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PRODUCT TESTING - Overview

Product tests can be relatively straight forward or quite complex. The following document sets out the key approaches that might be taken when testing. In most cases these can be applied in various combinations, depending on the business decision to be made, the study objective, the rigour the test requires, and practical issues such as sample availability, cost of materials. Alliance Strategic Research does not advocate any one particular approach, but recommends designing each test to meet the specific marketing objectives.

Objectives of Product Tests

Basically there are four main reasons for undertaking product testing:

1. Advertising claims
   An advertiser wants to make a comparative claim
   eg. 'the best grease remover available'
2. Cost savings/Process testing
   A manufacturer may wish to reduce the cost of manufacture or introduce a new manufacturing process, and needs to check the impact on the product in terms of consumers perceptions - is it better, same or worse.
3. Product Improvement/New Product
   A product improvement is tested to see if this is perceptible to consumers, and if they do think of it as an improvement. Or a new product is tested to ascertain its acceptance with consumers.

4.Competitive Threat
   A competitor launches a new product. The competitive product (and threat) can be tested against an existing product or a product designed to counteract the competitive launch.

Types of tests

There are two basic test types often they are used in combination, with a consumer evaluating the product first at a sight and handling level and then being given product to use.

Sight & Handling
   Used where there are significant tactile or visual elements to the product, such as softness or whiteness. Also used when prototypes or manufactured product is not available for more extensive use tests.

Use tests
   Consumers are given the product to use, either as a sample, or for an extended period as they would usually use it in their own home.

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Research Methods

There has been considerable debate over the years between monadic tests and paired comparisons. Research on two approaches has shown paired comparisons provide a more emphasised result, but in the same 'direction' as monadic results.

Monadic

Consumers use, or sight and handle one product and then rate that product. This is intended to reflect the real usage circumstances where consumers use products one at a time. However, it does neglect the notion that consumers pick one brand over another because they prefer it.

Sequential Monadic

Consumers use, or sight and handle one product, rate it and then use another product and rate it. The two (or more) products are not directly compared to each other.

Allows for testing of more products in an economical fashion. But it probably sets up the consumers to compare the products which is what monadic testing sets out to prevent.

Paired Comparisons

Consumers use, or sight and handle one product then another and are asked to indicate which of the two they prefer. One product is compared directly to the other.

This method indicates differences between products more strongly, but is thought not to reflect the usual consumer usage experience. Paired comparisons though, reflect consumer choice, as consumers do choose between products because they prefer one over the other.

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Marketing Variables

Marketing variables can be built into the test, attempting to combine product performance factors with estimating the product market performance.

Blind test

Products are tested unbranded, so the consumer focuses strictly on the product. Particularly good for advertising claims, and for establishing the competitive advantages/disadvantages of the product.

Branded tests

Consumers are aware of the brand they are trying. More accurately reflects the real world experience and includes the value of the brand in the consumers assessment. Good for market leaders, less so for weaker brands.

Positioning Statements/Advertising

Consumer is exposed to advertising/positioning statements or product benefits statement and then tests products. And then provides reaction to claim and product.

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Undertaking the test –field work options

Product tests can be undertaken in a variety of ways - cost, convenience, speed and accuracy are all considerations in deciding which to use.

Mail out

Product is mailed to consumers along with instructions and questionnaires. Is probably the cheapest way to undertake product tests. Obviously in home test, and less control over the usage circumstance - which reflects what ultimately happens with products consumers use in their homes. Questionnaire collection could be by phone call or mailing back the questionnaire. Sequential monadic is not a good idea by mail.

Home delivery

Product is dropped off to houses. Allows for interview at drop off (could be a sight and handling questionnaire) and for interviewer to explain in detail what the respondent is to do during the test. Could have a self completion questionnaire which could be collected by a home visit, a phone back interview or mailed back.

Central location

Respondents come to a central location to undertake tests there - might be the research offices, or in shopping centres for example. This allows for a more controlled sight and handling or use of the product, but would rarely reflect the real way in which consumers would use the product. Interviews are conducted on the spot. Allows for greater security of products.

Telephone collect

Consumers' views are collected via a telephone interview. This could be after having used the products at home for some time or even after having used in a central location.

Product Sample Collection

Samples are collected after being used in the home - usually to ensure security, or perhaps to inspect packaging or some other aspect of the product.

On-line

Respondents are sent a link to the product an asked to comment on it without actually using it. This is useful for packaging and positioning testing, but does not constitute a product test.

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Sample Selection

One of the greatest impacts on product test results will be which sample is chosen, where it comes from and how representative it is of the whole market.

Targeted Samples/General Samples

Targeted samples might be of heavy users of a product. These are the people who would be most likely to notice any product changes, or variations. At a marketing level these are the 'must retain' customers, so they must approve of the product. In the case of a new product or a competitive threat, a more general sample is appropriate to ascertain what the overall consumer uptake might be.

Panels

The research company has a data base of people who have agreed to participate in research. Key advantages are they are quick and cheap to recruit from for the research company. They are not always representative of the population. Panels are often built from pamphlet drops, local community groups, and snowballing. Incentives are paid.

Shopping Centre

Consumers are approached in shopping centres. Again this is not representative of the population, but is often a quick and efficient way to find consumers particularly when the sample definition is broad (eg. Main grocery buyers).

