MARKET: North zone is the largest zone for FMCG consumption and has also been the fastest growing zone over the last three years. North zone therefore continues to be a high focus market across breakthrough winners as they witnessed almost 4x higher growth in this region compared to other brands that didn't make the cut. Consumers in the North zone also seem to reciprocate by showing higher acceptance for new launches and thereby drive their sustained growth. The contribution of North zone to sales of these breakthrough winners increased from 29% during the first six months to 33% during the 12-18 month period. Distribution was a key driver of growth for winning brands throughout the 18-month period, and most of them ensured they reached the right stores by being available across important stores for the category. Given the large population and sustained growth rate, as well as the limited penetration of many categories, North zone should remain a priority market when it comes to innovators' zonal focus.

NORTH ZONE

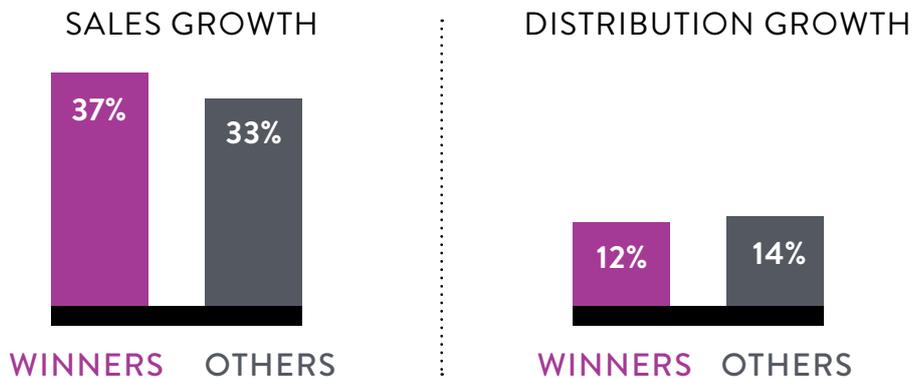
VALUE CONTRIBUTION



Source: Nielsen

INVEST BEYOND YEAR ONE: Our studies of breakthrough winners consecutively over the last two years show that the brands that sustain innovation investment beyond year one are likely to achieve greater success. Distribution expansion continues to lead growth beyond the first year and, together with a high velocity of repeat purchases, contributes in the overall growth for breakthrough brands. However, for the unsuccessful ones, same-store growth witnessed a decline, and distribution didn't fuel their expansion. It was also interesting to note that the unsuccessful brands quickly moved beyond metros and started focusing on other towns and spread themselves thin. On the contrary, the successful ones continued to focus on metros and built distribution and throughputs (sales per store) during the crucial second year of launch. It is therefore important not to deem a launch a success or failure within the first few months and instead deploy a strategy to drive repeat purchases as well as distribution during months 12 to 18 in order to achieve lasting success.

GROWTH FROM 6 MONTHS TO 18 MONTHS



Source: Nielsen

THE BREAKTHROUGH WINNERS

THEIR STORIES

1 SENSODYNE TOOTHBRUSH: BRUSHING THE PAIN AWAY

GLAXOSMITHKLINE

INSIGHT

Sensodyne, the Global Sensitivity Expert, is GSK Consumer Healthcare's largest brand globally. The Sensodyne Toothbrush launch was designed to leverage brand loyalty that Sensodyne toothpaste holds with its consumers. The idea was to further drive and entrench the brand into the teeth brushing regime, thereby strengthening the presence of the brand amongst existing, as well as new consumers.

CONCEPTUALIZATION

To further sketch the needs of consumers, elaborate research was conducted to identify need gaps for those suffering from sensitive teeth. Two distinct unmet consumer needs were identified:

1. Daily cleaning: Light sufferers - not having pain while brushing
2. Treatment/relief: Heavy sufferers - having pain while brushing

On the basis of these needs, two propositions were crafted – **“Cleaning with care”** and **“Maximum protection,”** which seemed to fill the gaps with existing consumers. The identified unmet need was then fed back into design revision. The handle of the toothbrush was made more angular with a wider grip, and the head size was increased for a better cleaning experience. The design had to be unique and differentiated, as this was the first offering from Sensodyne in the toothbrush segment.

WINNING STRATEGY

Typically any new toothbrush development takes around one and a half to two years. But in this case, the complete process from **conception to execution was completed in a record time of seven months.** The largest amount of time was spent in understanding consumer needs and transforming them into a toothbrush design that delivered on the consumer expectations.

