2sense

RESEARCH & MORE

MIRROR
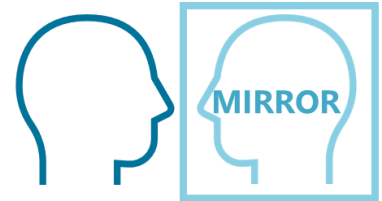
Concept testing
How to proceed?

Brought to you by
Dominique Vanmarsenille

Contents

New Product Development
The context

The aim of your innovation and marketing team is to launch a successful and need-satisfying product for a relevant and sufficiently large target group at the right price.

But introducing new products is a **risky business**. According to McKinsey, half of new product introductions fail to hit the envisaged target. Many of these failed introductions could have been avoided by screening them with the appropriate target group first.

Yet, over 25% of total revenue and profits come from launching new successful products across industries. Preparing is the biggest problem when launching new products according to a Harvard Business School report. With such pressure in mind, it is key to make sure that new products connect with consumers and businesses before you go to market.
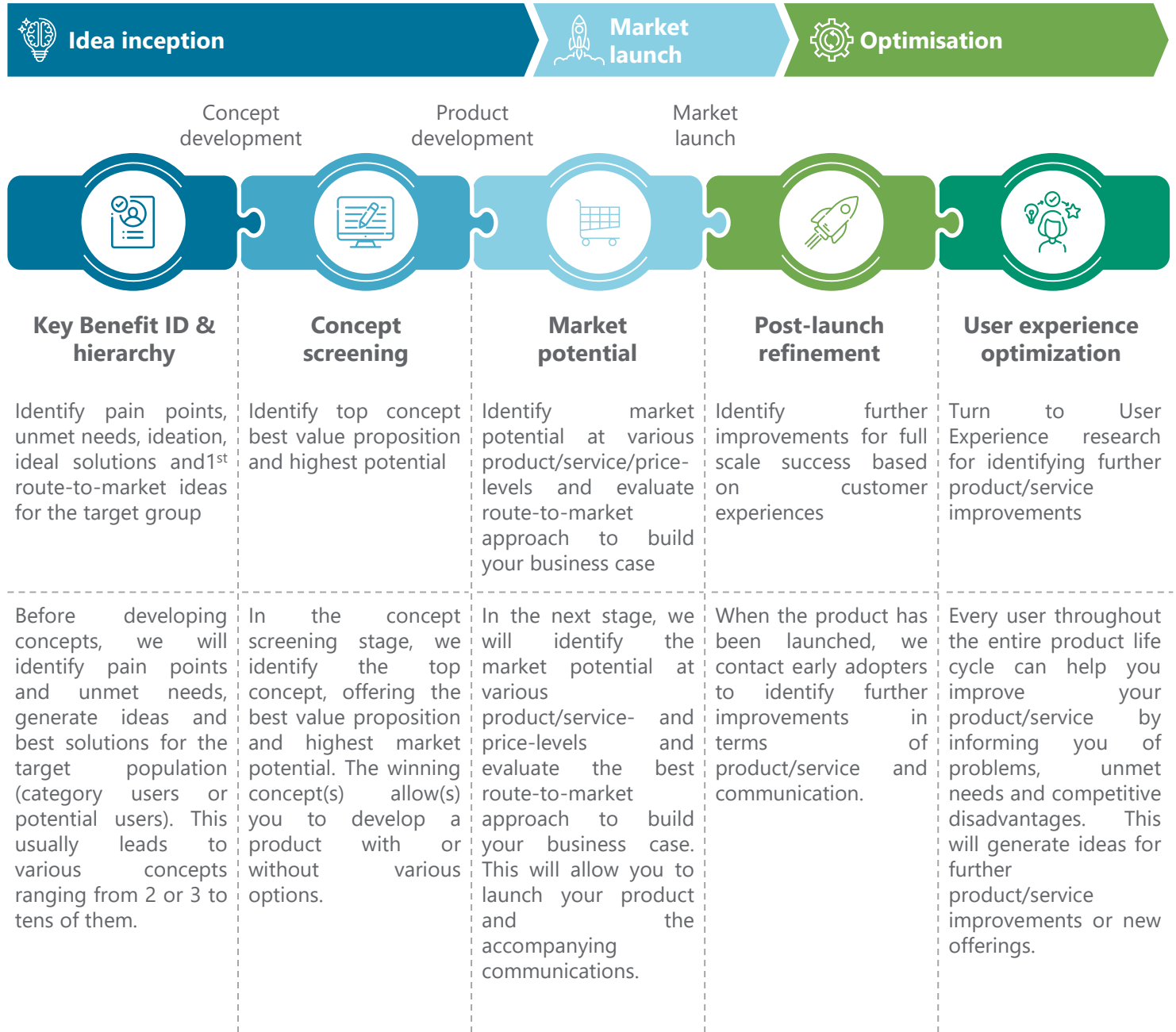
Our advice is therefore to test new concepts before launch.

Concept testing is often omitted because of the perception that it might slow down the innovation process. Bear in mind that the evaluation process can be used to help move your product initiatives along more smoothly and efficiently.

Concept testing – *How to proceed?*

b²sense's framework for innovation research

At b²sense, we developed a framework guiding you from idea inception to market launch and optimization. Customer needs and interests are the basis for each product development, so we involve your target audience – be it consumers or businesses – to guide you in this journey.

