

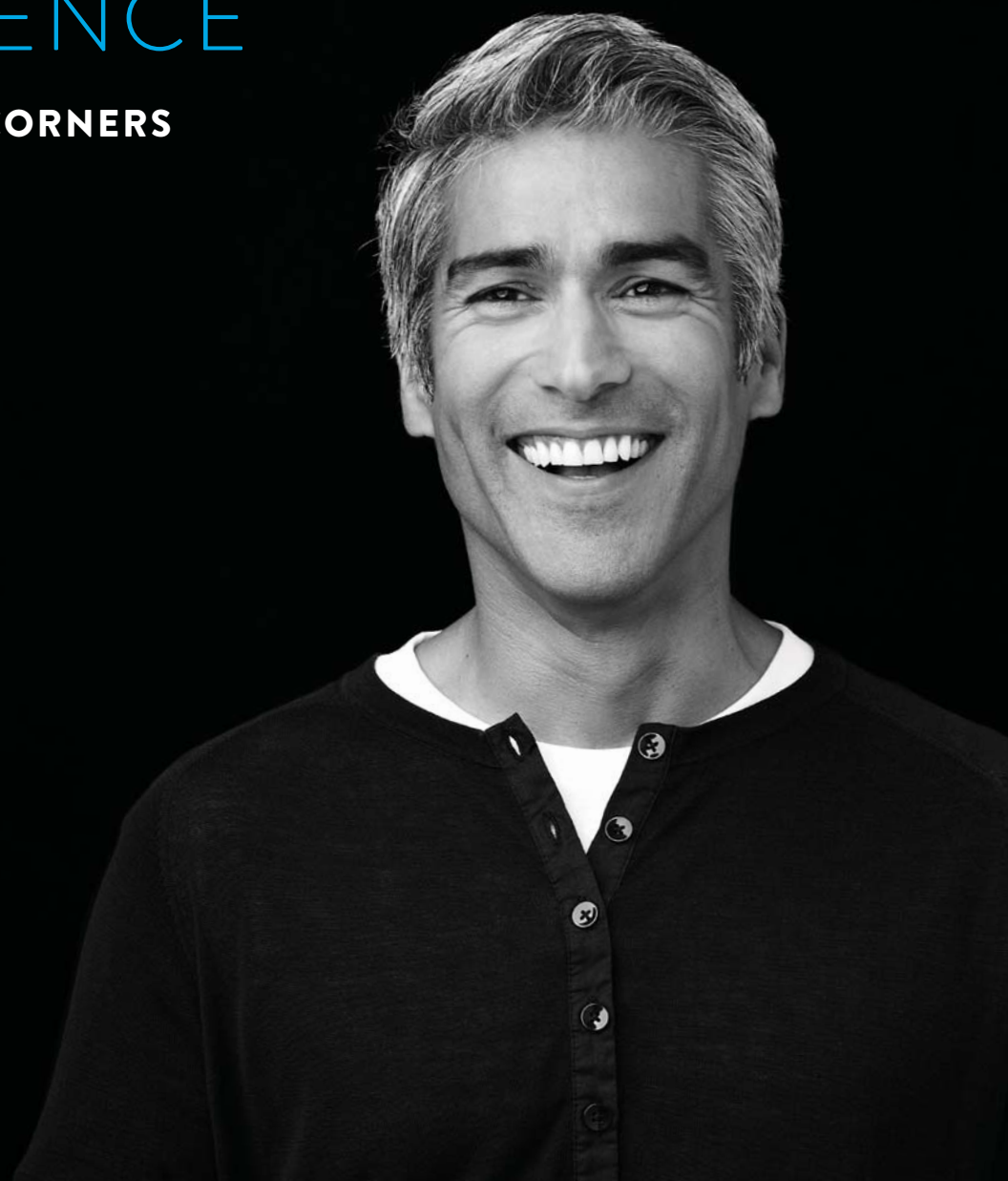


nielsen

AN UNCOMMON SENSE  
OF THE CONSUMER™

# EVERY BREAKTHROUGH PRODUCT NEEDS AN AUDIENCE

**FIND YOURS IN ALL CORNERS  
OF THE WORLD**  
JANUARY 2013



# NEW PRODUCT PURCHASE INTENTIONS AROUND THE WORLD

New products are a key source of growth and profitability for manufacturers. Unfortunately, the vast majority of new products disappear from the shelf within the first three years of their introduction. Nielsen's evidence suggests about two out of every three products are destined to fail no matter where you operate around the globe. In fact, whether you live in India, Africa or the United States, Nielsen research shows that over half of all products launched will not sustain their year-one sales performance in year two. Yet, millions of dollars are spent each year to develop, market and launch the tens of thousands of new products that will line the shelves in the stores we shop.