“

THE BIGGEST REASON BEHIND THE SUCCESS OF THIS INNOVATION WAS THE SUPERLATIVE BRUSHING EXPERIENCE, WHICH THE PRODUCT DELIVERED BEAUTIFULLY ON. A TOOTHBRUSH SPECIALLY DESIGNED FOR PEOPLE WITH SENSITIVE TEETH. THIS BRAND EXTENSION TRULY LEVERAGED THE SENSITIVITY EXPERT CREDENTIALS OF THE BRAND TO CARVE OUT ITS SPACE IN THE MARKET AND MINDS OF SENSODYNE CONSUMERS.

”

RAHUL BIBHUTI
GENERAL MANAGER
ORAL CARE & VMS (GSK)

The basic idea was to enable Sensodyne Toothpaste users to try the Sensodyne Toothbrush. At the time of launch, the brand estimated the potential to sell around 8 million toothbrushes annually. Keeping this in mind, the go-to-market strategy was devised. The distribution focus was on **chemists and modern trade outlets** where the brand had greater equity than traditional and other outlets. To build confidence in the product, **a massive sampling exercise** was done in tandem with the launch, reaching out to 50,000 retailers and over 20,000 dentists. To build awareness of the product, the launch was also supported **with over 15,000 seconds of TV tags. But building the expert recommendation on actual experience and superior delivery of the product** were the most critical elements of the launch.

OUTCOME

Focusing on the need and working out a product that could deliver on consumer expectations helped to make a market ready proposition. The product was well executed from a GTM perspective through focus on the right channel mix and backed with a great above the line (ATL) support that helped the brand make the product a success.

TYPICALLY ANY NEW TOOTHBRUSH DEVELOPMENT TAKES AROUND ONE-AND-A-HALF TO TWO YEARS. BUT FOR THE SENSODYNE TOOTHBRUSH, THE COMPLETE PROCESS FROM CONCEPTION TO EXECUTION WAS COMPLETED IN A RECORD TIME OF SEVEN MONTHS.

2 ALPENLIEBE JUZT JELLY: THE WOBBLING WONDER

PERFETTI VAN MELLE

INSIGHT

Globally, jelly is a big segment in the confectionery market. However, as it requires the use of a non-vegetarian ingredient, the market for this in India was perhaps not explored enough owing to religious considerations coupled with general low awareness of the red dot*. Furthermore, product stability during the extreme summer conditions in India was also a deterrent. Hence, for the Indian consumer at large, the word jelly was synonymous with cup jellies that were of questionable quality made by local players.

Using natural fruit pulp, Perfetti Van Melle industrialized a vegetarian jelly product for the Indian market keeping the predominant cultural sentiments in mind while staying true to its good ingredients and high quality image. The launch was aimed at the existing consumer set in addition to building relevance for the product among new consumer segments.

CONCEPTUALIZATION

To understand the concept of jelly in the consumer's mind, multiple qualitative researches were undertaken to finalize the format. In order to bring alive the fruit proposition, Perfetti Van Melle leveraged the real fruit shape (Strawberry) and a distinctive 'mouthfeel' (soft bite) for its launch offering. With the fruit proposition at the core of the offering, it was important that the consumer should be able to identify the presence of natural fruit pulp on consuming the product, which led to iterative development and testing of formulations.

The sticky nature of the product posed a big challenge in machine packing at high speeds. This was addressed through significant capital investments for an industrial packing solution that was instrumental since manual packing would have limited the scale.

WINNING STRATEGY

With the launch of Just Jelly, Perfetti Van Melle created a new space within its category. The product carried the promise of real fruit, which was brought alive through various aspects right from product formulation and included the use of natural fruit pulp and the strawberry shape to connote realness. The team also used visuals in packaging and a high quality product window in the communication to drive home the message of real fruit. All this helped create a premium image for the offering.

*Denotes presence of non-vegetarian ingredients

“

IT WAS TRULY THE TEST MARKET ROUTE AND THE EFFICACY WITH WHICH OUR TEAMS REPLICATED THE SUCCESS BASIS LEARNINGS FROM THE SOUTH LAUNCH THAT GAVE US PHENOMENAL RESULTS. BOTH THE TEST AND THE NATIONAL LAUNCH WERE BACKED WITH AGGRESSIVE MEDIA SUPPORT AND ON GROUND ACTIVATIONS, WHICH HELPED IN BUILDING EXCITEMENT AND GENERATING TRIALS.