Idea inception		Market launch	Optimisation	
	Concept development	Product development	Market launch	
Key Benefit ID & hierarchy	**Concept screening**	**Market potential**	**Post-launch refinement**	**User experience optimization**
Identify pain points, unmet needs, ideation, ideal solutions and 1st route-to-market ideas for the target group	Identify top concept best value proposition and highest potential	Identify market potential at various product/service/price-levels and evaluate route-to-market approach to build your business case	Identify further improvements for full scale success based on customer experiences	Turn to User Experience research for identifying further product/service improvements
Before developing concepts, we will identify pain points and unmet needs, generate ideas and best solutions for the target population (category users or potential users). This usually leads to various concepts ranging from 2 or 3 to tens of them.	In the concept screening stage, we identify the top concept, offering the best value proposition and highest market potential. The winning concept(s) allow(s) you to develop a product with or without various options.	In the next stage, we will identify the market potential at various product/service- and price-levels and evaluate the best route-to-market approach to build your business case. This will allow you to launch your product and the accompanying communications.	When the product has been launched, we contact early adopters to identify further improvements in terms of product/service and communication.	Every user throughout the entire product life cycle can help you improve your product/service by informing you of problems, unmet needs and competitive disadvantages. This will generate ideas for further product/service improvements or new offerings.

This note focuses on quantitative concept testing.

What does a good concept description look like?

Preferably a concept comprehends …

Title	Description	Visuals	Strapline
A title matching the core idea of the concept	A description of the product/ service, including all functional and emotional product features and benefits and reasons for buying and believing but without mentioning price	Ideally a or a series of photographs of how the product looks like and the people or businesses it targets.	A strapline, summarizing the essence of the concept in a short sentence.

Ideally you keep the same format across all concepts.

Concept descriptions in various languages

It is key that not just words but also meanings are translated correctly into other languages. A word in English may become multiple words in other languages. A translated word may get a different loading in another language.

Also the context can be defined culturally and hence has to be taken into account. For the **Semantic Diagnotics Scan**[SM], it is pivotal that the concept developers and local staff check the translations carefully and that the scripting is conducted bearing in mind the meaning of the words.

How to design a concept test?

The purpose of concept testing is to screen and evaluate the concept(s) and
- In case of several concepts, identify the most promising one
- collect all information that allows you to fine-tune the concept further.

When multiple concepts need to be evaluated, then we basically have 2 choices:
1. One individual evaluates only 1 concept, the so-called **monadic** approach
2. One individual evaluates multiple or all concepts, the so-called **sequential** approach.
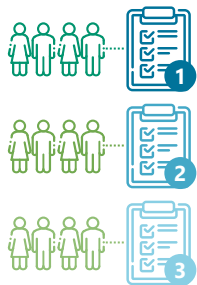
In the **monadic** approach, we show research participants one concept in isolation. A monadic approach is appealing for the respondents because they can focus on one single concept

Since they evaluate **one** concept only, they can do so in full detail and their judgement cannot be biased by another concept. The drawback is however that you need to interview more respondents to guarantee equally robust data per concept and these samples need to be fully matched in terms of socio-demographic and consumption/usage variables in order to compare results.

When evaluating **multiple** complex concepts, then we advise to evaluate only 1 concept per respondent in details, followed up by a shorter presentation of the other concepts and a preference ranking.

At the end of the evaluation, we can show the concepts again and invite them to express their 1st and 2nd preference. This is called the **protomonadic** approach. This approach is the best of both worlds, combining a detailed analysis of every concept and a single source comparison of all concepts, allowing you to compare the various concepts and establish a preference ranking with a more cost-efficient research budget. The respondent will however need to spend more time for completing the interview and there is less room for open-ended questions.
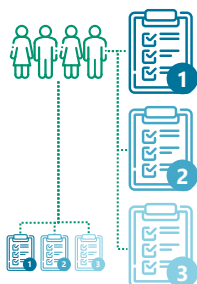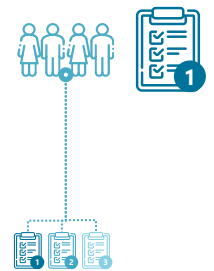
When a **maximum of 3 concepts** need to be evaluated, we advise to use a so-called **sequential monadic** approach. This implies that each respondent will evaluate all concepts in detail one after the other in a randomized order.

The approach presents the advantage that each respondent evaluates all concepts in detail and that hence the sample is used efficiently for enabling a statistically robust and balanced analysis.

Concept testing – *How to proceed?*

When evaluating **more than 3 concepts**, then the concept descriptions need to be minimalised (a few lines) and the number of metrics reduced. In that case we advice to restrict the metrics to buying intention and a top 3-preference ranking for all concepts. This can possibly be complemented by a detailed evaluation of the most preferred concept. This approach provides a high-level overview of the concept preferences but provides less rich detail for each concept.
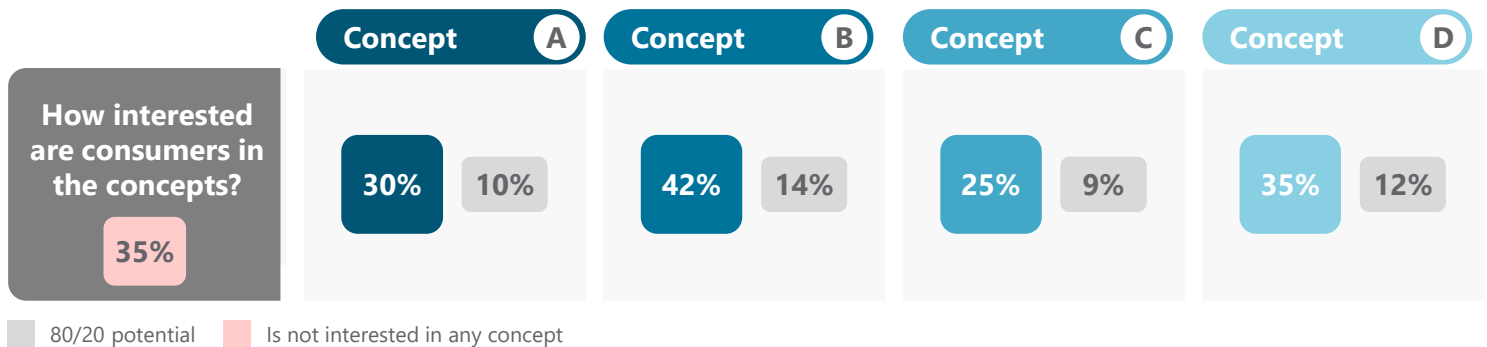
Randomisation of the concepts is necessary because the first shown concept often impacts the respondent's reactions to the other concepts; we will make sure that each concept will have been shown first by an equal number of respondents.