## GLOBALLY

- 60% wait until a new innovation is proven
- 60% buy new products from familiar brands
- 50% are willing to switch to a new brand
- 45% are impacted by economic conditions
- 39% are willing to pay a premium price

## REGIONALLY

- Latin Americans are most eager to try new products
- Europeans and North Americans exhibit the most trepidation
- Asia-Pacific respondents are most likely to wait for proof of concept
- Middle East/Africa respondents are most vocal about experiences

So why do some products succeed while others fail? There is no simple solution to this age-old question. Uncovering a consumer need, delivering true innovation, deploying the right marketing execution and more will influence whether a product lives or dies. Nielsen's research shows that successful launches possess common traits that can increase the likelihood of success. In particular, new products that are driven by a true, vs. perceived, consumer need or desire will likely fair the best longer-term. Better yet, those also offering an advantage over other products in the marketplace can help increase transaction values and deliver incremental sales to the category.

New findings from a Nielsen global survey of respondents with Internet access reveal underlying consumer sentiment toward new product innovations. Nielsen uncovers current consumer sentiment when it comes to purchasing new products, which product categories are enjoying the most interaction and what information sources are influencing online consumers' new product purchase activity. Combining these findings with in-market new product success metrics, Nielsen outlines successful strategies that deliver on core demand insight.

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## ABOUT THE GLOBAL SURVEY METHODOLOGY

The findings in this survey are based on respondents with online access across 58 countries. While an online survey methodology allows for tremendous scale and global reach, it provides a perspective only on the habits of existing Internet users, not total populations. Additionally, survey responses are indicative of respondents' beliefs and cultural differences about purchasing habits, rather than actual metered data. For the purposes of this study, new products are defined as any product not purchased in the past.