”

NIKHIL SHARMA
HEAD MARKETING
PERFETTI

The launch was supported with TV advertising along with radio and outdoor campaigns to build excitement that helped generate high awareness and trials at a rather quick pace for the brand. All of this combined with great distribution helped the brand create its own space in a highly cluttered market by gaining quick acceptability from both trade and consumers alike.

From a go-to-market perspective, the product was first **test marketed in selected geographies** to estimate the volume potential of the brand. The model was then replicated for its launch nationally. Specifically for the modern trade channel, **a special consumer pack in strawberry shape was developed**, which was instrumental in making Alpenliebe Just Jelly one of the largest confectionery brands in modern trade.

OUTCOME

This innovation has helped Perfetti Van Melle establish the product format at an affordable price point in India and also changed the price dynamics within the category. The launch of Alpenliebe Just Jelly at Re. 1 helped garner a quantum jump for the Re. 1 price point in candies. The brand not only added growth momentum to Perfetti but also helped drive growth for the segment and the category. The innovation in product and packaging easily broke through the clutter to gain acceptability and relevance for the product across consumer segments.



3 EXPERT RICH CRÈME HAIR COLOUR: FEEL YOUNG THE NEW WAY

GODREJ CONSUMER PRODUCTS LTD.

INSIGHT

The hair colour market is quite fragmented with both traditional and modern methods of hair colouring co-existing. While modern formats like value added powders, herbal-based powders and crème hair colours are gaining salience and consumer acceptance, traditional formats also remain in contention. Godrej Expert has always had a strong hold in the hair colour category with a loyal consumer base and prominence in the henna and powder segments. However, competition from newer formats was eating into its market share as consumers were opting to try crème-based hair colours.

There was imminent need to not only retain the shifting consumers but also to retain loyal traditional format consumers by offering them better options in the crème segment, all this in an affordable manner.

CONCEPTUALIZATION

As it was a big initiative for Godrej, extensive consumer and product researches were conducted to get in-depth understanding of consumer need gaps in the hair colour segment.

The process started with intensive product testing and concept research. Series of changes were done to the product based on these researches and only the best options were taken forward for blind product test. The product was compared with category leaders in the crème segment on parameters like post-use softness, fragrance, etc.

After finalizing the product, equally extensive and rigorous communication research was done among consumers.

WINNING STRATEGY

The team devised an in-depth distribution strategy that was as detailed as possible, including assortment at each outlet level, the number of units of each variant/shades, etc. To add to the meticulous distribution strategy, a clutter-breaking communication was essential to get consumer's attention, while doing justice to the features of the product. Hence, the communication 'Oh My God' was developed after thorough consumer research.

“

INTENSIVE CONSUMER WORK THAT HELPED IDENTIFY UNMET CONSUMER NEEDS, R&D STUDIES AND TESTING THAT HELPED DEVELOP AN AMAZING PRODUCT, DETAILED PRE-LAUNCH STUDIES AND METICULOUS PLANNING AND EXECUTION ARE THE BIGGEST INTERNAL REASONS THAT HELPED THIS INNOVATION STAND OUT.

”

RAVI NAGAR
AVP MARKETING
GODREJ CONSUMER
PRODUCTS

OUTCOME

Godrej Expert Rich Crème hair colour was very well received by consumers, as it addressed unmet needs and was backed by a well thought through 360 degree marketing and sales plan that was executed flawlessly. The new product leveraged the existing strength of the mother brand—Godrej Expert—and also added significantly to the existing equity. This helped Godrej Expert retain existing consumers within the portfolio and bring new ones to the brand. This innovation significantly drove overall brand revenues and helped Godrej expand its consumer base.

“

A CLUTTER BREAKING COMMUNICATION THAT
COULD SHOUT AND ANNOUNCE THE ARRIVAL OF
THIS UNIQUE PRODUCT WAS A GREAT ADDITION
TO THE INVINCIBLE STRATEGY.

”

RAVI NAGAR
AVP MARKETING
GODREJ CONSUMER PRODUCTS

4 PARLE HIDE & SEEK FAB!: NEVER SAY NO TO EXTRA

PARLE PRODUCTS

INSIGHT

Parle observed that the cream biscuits category was on the rise and consumers were more open to trying new options than ever before. Amid this rising preference for cream, Parle wanted to create its own premium story. Consumer studies led the team to the conclusion that the best experience for a child when having a cream biscuit is licking the cream off the centre and leaving the shells aside. Parle noticed that there was an innovation opportunity here to 'complete' the cream biscuit experience. The idea of creating Hide & Seek Fab! (H&S Fab!) came into existence, wherein for the first time, the cream biscuit shells were loaded with choco chips along with a thick layer of cream thereby creating differentiation in the premium cream biscuit category.