The importance of "none of these"
When asking consumers or businesses to express a preference or to tell you which one they would (not) buy, it is key to offer a "none of these"-option.
You may think that you have offered interesting options to them, but they may think otherwise and consider that their current or alternative offers are better.

How interested are consumers in the concepts?	Concept A		Concept B		Concept C		Concept D	
	30%	10%	42%	14%	25%	9%	35%	12%
35%								

■ 80/20 potential   ■ Is not interested in any concept

The example above shows that 1 in 3 consumers was not interested in any of the suggested concepts. When the most attractive concept (B) generates sufficient pull to launch the product then you have a winner. But when the 14% market potential is insufficient, then you should abandon the idea for the moment or go back to the drawing board.

An alternative approach …

An alternative to this procedure would be to run a so-called **MaxDiff** exercise in which respondents will evaluate benefits rather than full concepts. The number of benefits can go up to 50. Respondents are presented multiple choice tasks with each 2 to 4 benefits and asked which one is most and least compelling. The model calculates a (usefulness) value for each benefit. Modelling tools are then used to find the best mix of benefits, persuading a maximum number of target consumers/businesses.

What metrics are the concepts evaluated on?

We advise to start by asking respondents for an initial reaction (positive or negative), providing a good indication of whether the concept will stand out or not in the marketplace.

b²sense usually includes the following metrics for evaluating product/service concepts:

appeal	**uniqueness**	**understanding**	**credibility**	**relevance**	**brand fit**	**demand**	**buying intention**
appealing compared to other products available	new and different from other products available	easy to understand what the benefits are of this product	believable what the product promises	relevant for me personally/ company	the product fits well with this brand	solves the problem i face vs i don't see any reason to use it	likeliness to buy the product

We will also invite the target group to list the likes/dislikes/missing features and motivate their potential purchase decision so that we can identify the possible improvement areas.

We advise to complement the concept evaluation with a series of **usage & attitude questions**, allowing you to learn more about the needs and habits of the consumers and businesses, to identify motives for liking/purchasing or not liking/purchasing given products or brands and to identify their habits and attitudes in given situations or circumstances.

We also suggest to measure the extent to which respondents are **satisfied** with the current offerings and/or are facing **problems** for which the new concept offers a solution. This information will allow you to assess the upper end of the market potential, independent of the product/service you wish to launch.

We can also learn here what **prices** are currently being paid for a similar product/service and what elasticity is acceptable for an improved product/service.

Finally, it is worthwhile including a series of **brand health** questions to assess awareness, image and liking of the brand, since they can boost or limit the concept's success.

What kind of results can you expect?

Do we have a winner?

All 4 concepts are very well received ...
- 7/10 find them appealing
- 5/10 find them unique

- -

and more importantly...
- 9/10 would buy them
- 6/10 confirm that it would make them consume more

In this test, we evaluated 4 different concepts. Luckily all 4 were well received and a vast majority of consumers was ready to buy the product in one form or another. Every concept presented benefits which appealed to many consumers. Hence the need to ask consumers to rank order the concepts and appoint the most convincing concept.
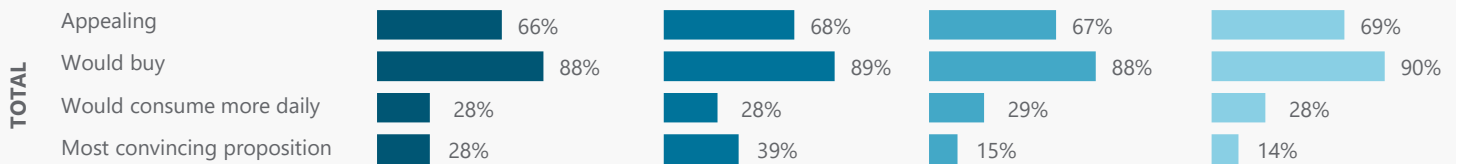
Key dimensions		Concept A	Concept B	Concept C	Concept D
TOTAL	Appealing	66%	68%	67%	69%
	Would buy	88%	89%	88%	90%
	Would consume more daily	28%	28%	29%	28%
	Most convincing proposition	28%	39%	15%	14%

One concept (B) stood out, convincing 39% of the target population, followed by concept A, convincing 28%. Concepts C and D did not convince a sufficient number of consumers.

Concept B was a winner in every country and across all customer segments.

Concept A was only ranked first in one country and was more popular among Segment 1-adherents.