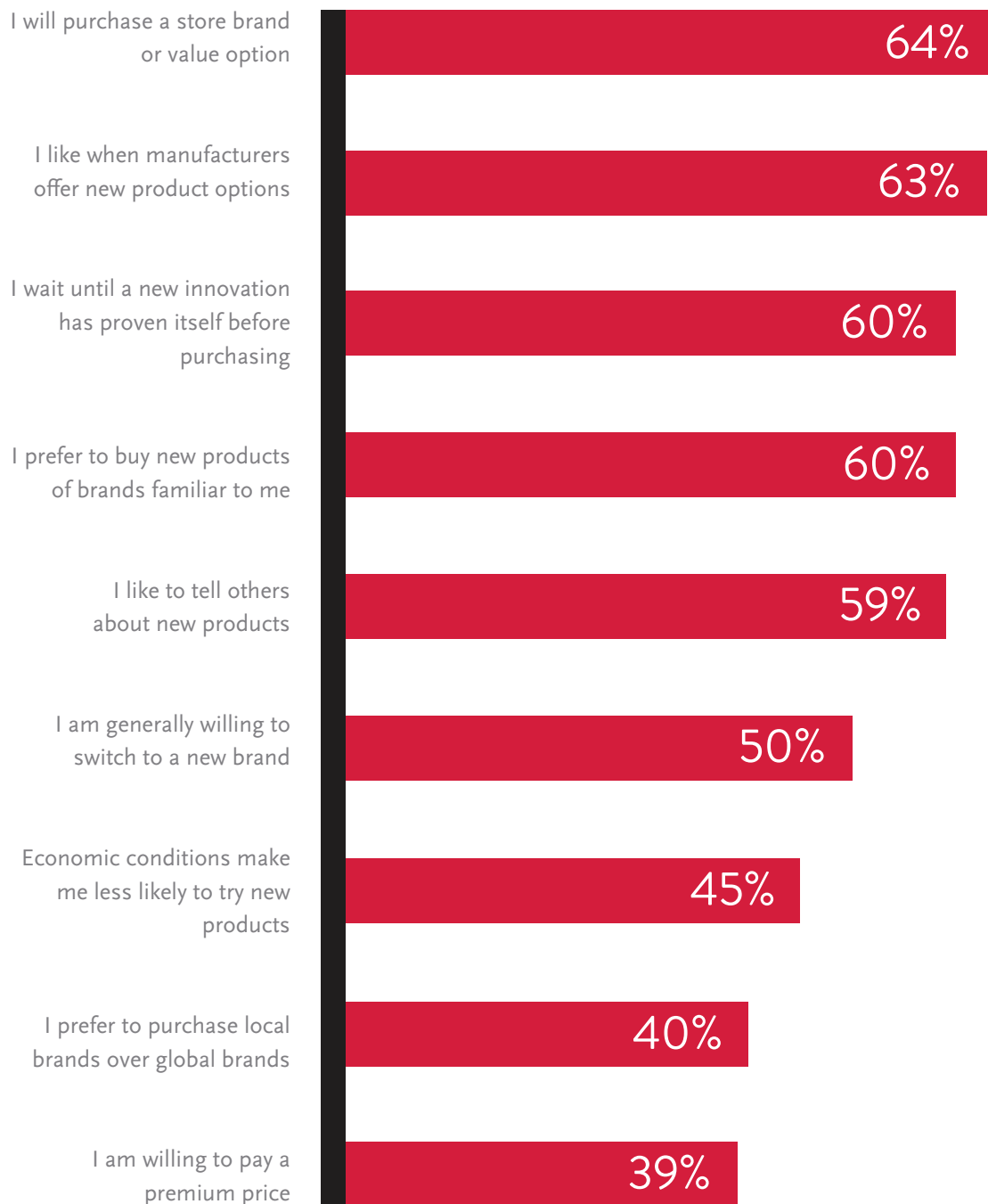
# VALUE, VARIETY, PROOF-OF- CONCEPT AND FAMILIARITY RESONATE STRONGLY

Half of global respondents are generally willing to switch to a new brand, with respondents in the Middle East/Africa and North America (57%) most enthusiastic followed by Europe (56%), Latin America (47%) and Asia-Pacific (45%). However, all regions agree that purchasing conditions—both physical and emotional—must be right. In addition to factors that center on the physical product, such as relevance and distinctiveness, savvy marketers need to consider emotional factors that determine how and why consumers make purchase decisions.

While consumers are optimistic about adopting innovative new products, Nielsen data suggests that some are apprehensive about embracing new brands. Value, variety, proof-of-concept and familiarity resonate most with consumers worldwide when thinking about buying new products. Sixty percent indicate they will wait until a new innovation has proven itself before making a purchase. Six-in-10 prefer to buy new products from brands with which they are already familiar. Further, the price value equation remains particularly important as 64 percent of global respondents say they will purchase a store brand or value option.

Economic factors clearly play a role in the decision-making process. Forty-five percent of global respondents agree that economic conditions make them less likely to try a new product and four-in-10 (39%) are willing to pay a premium price.

## PERCENT GLOBAL RESPONDENTS THAT DEFINITELY/SOMEWHAT AGREE TO THE GENERAL PURCHASE OF NEW PRODUCTS



Source: Nielsen Global Survey of New Product Purchase Sentiment, Q3 2012

Based on respondents with online access only. New products are defined as any product not purchased in the past.

# LATIN AMERICANS ARE EAGER TO TRY AND WILLING TO PAY MORE

Latin Americans are eager to try new product options, with 80 percent of respondents agreeing they like when manufacturers offer new innovations, compared with the global average of 63 percent. But while more than half of Latin Americans (51%) say that economic conditions make them less likely to try a new product, 56 percent are willing to pay a higher price, compared to 39 percent of global respondents.



Europeans and North Americans show the most trepidation when it comes to new product innovations. Less than one quarter (23%) of respondents in Europe and 29 percent of respondents in North America consider themselves early purchasers of new products. Likewise, economic uncertainty continues to take a toll on respondents in these regions as they claim to be less likely to pay a premium price for innovative new products compared to respondents in other regions. Roughly three-in-10 Europeans (28%) and North Americans (31%) agree to pay higher prices. However, they are more likely than their regional counterparts to switch to a new brand. More than half of Europeans (56%) and North Americans (57%) are willing to make a switch, compared to the global average of 45 percent.

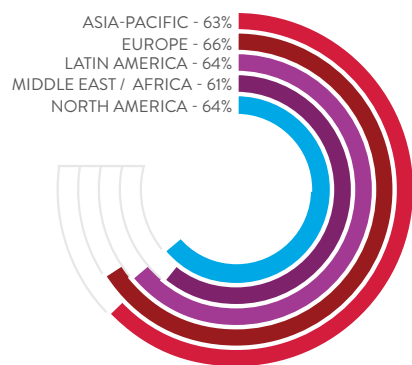
Asia-Pacific respondents are most likely (62%) to wait until a new innovation has proven itself before making a purchase decision, but they are open, willing and influenced by recommendations. One quarter (26%) of Asia-Pacific respondents say they do not prefer to purchase local brands over large global brands, compared to 23 percent globally. North Americans show the most devotion to local brands, with 47 percent opting for local versus global options, compared to 40 percent globally.