CONCEPTUALIZATION

H&S Fab! went through a comprehensive product development process. Multiple rounds of iterations and consumer feedback were taken to sketch the product path. It took about a year from inception to launch the final product.

WINNING STRATEGY

H&S Fab! was introduced in the **modern trade channel** initially. After receiving an encouraging response in the first three months, it went for a national launch across all types of stores. The initial phase was supported by **branding at modern trade stores**. Subsequently, the brand was launched nationwide with a **TVC campaign**, highlighting the brand's unique attributes.

OUTCOME

Hide & Seek Fab! became an instant hit with the kids, thereby making it a new success story in the Hide & Seek franchise from Parle. Parle has come up with a series of new launches - most of them fresh innovations - in the past few years. Innovation is seen as an integral part of the Parle Product Development and the success of H&S Fab! only underscores this.

“

H&S FAB! IS A FIRST OF ITS KIND PRODUCT OFFERING IN THE MARKET AND IS WELL RECEIVED AMONGST ITS CORE TARGET GROUP

”

SHALIN DESAI
DEPUTY MARKETING MANAGER
PARLE PRODUCTS

5 PARACHUTE ADVANSED DEEP NOURISH BODY LOTION: THE LOVING SOFT TOUCH

MARICO

INSIGHT

The body lotions category was a hugely underpenetrated segment compared to the overall skincare category. Parachute saw this as a huge opportunity as there was a large set of non-users that the brand could reach with its first mover advantage. Marico then decided to extend its Parachute brand into the body lotion category.

Consumer research found that the key barrier for those not using moisturizer was a perceived lower relevance as the skin remains covered for most of the times. This leads to regular body nourishment being ignored. Hence, Marico decided to take an emotional and sensorial route rather than an educational/rational route.

CONCEPTUALIZATION

The innovation went through a rigorous pre-launch screening process. Product development was initiated after understanding the consumer need, and the product underwent multiple rounds of iteration to ensure consumers get the delightful experience that they were looking for.

The product then underwent a testing process. This received good feedback as the skin felt noticeably different. The product needed to be non-sticky; therefore, a fine balance between the sensorial feel on skin and quick absorption process was achieved. A long time was spent to finally roll out the product.

The idea was conceptualised in early 2008 and took about two years for the launch.

WINNING STRATEGY

Along with a rigorous research and product development process, a robust and aggressive go-to-market and distribution strategy was also devised. The widespread Marico distribution strength was leveraged, which was able to **directly reach 1.2 lakh outlets initially and this was targeted to be doubled by end of the second year of launch.**

“

FOCUS WAS ON A CONSUMER SET THAT WAS LOCKED IN A PARTICULAR LIFE STAGE AND THAT CUTS ACROSS SECs AND TOWN CLASSES. AFTER 25 YEARS, SKIN ANYWAYS NEEDS ATTENTION AS A NATURAL SKIN DETERIORATION PROCESS STARTS. DURING THE SAME TIME, THERE SEEMS TO OCCUR A PHYSICAL DISTANCE IN A MARRIED COUPLE'S RELATIONSHIP DUE TO VARIOUS HOUSEHOLD RESPONSIBILITIES AND LIFE HAVING SET IN A ROUTINE. WHILE SHE HAS ACCEPTED THIS REALITY, SHE CERTAINLY MISSES THE INTIMACY SHE SHARED WITH HER HUSBAND IN HER EARLIER YEARS OF MARRIAGE. THIS IS WHERE WE SPOTTED A CONSUMER OPPORTUNITY WITH OUR CONCEPT OF REDISCOVER THE MAGIC OF TOUCH

”

SAMEER SATPATHY
CMO
MARICO

A special focus was put on cosmetic and modern trade channels. An extensive sampling among 6.2 million consumers was conducted.

A high decibel PR and influencer campaign, on ground activations and other support media like digital, outdoor, etc. were also used. The attractive shape (like an hourglass figure) also helped break the clutter and stand out at the shelf—differentiating yet again. A lot of consumers simply tried the product because of its attractive shape.

A systematic pricing and SKU strategy was also devised. SKU launches were planned in a sequential manner, from the smaller ones focusing on inducing trials and building distribution to the large packs as the user base expanded.