Hence the idea to integrate a number of concept A-benefits to concept B in order to strengthen its appeal among Segment 1-consumers.
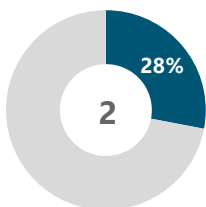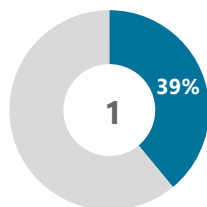
Most convincing concept

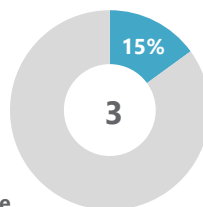| concept A	concept B	concept C	concept D
28%	39%	15%	14%
2	1	3	4
	4% none of these		
#1 in DK least popular in NL	#1 everywhere else	+ popular in POL	+ popular in CZ, NL, ROM Least popular in DK
+ popular with Segment 1	*#1 for all other segments*		*Least popular with Segment 1*
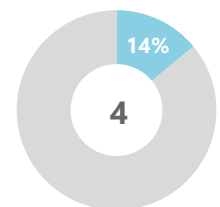
What kind of results can you expect?

⚙ Deep-diving into the motivations

In a further stage of our analysis, we looked at answers to the following questions to understand better what motivated consumers' preferences and whether their profile is in line with expectations.

♡
What do they like most in this concept?
Why did they prefer this concept?
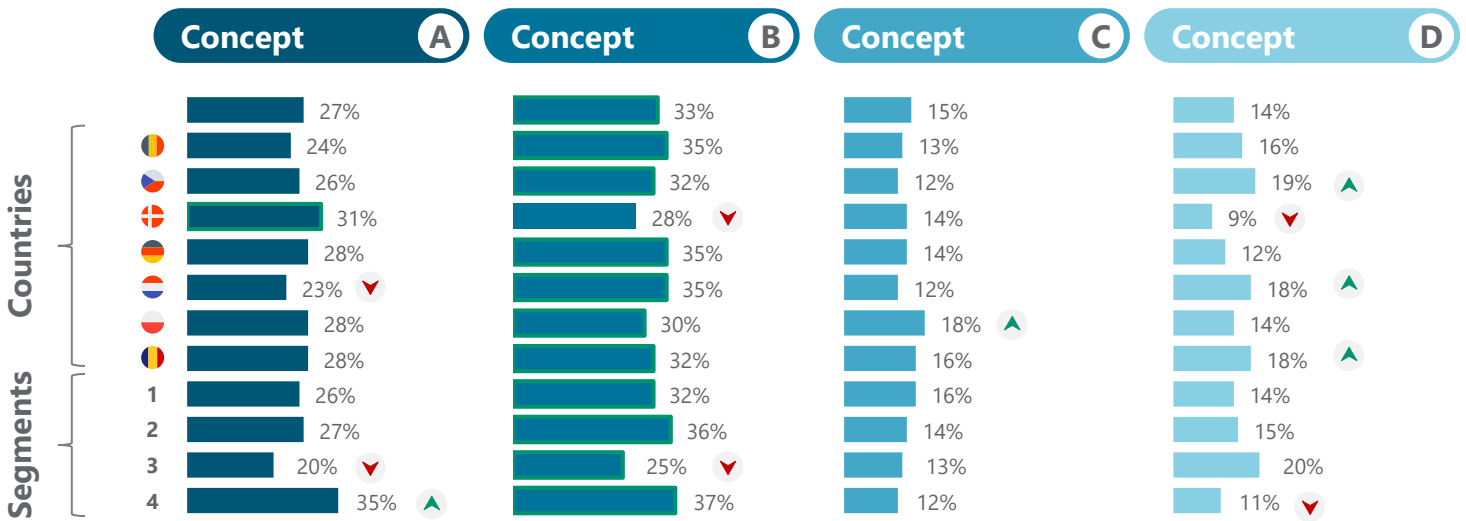What is potentially missing in the concept?

What is their socio-demographic profile?
What are their consumption habits?
What features does their ideal product present?
Which brands are they currently using/considering?
◎

Answers to all these questions will allow you to obtain confidence in your selection of the best concept and provide guidance to identify improvement areas, clarify your target population and input for your communication campaign.