**“NORTH AMERICANS  
SHOW THE MOST  
DEVOTION TO LOCAL  
BRANDS, WITH 47 PERCENT  
OPTING FOR LOCAL  
VERSUS GLOBAL OPTIONS”**

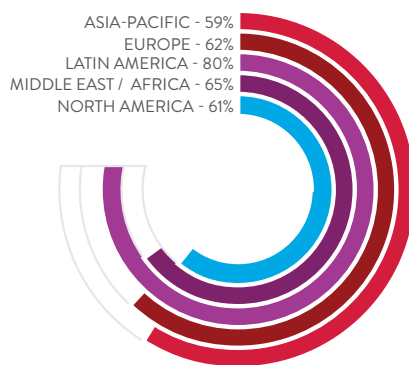
“In Asia, the preference for global brands versus local brands is two-fold,” said Therese Glennon, managing director, Innovation, Brand & Social Practices, Nielsen Asia-Pacific, Middle East, Africa. “Although local brands are increasingly becoming premium, perception around quality remains an issue. Additionally, much of the positive sentiment in Asia towards global brands is rooted in Asian consumers’ perception around the status that ownership of global products provides. Over time, this is expected to change as local brands match global brands in premium positioning and high quality offerings.”

Middle East/Africa respondents are the most vocal about new product experiences. Sixty-seven percent say they like to tell others about the new products they purchase, compared to 59 percent globally. And more than half (57%) are generally willing to switch to a new brand. Economic factors impact respondents in this region most strongly, with 57 percent saying that recent world events make them less likely to try new products.

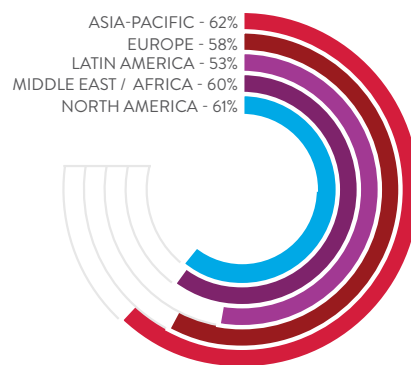
## PERCENTAGE OF REGIONAL RESPONDENTS THAT DEFINITELY/SOMEWHAT AGREE TO THE GENERAL PURCHASE OF NEW PRODUCTS



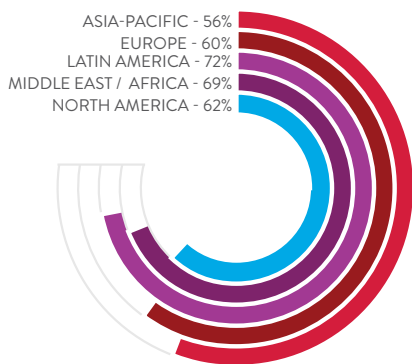
I will purchase a store brand or value option



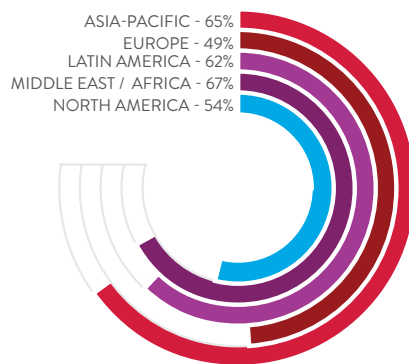
I like when manufacturers offer new product options



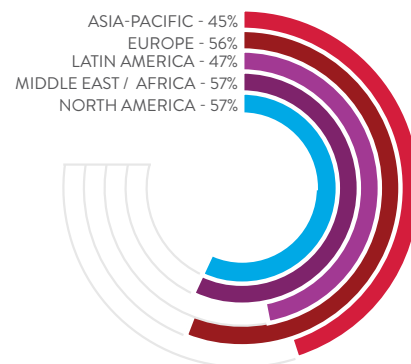
I wait until a new innovation has proven itself before purchasing



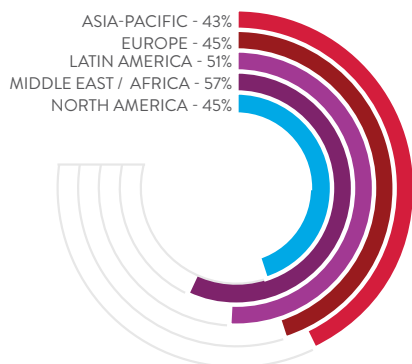
I prefer to buy new products of brands familiar to me



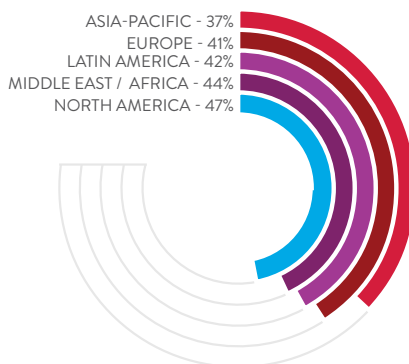
I like to tell others about new products



