

Kellogg's Goes Virtual To Test Real Life Packaging

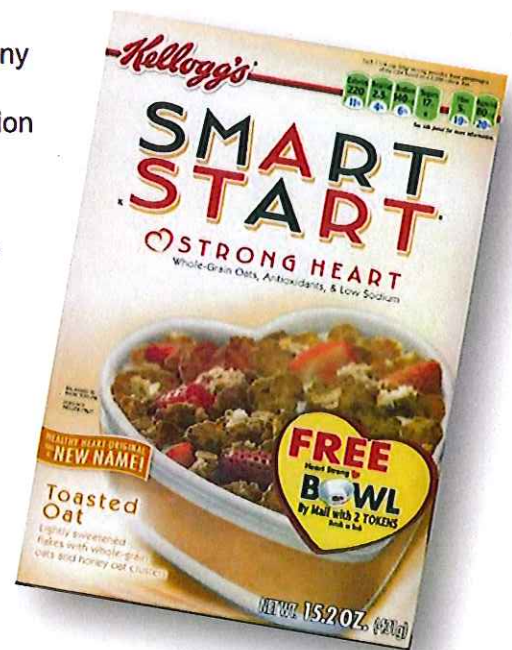
CPG companies spend millions on advertising, PR, websites, and many other marketing levers – and these investments are critical. But, research consistently demonstrates that MOST of the purchase decision is made **at the shelf**. Given that, it could be argued that a product's **packaging** is the most important marketing vehicle in the mix!

A package has to break through the clutter on the shelf, communicate the product's key messaging, and above all else persuade shoppers to buy. Ultimately, sales determine success.

As more companies continue to invest in packaging as a key marketing lever, there is also more research applied to identifying the best packaging/packaging treatments. But, Kellogg Company was finding that most research techniques were focusing on the wrong measures.

"Packaging is not simply important, but crucial," said Brian Seel, associate manager of market research for Kellogg Company. "With three or four potential new packages, you need a way to truly understand how each is working, or not working, in the context of the entire product. The goal is ultimately to get to a better package tomorrow than what you have today. It isn't just about getting a thumbs-up or a thumbs-down on potential options."

Kellogg's turned to Decision Insight's virtual shopping platform, SimuShop, to test the packages. The research emphasis changed from what package consumers liked to a system measuring sales first followed by shelf presence, effect on brand equity and finally aesthetic appeal. By measuring shopping behavior in the context of a virtual supermarket, product manufacturers can test options *at the shelf*.



 **DECISION
INSIGHT**
The Virtual Shopping Experts

CASE STUDY: PACKAGING

OBJECTIVES

"It's not surprising that most companies are investing more research in packaging development. In addition to product success, there are subsequent implications for category management via brand blocks and other shelf-set configurations."

*Brad Barash,
Vice President,
Decision Insight*

Kellogg's Smart Start, a heart-healthy cold cereal that helps lower both blood pressure and cholesterol, is a high-growth brand with a loyal following and strong repeat purchase. But there was relatively low awareness and trial. "The Smart Start package needed some work," explained Seel. "Awareness was somewhat low because it was a relatively young brand and because the heart-health category was already crowded with brands such as Cheerios, Oatmeal Crisp and Quaker Oatmeal, among others," he said. "Beyond awareness, a key barrier to trial was skepticism of the taste. Finally, qualitative research found that the packaging had been criticized as being too 'medicinal' and lacking in warmth."

"We were facing a lot of challenges on the brand and given those challenges, the package seemed a logical place to start working towards a solution," he said. Designers developed three new alternative versions of the package that aimed to stand out more on the shelf, present a warmer feel, and generate more trial.

Kellogg's opted not to rely on traditional methods of real-life research that essentially involve side-by-side comparisons of packages, "what-if" changes in design, and in-market testing. Instead, it turned to testing using a virtual shopping platform for a more efficient and less costly form of research that still gathers the impressions of actual consumers.

METHODOLOGY

At the center of Decision Insight's virtual research is a four-part hierarchy focusing on Sales, Shelf Presence, Brand Equity, and Aesthetic Appeal. Here is a closer look at each component in order of importance:

1. Sales

Sales has to be the number one measurement because it's a huge investment to change packaging, according to Brad Barash of Decision Insight.

"The most important metric really needs to be sales," he said. "If you're going to make this investment, are you getting more consumers to purchase your product or to purchase more of it?"

"That becomes very important to retailers, too," he continued, "because they want to find out how sales in the category will be impacted by any of these changes. The best story, of course, is to demonstrate that we're growing the category," he said.



CASE STUDY: PACKAGING

A virtual shopping scenario is set up for a panel of qualified consumers. Video takes shoppers from the parking lot into the grocery store and into the breakfast aisle. They can click on products for more information such as size, flavors, nutrition and price, and to make a purchase. Virtual shoppers are asked to select a breakfast cereal off the shelf and place it in their basket for purchase.

2. Shelf Presence

Does the package break through the clutter and stand out on the shelf? If it doesn't get noticed, shoppers won't be persuaded to take it off the shelf.

After consumers finish their virtual shopping trip, they are asked what products they recall seeing on the shelf.

In a "findability" exercise, consumers are asked to find a specific product on the shelf after they've gone through the shopping experience.

"We can say, 'Go back to that same aisle and find Smart Start,'" said Barash. "We can time that exercise to find out how long it takes the respondent to find the product and how many products they clicked on before they got to the correct one; what percentage of people click on the correct one on their first try, and so on."

3. Brand Equity

What does this packaging treatment communicate about the brand? Is it communicating the messages that are intended to be delivered? The key to accurately assessing these issues is how you ask the question, according to Barash.

"When you ask somebody to evaluate a **package**, they think more like a designer and less like a consumer," explained Barash. "Instead, we show them the Smart Start package and ask them to rate their impressions of the actual **product** before we 'expose' them to the fact that they are looking at a new or different design. When the context of the question is around the product, we get a more realistic gauge of how the packaging impacts perceptions of the brand."



Does the package break through the clutter and stand out on the shelf?

4. Aesthetic Appeal

Do shoppers like or dislike the look of the package? Barash explains it would not make sense to implement a package that is visually unappealing. Relative to the other measures discussed, however, aesthetic appeal is least important.

"The most straightforward way to evaluate the aesthetic appeal is to simply show the design and ask, 'Do you like it and how would you rate it?' – in the case of Smart Start – on warmth and inviting."

The exercise on aesthetic appeal also involves Hot Spot Analysis in which shoppers can actually click on each element of the package that they find appealing. For example, the Smart Start logo can be outlined and evaluated, as can the cereal bowl and the cereal itself."

The research can also involve a combination of qualitative and quantitative exercises. After respondents have gone through the quantitative survey and virtual shopping, they can be intercepted by a live moderator for a one-on-one chat (in the case of the Smart Start study, this was done via partnership with iModerate). The moderator drills down more deeply into their likes and dislikes about package design.



*Hot Spot Exercise:
Shoppers identified which packaging elements were appealing/unappealing, and which communicated the product's taste and healthfulness.*

"In our Smart Start test, we got the validation that it does work. *The correlation with our actual sales data was fantastic, particularly given this was DI's first study in the cereal aisle and given that we are in a high switching category. Our brand and sales teams have embraced it. This is a methodology that our management trusts.*"

*Brian Seel, Associate Manager Marketing Research,
Kellogg Company*