👥 Deep-diving by country and consumer segment

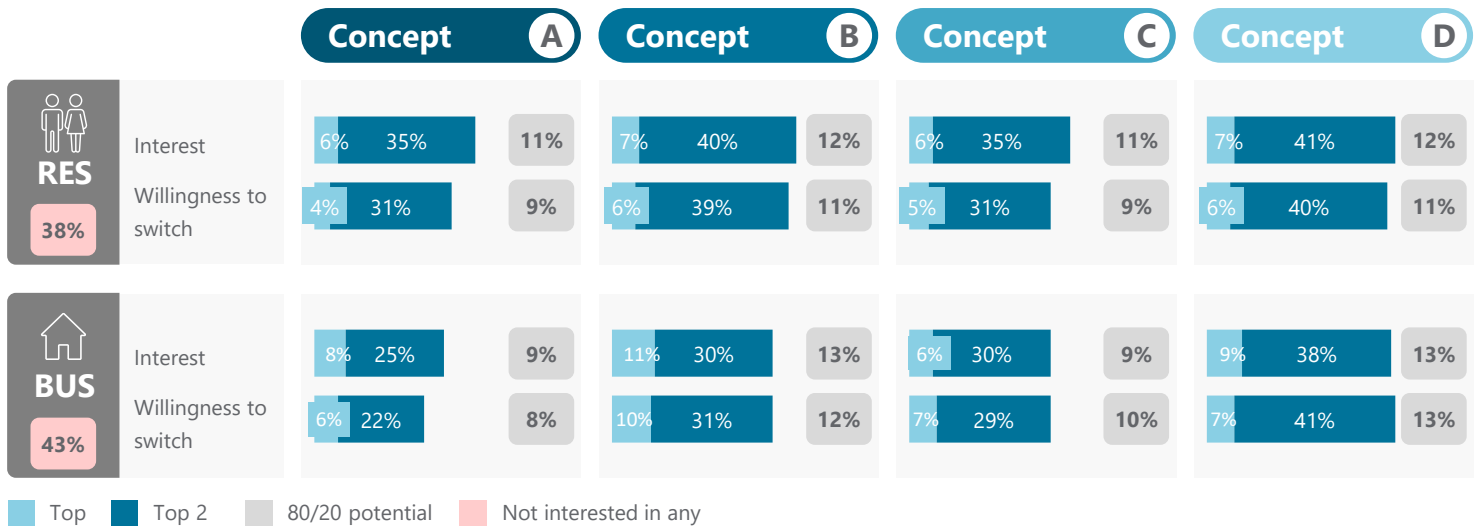|		Concept A	Concept B	Concept C	Concept D
Countries	🇧🇪	27%	33%	15%	14%
		24%	35%	13%	16%
		26%	32%	12%	19% ▲
	🇩🇰	31%	28% ▼	14%	9% ▼
	🇩🇪	28%	35%	14%	12%
	🇳🇱	23% ▼	35%	12%	18% ▲
		28%	30%	18% ▲	14%
		28%	32%	16%	18% ▲
Segments	1	26%	32%	16%	14%
	2	27%	36%	14%	15%
	3	20% ▼	25% ▼	13%	20%
	4	35% ▲	37%	12%	11% ▼

☐ Most convincing #1   ▲ Significantly higher   ▼ Significantly lower

Concept B was the winner in every single market except one (DK). It was also the winner in every single consumer segment and was most successful in the segments which were of most interest to the brand.

What kind of results can you expect?

Deep-diving by target group

In the next example, we tested identical concepts amongst the public at large and small businesses (independents, small office, professionals).

		Concept A			Concept B			Concept C			Concept D		
RES **38%**	Interest	6%	35%	11%	7%	40%	12%	6%	35%	11%	7%	41%	12%
	Willingness to switch	4%	31%	9%	6%	39%	11%	5%	31%	9%	6%	40%	11%
BUS **43%**	Interest	8%	25%	9%	11%	30%	13%	6%	30%	9%	9%	38%	13%
	Willingness to switch	6%	22%	8%	10%	31%	12%	7%	29%	10%	7%	41%	13%

◼ Top ◼ Top 2 ◼ 80/20 potential ◼ Not interested in any

4 out of 10 consumers and businesses were not interested in any of the concepts. Interest was even lower among businesses than consumers. The willingness to switch was highest for concepts D and B but only concept D was able to convince at least 4 out of 10 businesses.

The business potential (see below) remained limited, even for the most convincing concept. It is expected that concept D will persuade 11% of the consumers and 13% of the businesses to switch supplier.

The concept of business potential …

To define the business potential, we usually ask the following question: "to what extent are you ready to buy this product/service or switch supplier for this product/service?", using a 4 or 5-point scale going from *certainly yes* to *probably yes* to *probably not* and *certainly not*. The 5th position can be a neutral one (neither/nor).

Experience points out that only a minority of the "probably yes"-respondents will actually buy the product/service, whilst the majority of the "certainly yes"-respondents will do so. Therefore, we apply a weight of 80% to the "certainly yes"-answers and a 20%-weight to the "probably yes"-answers. The result is what we call the business potential.

What kind of results can you expect?
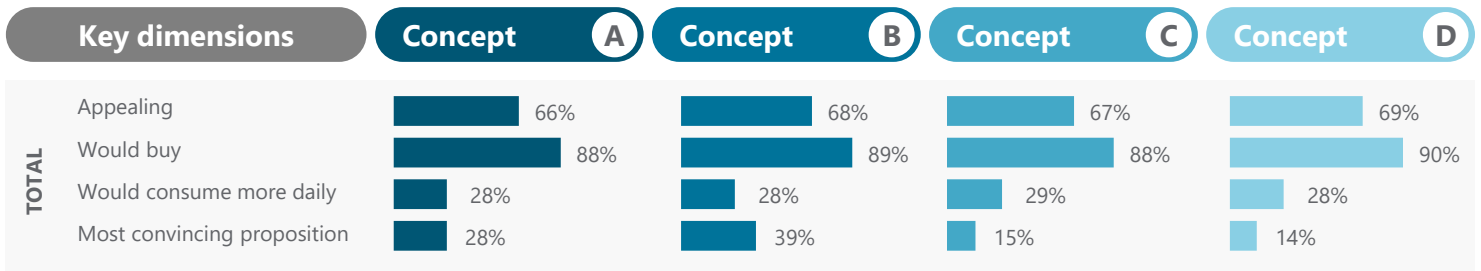
Do we have a winner?