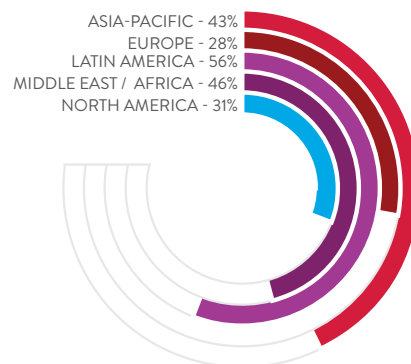
I am generally willing to switch to a new brand



Economic conditions make me less likely to try new products



I prefer to purchase local brands over global brands



I am willing to pay a premium price

Source: Nielsen Global Survey of New Product Purchase Sentiment, Q3 2012

Based on respondents with online access only. New products are defined as any product not purchased in the past.



# PROPENSITY TO PURCHASE NEW PRODUCTS IS HIGHEST IN ASIA-PACIFIC

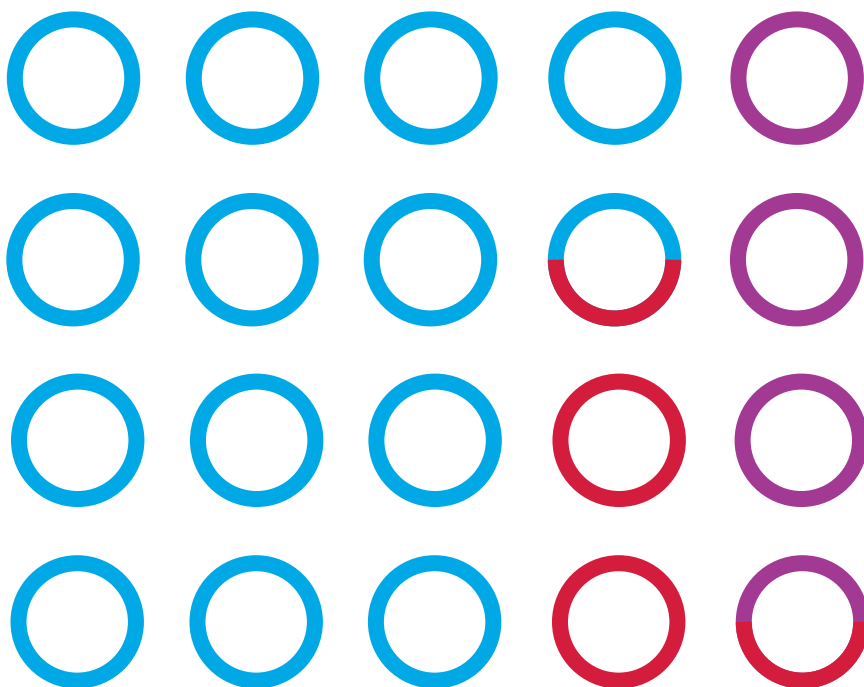
A review of claimed new product buying patterns across 20 categories, which includes a varied mix from appliances and cars to hair care products and food/beverages, shows constant openness to new innovations. The findings show that the categories with the most purchase interaction, i.e., purchase activity exceeds two or more new products in the past six months, are the ones that satisfy an everyday need. Conversely, categories with longer purchase cycles, such as cars and appliances, tend to report only one new item purchase in the past six months.



Overall, broad-based findings reveal that Asia-Pacific respondents show the greatest propensity to purchase new products in most product categories, which is likely driven by the structural dominance of small sized-sachets in the region and the increased opportunity for purchase occasions. In fact, they demonstrate the highest purchase propensity for buying between two and four new products in a six-month period in 14 of 20 categories. Middle East/Africa and Latin America respondents show the most active new product purchase engagement in the remaining categories. The findings also show that some product categories resonate more strongly in certain parts of the world as measured by the steady degree of consistency in the amount of new product purchases.

“With Asia now viewed as a growth engine of the global economy, companies are increasingly shifting their attention to these markets,” said Glennon. “As a result, the pipeline of new products creates an environment of increasing choices in quality, convenience, and value. Therefore, new products need to justify their relevance and convey their unique contribution to Asian consumers’ increasingly affluent and busy lifestyles.”

