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## Innovation, not price, is the new product battleground: study

Today's consumers are smarter, better informed and more discerning about how they spend their money, but are still unable to resist the allure of new and improved products.

The 10th annual *BrandSpark Canadian Shopper Study* – released in conjunction with the **Best New Product Awards** (BNPAs) – found that 67% of Canadians are willing to pay more for a new product that they perceive as an improvement over what is currently available.

The wide-ranging survey of more than 102,000 Canadians also found that 64% of consumers believe that “new” really does mean “improved” for health products and 59% believe it means improved for household care items, while 57% believe it applies to both personal care and food products.

The study is used to compile the winners for the BNPAs, which were selected from 216 products across 70 consumer packaged goods categories. A complete list of the winners can be found [here](#).

The study's findings underscore the need for constant innovation linked to what is most important to consumers, said BrandSpark International president and CEO – and BNPAs founder – **Robert Levy**.

“It's obviously something that's important and they can't let up on,” Levy said. “Consumers are paying attention, so what we see every year is where the meaningful innovation that hits those needs is what really breaks through.”

Levy cited Tide Pods, a winner in the Best Household Products category at the 2013 BNPAs, as an example of a product that delivered innovation in the detergent category while maintaining the product effectiveness that is one of the brand's hallmarks.

Such innovation is crucial to helping the **P&G** product maintain brand loyalty in a category where consumers are highly receptive to private label offerings, said Levy.

Kraft's Mio Liquid Water Enhancer, a winner in the Best Food and Beverage Products category, is another example of product innovation in a category where brand loyalty is not particularly high.

“The brands that can develop innovation around those key drivers of health, convenience, taste and value, and effectively communicate those benefits, are the ones that are going to continue to do well in the market,” said Levy.

The study found that Canadians are avid consumers of private label brands, with nine out of every 10 having purchased a store brand in the past year. Consumer trust in private label brands is strongest in the food and beverage category, with more than half of Canadians saying they regularly purchase store brand dry goods, frozen vegetables and bottled water.

“Consumers are really looking to save money on basic everyday items,” said Levy, suggesting that innovation – not price – is a key differentiator for established brands. While a brand name strawberry jam, for example, is unlikely to enjoy a significant advantage over a lower-priced generic alternative, new flavour combinations such as those offered by Smuckers Double Fruit (which come in flavours including Fieldberry Fruit and Summer Fruit) could convince consumers to purchase the more expensive product.

“Consumers are given a choice around everyday items where there are lots of choices and the new items that they can include on an ongoing basis to keep things interesting and meet their needs,” said Levy.

Levy said that cheaper alternatives have emerged as legitimate challengers to established brands in most categories, with the notable exception of health and beauty – where more than 30% of consumers indicated that they would never purchase private label deodorant or makeup.

While concern for the environment has dropped in the midst of trying economic times, the study suggests that consumer desire for health-related benefits has remained constant – although there is a disconnect between goals and outcome.

For example, 73% of Canadians indicate they are “actively” making lifestyle changes to be healthier, while 76% say they are paying more attention to food labels. However, while 49% of Canadians know their recommended daily caloric intake, only 22% feel they succeed in following the guidelines.

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