All 4 concepts are very well received ...
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- 5/10 find them unique

And more importantly ...
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- 6/10 confirm that it would make them consume more

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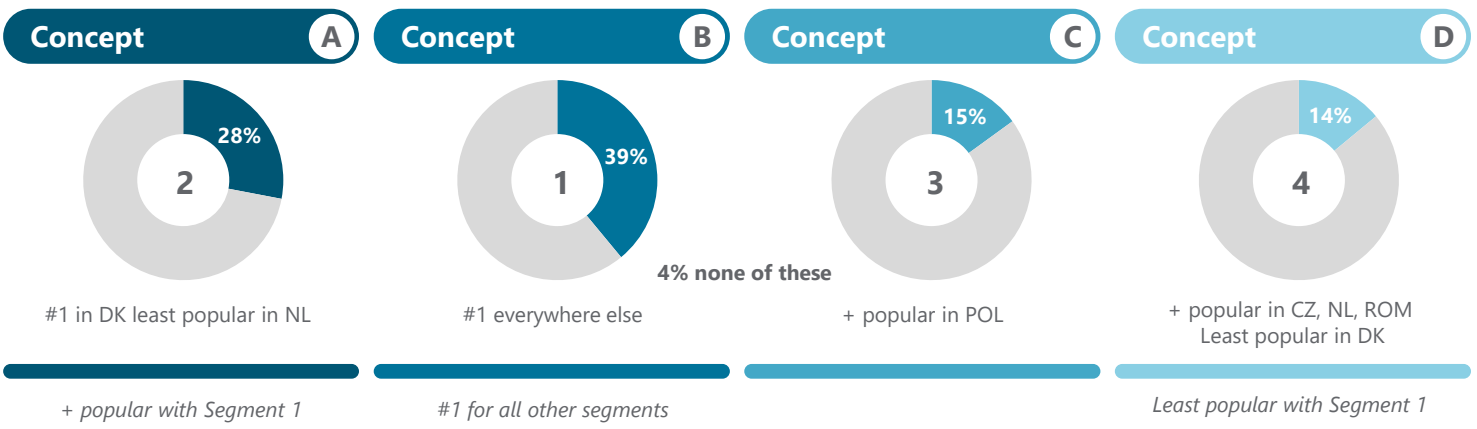| Key dimensions	Concept A	Concept B	Concept C	Concept D
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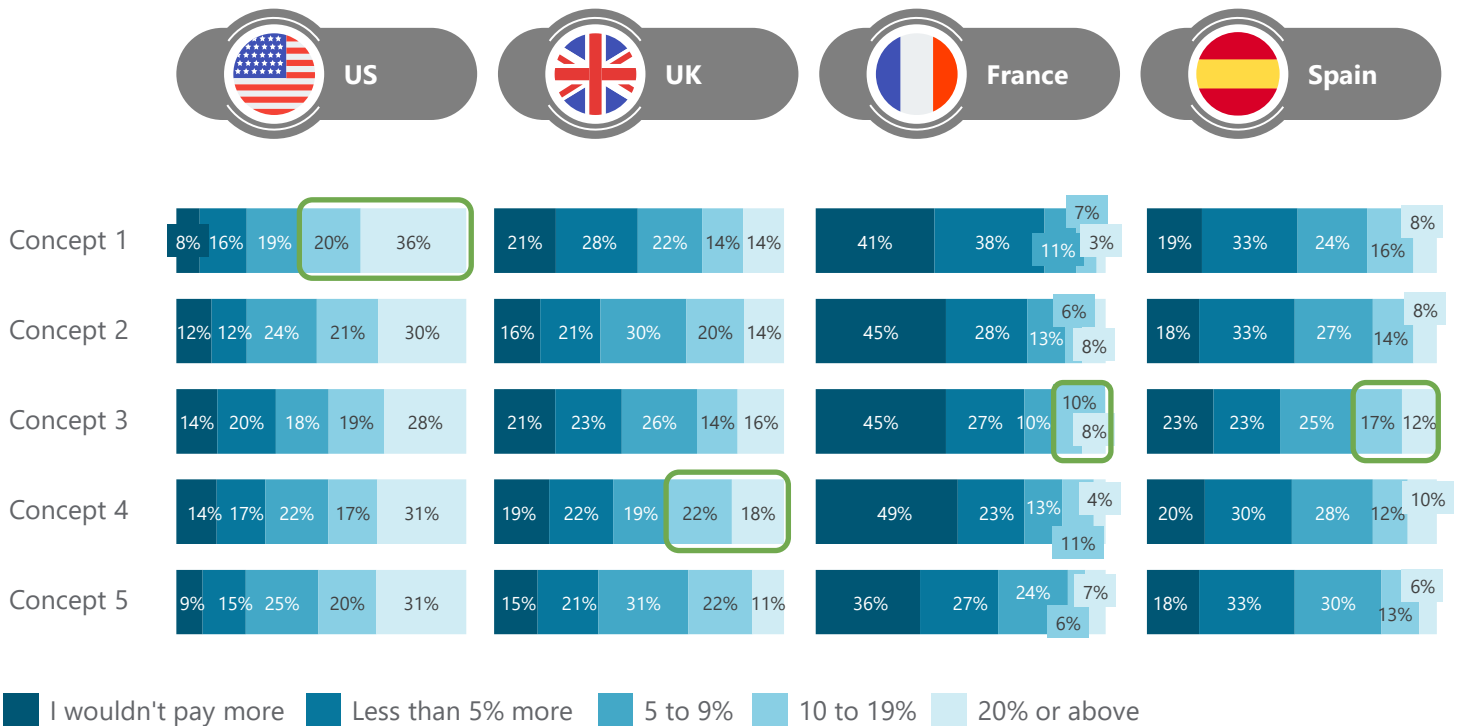
Concept

Concept A	Concept B	Concept C	Concept D
28% — 2	39% — 1	15% — 3	14% — 4
	4% none of these		
#1 in DK least popular in NL	#1 everywhere else	+ popular in POL	+ popular in CZ, NL, ROM Least popular in DK
+ popular with Segment 1	*#1 for all other segments*		*Least popular with Segment 1*

What kind of results can you expect?