#### REGIONAL LEADERS BY PERCENT PURCHASING BETWEEN TWO AND FOUR NEW PRODUCTS IN THE FOLLOWING CATEGORIES IN THE PAST SIX MONTHS



## ASIA-PACIFIC

- 42% - Clothing/Apparel
- 39% - Personal Hygiene
- 35% - Hair Care
- 35% - Household Cleaning
- 34% - Dish Detergent
- 34% - Tissues/Paper Towels
- 32% - Laundry/Fabric Care
- 31% - Oral Care
- 30% - Electronics
- 30% - Books
- 28% - Appliances
- 26% - Food/Beverages
- 26% - Feminine Care \*
- 22% - Music

## MIDDLE EAST / AFRICA

- 29% - Cosmetics/Perfume \*
- 25% - Air Freshening Products
- 18% - Baby-Care Products
- 11% - Cars/Autos

## LATIN AMERICA

- 30% - Personal Health/OTC
- 29% - Cosmetics/Perfume \*
- 26% - Feminine Care \*
- 17% - Pet Products

\* Category reported highest percent purchasing in more than one region

# NEW PRODUCT CATEGORY LEADERS SATISFY EVERYDAY NEEDS

The top five category leaders in regards to the most purchase interaction of more than four new products in the past six months is virtually identical across every region in the world. Food and beverages top the list globally at 49 percent. Clothing and apparel (26%), personal hygiene products (24%), tissues/power towels (20%), and books (18%) round out the top five category leaders globally. Minor differences by region show that cleaning products, such as laundry and dish detergents are also popular and rank in the top five in some regions.

The top five category leaders in regards to the purchase of between two and four new products in the past six months show that clothing and personal hygiene products top the list in every region. Beyond that, differences prevail. New product purchasing in the hair care category is popular in Asia-Pacific, Latin America and North America. Cosmetics, including perfume and cologne, rank in the top five most active for purchasing between two and four products in Europe, Middle East/Africa and Latin America. Personal health and over-the-counter medications top the rankings for purchase of two to four new products in Middle East/Africa and Latin America.

The top five category leaders in regards to the purchase of just one new product in the past six months include products with longer purchase cycles such as electronics, appliances, cosmetics and air fresheners. Two exceptions include hair and oral care, which are also included in the top five rankings in every region.

# PRODUCTS  
PURCHASED IN THE  
PAST SIX MONTHS  
TOP 5 GLOBAL  
CATEGORY LEADERS

4+

1. FOOD/BEVERAGES
2. CLOTHING/APPAREL
3. PERSONAL HYGIENE
4. HOUSEHOLD CLEANING
5. ORAL CARE

2-4

1. PERSONAL HYGIENE
2. CLOTHING APPAREL
3. HAIR CARE
4. HOUSEHOLD CLEANING
5. ORAL CARE

1

1. ELECTRONICS
2. APPLIANCES / ORAL CARE
3. HAIR CARE
4. AIR FRESHENER
5. COSMETICS & PERFUME/  
HOUSEHOLD CLEANING /  
LAUNDRY CARE

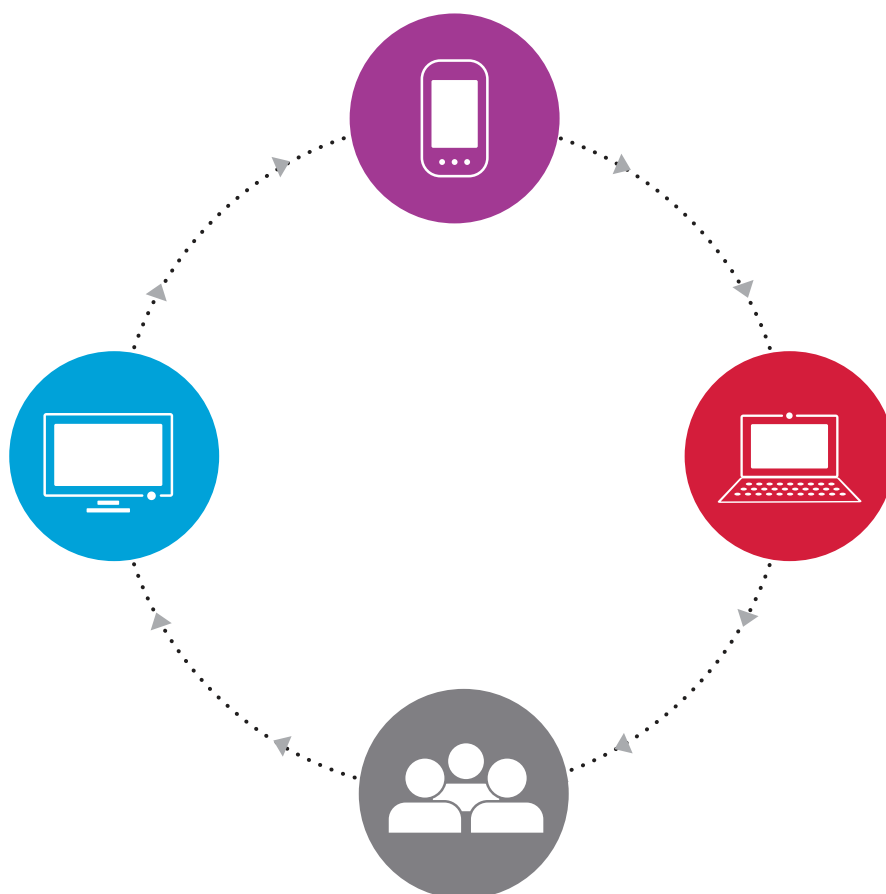
Source: Nielsen Global Survey of  
New Product Purchase Sentiment, Q3 2012