Random

Consumers are recruited randomly by telephone or door to door interviews. Particularly important if population projections are required. Tends to be more expensive than other methods, but is more accurate.

www.allianceresearch.com.au
Christine Walker 03 9509 9256

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Key Measures

The scope of the questions in product tests vary considerably depending on the test objectives, the budget, and the method used. Typically many of the measures below would be used.

Preference, rating, ranking

Preference - which of these do you prefer - forced preferences

Tends to be more defining, and emphasises differences between products. Can be useful where products are rated pretty evenly. Reasons for preference can also be asked.

Rating - How would you rate this product for xxxx using a scale of one to 10

Each product is rated independent of the other. Provides a numeric representation of the brand on attributes and other dimensions.

Ranking - Which one of these statements most relates to product A, which next most relates to product A etc. OR which of these products would you say is most XXX and which is next XXX.

Particularly useful when trying to sort out a number of attributes or products. Can be difficult for the respondent to do over the telephone.

Intention to Purchase

Asks the respondent how likely they would be to purchase the product. Often over estimates eventual purchase.

Like/Dislike

A soft rating scale, which ascertains the acceptability of the product.

Price

Asks what price the consumer would be prepared to pay. There are a number of approaches to this question, but again translation from stated preparedness to actual behaviour is difficult to establish.

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Technical Issues

Different testing approaches argue that some collection methods are better than others. Not all questions in a product test need to be based upon a scale, and designing questions specifically to provide the most informative results is more important than 'style'.

Line Scales versus Interval Scales

Line scales are where a consumer makes a mark on a line as such indicating their rating. These are generally self completion which allows for greater error than an interviewer administered questionnaire. Thought to be more consumer friendly, and easier for research company to scan questionnaires.

An Example:

Very bad _____ Very Good

An interval scale is where a typically a consumer (or interviewer) would circle the number which applies. Consumers can understand easily, but the sensitivity is reduced because 5.5 can not be registered.

Very Bad				Very Good
1	2	3	4	5

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Caveat on Product Testing

The limitations of product tests.

- They are good to refine and inform product development - which is their intention. As to how the products will ultimately perform in the market, their capacity is less. Including marketing variables in the test will help, but it is not always appropriate. The question remains, 'does a better product mean it will sell better?' There are many categories where a weak brand does better in product tests!

- Product tests can't provide the decision criteria, action standards need to be set before the test by the business group.

- To accurately estimate the market performance a volumetric estimating test can be used. These tests take into account (and model) marketing elements such as distribution achieved, and advertising expenditure.

- The extent of product testing to be undertaken, should always be evaluated against the cost of launch or the cost of the test itself.

  The costs involved in making manufacturing changes
  The new line fee costs
  Advertising costs
  Cost of producing samples
  etc.

  Obviously the higher the costs involved the higher the risk, and the more test certainty required.

In product tests undertaken by Alliance Strategic Research, test results can be incorporated into the launch evaluations undertaken by Alliance Strategic Research.

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Christine Walker 03 9509 9256

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PRODUCT TESTING EXAMPLES

Cost Cutting

Key consideration: Will existing customers notice the difference in the product and switch brands

Desired outcomes: Consumers are unable to tell the difference between the two products (or think the cost cut one better).

Test Approach

Most rigorous test

- Targeted sample - heavy users

Will our most important user group be able to notice the differences?

- Unbranded and branded

Including the brand may override product differences - which will provide an indication of the value of the brand vs the value of the product. An unbranded cell will focus on real product differences.

- Paired comparison

Between the existing product and newer version. Tends to really force the differences between the products. Separate ratings can also be used.

- Use test

Product in use is the best and most thorough test, sight and handling can be included in a home test

- In home/normal circumstances - Where they currently use the product on a day to day basis, and where they know what they want. Allows for the same conditions of use they are accustomed to.

Line Extension

Key consideration: Does the line extension perform to acceptable/expected brand levels. Will the line extension attract new brand users, and how will the line extension cannibalise the existing version.

Desired outcomes: Line extension performs as well as (or better) than existing product. Switching propensity. Variation is seen as a unique offering

Test Approach

- General sample - category users including current brand users and other brand users. Can then weight data to population, and estimate the impact against the whole of the market.
- Branded - does the brand value override the line extension ie do consumers see the line extension as the same as what they are currently using and inter-changeable, and do non users see it as new, unique or the same.
- Monadic, sequential monadic or paired comparisons
- Use test - Product in use is the best and most thorough test, sight and handling can be included in a home test
- In home/normal circumstances - Where they currently use the product on a day to day basis, and where they know what they want. Allows for the same conditions of use they are accustomed to.
- Positioning Statements - Perhaps a split sample to see the impact awareness of the line extension will have.
- Pricing questions, as well as propensity to switch brands or variants.

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Christine Walker 03 9509 9256

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PRODUCT TESTING – Paper themes in summary

Objectives
Advertising claims
Cost savings/Process testing
Product Improvement/New Product
Competitive Threat

Type
Sight & Handling
Use tests

Method
Monadic
Sequential Monadic
Paired Comparisons

Marketing Variables
Positioning statements
Blind test
Branded tests

Field Work
Mail out
Home delivery
Central location
Telephone collect
Sample collection

Sample
Targeted versus general
Panels
Shopping Centre
Random

Technical Issues
Line scales versus interval scales
Preference versus rating
Other measures

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Christine Walker 03 9509 9256