Investigating the potential added value

In the next example, we tested 5 concepts of a food product with extended freshness in larger markets with a very specific attitude towards and culture of the product category. We investigated the likelihood to pay an additional price for the product with the particular benefits of each concept.

	US					UK					France					Spain				
Concept 1	8%	16%	19%	20%	36%	21%	28%	22%	14%	14%	41%	38%	11%	3%	7%	19%	33%	24%	16%	8%
Concept 2	12%	12%	24%	21%	30%	16%	21%	30%	20%	14%	45%	28%	13%	8%	6%	18%	33%	27%	14%	8%
Concept 3	14%	20%	18%	19%	28%	21%	23%	26%	14%	16%	45%	27%	10%	8%	10%	23%	23%	25%	17%	12%
Concept 4	14%	17%	22%	17%	31%	19%	22%	19%	22%	18%	49%	23%	13%	11%	4%	20%	30%	28%	12%	10%
Concept 5	9%	15%	25%	20%	31%	15%	21%	31%	22%	11%	36%	27%	24%	6%	7%	18%	33%	30%	13%	6%

Legend: I wouldn't pay more | Less than 5% more | 5 to 9% | 10 to 19% | 20% or above

Overall, across concepts and countries, more than 70% of the consumers are ready to pay at least 5% extra when the concept-benefits are added to the product. But there are significant differences. In US, UK and Spain, there is far greater willingness to pay extra (80%+ across concepts) than in France (57% across concepts).

In US, 31% of the consumers are ready to pay 20% more for these benefits. This is only 6% in France.

Aiming to price the new product at least 10% higher than the current one, the concept with the highest appeal is concept 1 in US (56%), concept 3 in France (18%) and Spain (29%) and concept 4 in UK (40%). From this perspective, a differentiated offer should be presented by market.

Presenting a value-added technique SDS^{SM} (Semantic Diagnostics Scan)

When showing a concept description for the first time, we invite the respondents to read it carefully.

most relevant   new/different

least relevant   hard to believe

Before making an overall judgement and express preference, we invite the respondents to identify all the words/terms with are most/least **relevant** to them in the text, what they consider as new or **different** and what they consider difficult to **believe**.

Based on consolidated data, we can then identify the words in the description which are (for example) perceived as most relevant (green) or least relevant (in orange/red). A same word can also be perceived positive in one sentence or context and negative in another. A same word can be positive in one country and negative in another.

By combining the word-analysis with the concept's preference, we can identify the words/word-combinations which drive this preference.

Why don't we use eye tracking in this case?

Whilst we think that eye tracking is a valuable technique for advertising pre-testing purposes and detect whether the focal points of the ad actually coincide with the focal point of the consumer, we do not recommend eye tracking for evaluating concepts.

In a concept description, every word and even the position of these words is important. It is key that the respondents read the concepts carefully and analyse the text before making a well-considered judgement.

Concept B

Concept X	Concept Y

Fermentation has long been used to create things like beer, wine, cheese, yogurt and bread. Now INGREDIENT A can be made with the same age-old technique of fermentation using a specially crafted yeast and simple sugars. After fermentation, the yeast is filtered out which results in the best tasting INGREDIENT B found in the INGREDIENT A-leaf. Fermentation mimics the process that occurs within the INGREDIENT A-plant in nature, producing an INGREDIENT A-sugar substitute that can be used in food and beverages.

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■ Very positive   ■ Rather positive   ■ Rather negative   ■ Very negative

What does it teach us?

- the concept presents the advantage of starting with a more familiar and enticing context, reinforced by the idea of an ancestral technique, a better taste, the natural origin of a 'sweetener'
- the verb 'mimic' is however little appreciated in country X, while it is less negative in its translation in country Y.
- On the other hand, we observe that 'sugar substitute' is perceived more negatively in country Y than in country X.

A final decision to make: which sample is required?

We advise to draw a sample of minimum 300 category users or potential users per concept. It is key to know upfront for which subsegments you wish to analyse the results.

In case you wish to analyse results by age category in case of a BtoC-sample or by sector in case of a BtoB sample, then we advise to draw a minimum sample of 300 for each subsegment.
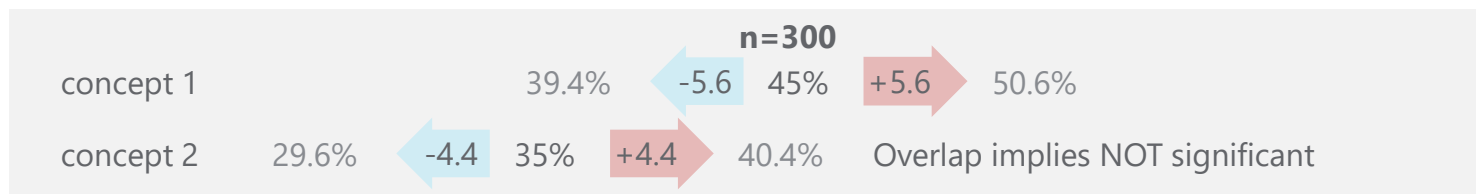
Statistical robustness