Based on respondents with online access only.  
New products are defined as any product not  
purchased in the past.



# CONSUMERS RESPOND TO A MULTI-MIX MEDIA APPROACH

Developing a compelling new product is only part of the battle. Ensuring consumers are aware of the product and can find it on store shelves is just as critical to new product success. Nielsen's new product awareness research shows that in-store discovery tends to be the largest driver of new product awareness. Further, TV and print advertising also continue to be leading marketing vehicles for driving awareness. However, word-of-mouth communication spurred collectively by social media and Internet usage is growing in importance. Consumers are increasingly finding the Internet and mobile vehicles just as compelling as other more traditional advertising.



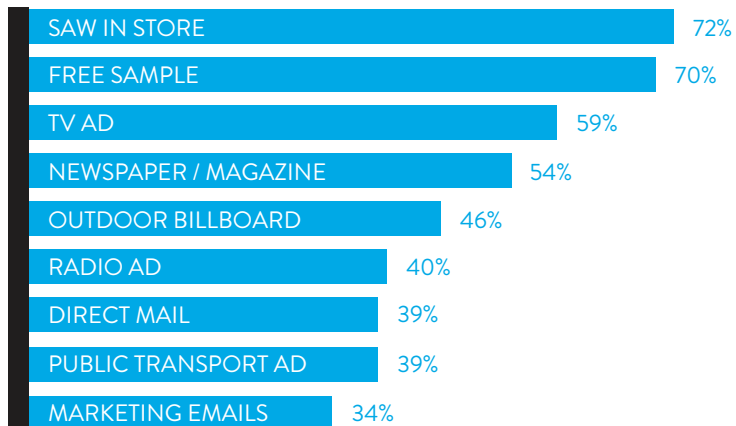
A review of 21 methods to reach consumers across various media platforms is divided into four categories for the purpose of this analysis; traditional advertising, word-of-mouth, Internet and mobile. Globally, the most persuasive awareness drivers, as ranked by the likeliness to purchase a new product when learned via these methods, include a mix of all activities. However, potential reach and ease of execution varies substantially.

Globally, reliance on the advice of family and friends (77%) is the most persuasive source for new product information. Seeing the new product in a store (72%), receiving a free sample (70%), searching the Internet (67%), getting professional/expert word-of-mouth advice (66%) and watching TV ads (59%) are other top methods.

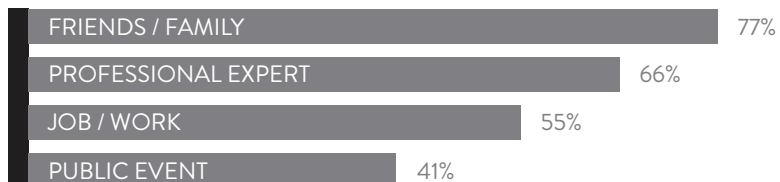


## GLOBAL PERCENT MUCH/SOMEWHAT MORE LIKELY TO BUY A NEW PRODUCT WHEN LEARNED THROUGH THESE METHODS

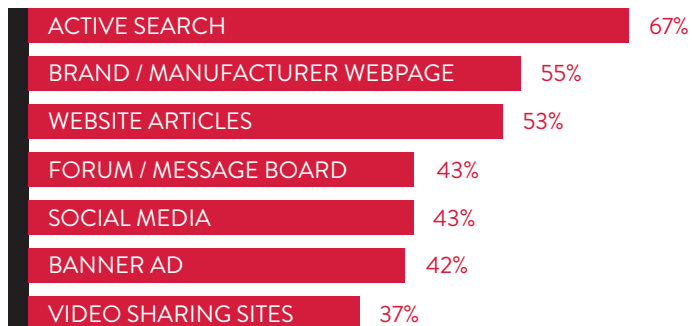
### TRADITIONAL ADVERTISING



### WORD-OF-MOUTH COMMUNICATIONS



### INTERNET COMMUNICATIONS



### MOBILE



Source: Nielsen Global Survey of New Product Purchase Sentiment, Q3 2012

Based on respondents with online access only. New products are defined as any product not purchased in the past.