OUTCOME

The product was seen to be different, and consumers saw benefits in terms of the high sensorial (soft/smooth skin) and quick absorption formula. Superior functional benefits from natural coconut milk gave it a spot above the competition. The brand gained acceptance and saw a lot of traction in the initial months of launch. The **on air TV campaign of Love Dobara managed to immediately create an offtake demand in the market.**

THE INNOVATION WENT THROUGH A RIGOROUS PRE-LAUNCH SCREENING PROCESS. PRODUCT DEVELOPMENT WAS INITIATED AFTER UNDERSTANDING THE CONSUMER NEED, AND THE PRODUCT UNDERWENT MULTIPLE ROUNDS OF ITERATION TO ENSURE CONSUMERS GET THE DELIGHTFUL EXPERIENCE THAT THEY WERE LOOKING FOR.

INNOVATION – A MANTRA FOR DRIVING GROWTH

A famous book on innovation that undertook several years of research highlighted examples of successful companies that failed to innovate for the future needs of their customers and were outsmarted by their competitors. This book was released several decades back but stands true even in today's context. Our breakthrough winners have, in some way or the other, tried to satisfy an unmet need and develop products and propositions that were acceptable to consumers. Together with a great story around execution and in-market performance, they stand tall among other players in the industry and have been growth engines for their organization.

We analysed the value growth of all the companies that produced breakthrough winners to assess how they help their parent organizations. We also looked at how these breakthrough winners paced the growths of respective categories. These 23 brands clocked a whopping 82% growth over two moving annual totals (MAT) taken from their respective month of launch. While some brands grew even more than 100%, many notched above 50%, and as a result they were able to improve growth of both their company as well as their category.

Clearly, both analyses substantiate that innovation is indeed the mantra for driving growth, and these innovations are not merely product upgrades or new SKUs but instead have to be products that address a consumer need that latently exists and is yet to be uncovered. The spotlight stories also elaborate how they invested in research behind a potential concept and toiled to make the right product that has the best consumer acceptance. Finally, these successes also reflect their performance in the marketplace—visible in achieving the right distribution thresholds and ensuring that same store growth is driven by power-packed advertising and by excellence within the store.

Innovation is not a choice but a necessity in the current times. With evolving consumer expectations and an increasingly instantaneous way of life, it is the only means to keep growing. Product life cycles (PLC) may be getting shortened, but as smart marketers we need to keep increasing the number of successful PLC within our organizations and work to ensure that each such PLC aspires to become a breakthrough winner!

MAT GROWTH	WITHOUT INNOVATION	WITH INNOVATION
COMPANY* GROWTH	5.3%	5.8%
CATEGORY* GROWTH	7.3%	7.7%

**Only for 23 Breakthrough brands*

Source: Nielsen

METHODOLOGY

CHANNELS COVERED BY NIELSEN INDIA

Nielsen covers seven types of retail outlets that sell FMCG products in its retail audit. These include grocers, general stores, chemists, cosmetic stores, paan/bidi shops (which sell FMCG products), specialised stores that deal in packaged food products and modern retail stores (large super/hyper market chains and smaller independent self-service formats.)

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.

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ABOUT NIELSEN

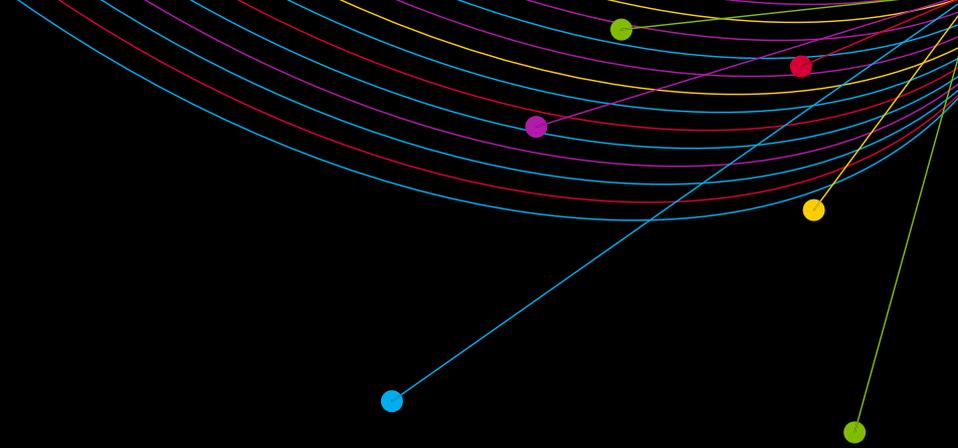
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