Beware that you need to take into account statistical error margins which increase with smaller samples and shrink with larger samples.
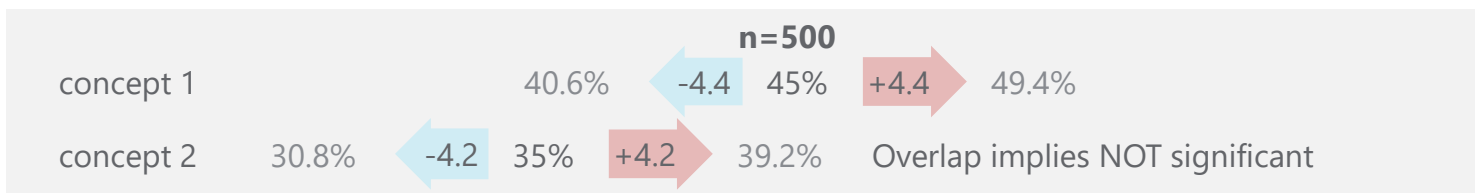
The maximum statistical error for a sample of 100 is 9.8%points. It is only 4.4%points for a sample of 500.

Example:
- Concept 1 is preferred by **45%** - the statistical error is ±5.6%points or in other words concept 1 is preferred by **39.4%** to **50.6%**
- Concept 2 is preferred by **35%** - the statistical error is ±5.4%points or in other words concept 2 is preferred by **29.6%** to **40.4%.**

				n=300			
concept 1		39.4%	-5.6	45%	+5.6	50.6%	
concept 2	29.6%	-4.4	35%	+4.4	40.4%	Overlap implies NOT significant	

Statistically speaking, we cannot ascertain that concept 1 is more preferred than concept 2. With a sample of 500, we would have been able to confirm with confidence that concept 1 is more preferred than concept 2.

				n=500			
concept 1		40.6%	-4.4	45%	+4.4	49.4%	
concept 2	30.8%	-4.2	35%	+4.2	39.2%	Overlap implies NOT significant	

Our Mission

We foster a caring spirit and a result-driven objective: to **deliver impactful insights via a tailored research approach aimed at easing our clients' business challenges beyond the operational level**. Via inventive solutions, vast multi-sector experience and a drive for efficiency we continue to meet the evolving expectations of local and global business communities of tomorrow. **Because when people thrive, so do their businesses.**

Our Vision for the future

To become the go-to-reference for resolving **challenging queries across the customer chain**, for both local & global businesses through inventive research and impactful insights.

B₂B₂C

With end-consumers playing an increasingly important part, the need for integrated **b2b** and b2c research is on the rise. Our roots in b2b research combined with our capabilities in end-user and consumer research means we can help our clients with any b2b2c requirements.

solutions

Our research team brings a wealth of methodological- and sector **expertise** in **Brand, Customer experience, Innovation** as well as **market opportunities**. Combined with an inventive and forward-thinking approach, it is important to us to think with our clients and find **solutions** that work for them.

full circle

Via our in-house call center and our extensive **eco-system** of local and global research partners, we can cover **any** type of research in just about any market that our clients require.

We work as part of a larger community where like-minded partners like **Minds&More** and links with academic communities provide additional tools and opportunities to stay up to date with, teach and **make sense** of our business and social environments.

Our enthusiastic team built legion experience in numerous industrial and services sectors. We know how to reach the relevant target groups and retrieve relevant insights, using our own data-collection capabilities and trusted fieldwork partners and applying research methods and models, aligned to target groups in each country.

- Building & construction
- Business services
- Energy
- Food
- Finance & insurance
- Health Wellbeing
- Industry & Technology
- Telecom & ICT
- Transport & Logistics

Our DNA leads to satisfied advocates

Connect
Understand your challenges business issues and needs for insights

Customize
Blank page approach, identifying the best solution to your problem. Sharing our experience and expertise

Commit
Senior project management team with pro-active, can-do and "team" attitude, committing to full customer satisfaction

90%
Satisfied clients

90%
Of our clients is (very) likely to **recommend** us

About the Author

DOMINIQUE VANMARSENILLE

Managing Partner
at b²sense

✉ dominique.vanmarsenille@b2sense.com

📱 +32 475 90 75 05

in https://www.linkedin.com/in/dominiquevanmarsenille/

2sense
RESEARCH & MORE

Based in Belgium, Dominique is a founding member of b²sense after a management buy out from Kynetec. With more than 35 years' experience in BtoC- and BtoB-market research, Dominique is widely experienced in domestic and international market research working for many reputable companies across a wide range of sectors.

Dominique is a marketer and researcher with a wide spectrum of interests. Research has drawn his attention since the very beginning of his career, being very eager to learn, understand, grasp, collide ideas, develop, trigger, listening and advising. He had the opportunity to work for a whole series of great international clients and government bodies, gaining knowledge about a wide pallet of sectors and solutions. For Dominique, research should translate into actions and that is what he promises to deliver at the end of each piece of research … data- and marketing driven action points.

His mission is to help businesses achieve their business goals and protect their long-term assets: their customers, their employees and their brands. To accomplish this, he subscribes to a set of core values: maintain the integrity of the data, protect the confidentiality of client information, aspire to the highest standards of intellectual honesty, remain flexible to new ideas, achieve the epitome of client service and fulfil our promises with exemplary research.

With a thirst for innovation, Dominique has developed numerous programs in the area of customer and employee engagement surveys for blue-chip companies and international bodies such as the European Commission.