# THE INTERNET'S INFLUENCE IS SIGNIFICANT

The influence of the Internet on new product purchase decisions is significant across all regions and across a wide variety of product categories, even considering the results are based on online respondents. Ranking the categories by the degree of importance, those that often require supplemental research, such as electronics and appliances, rise to the top of the list.

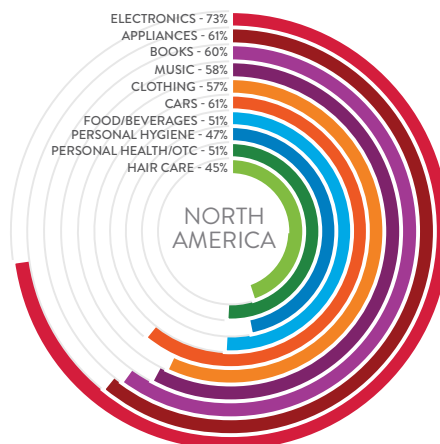
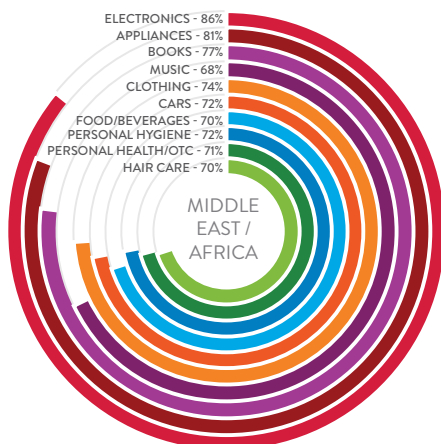
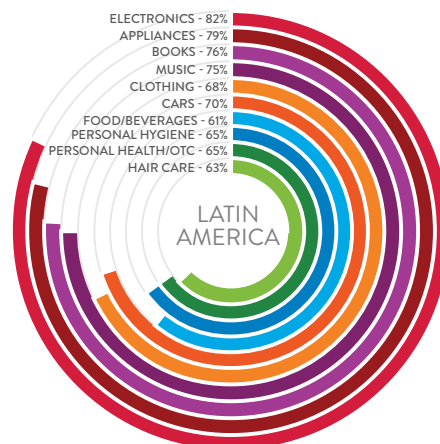
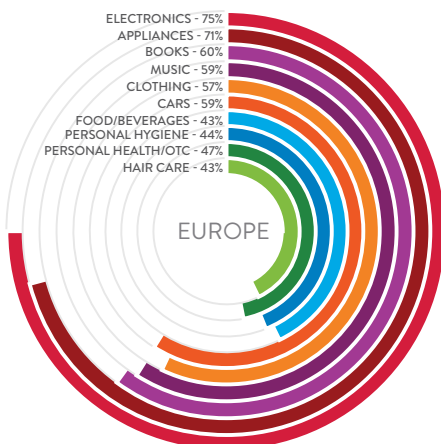
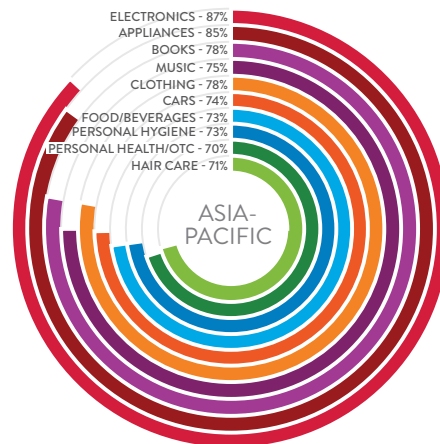
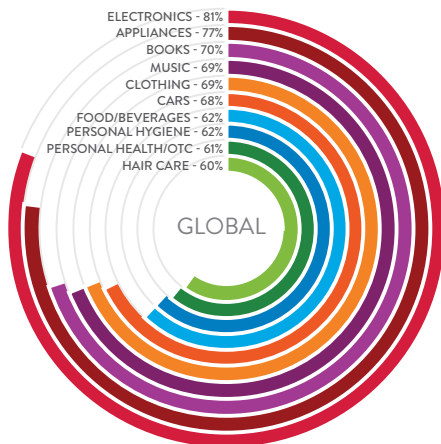
Globally, respondents say the Internet is very/somewhat important when making a new product purchase decision for electronics (81%), appliances (77%), books (70%) and music (69%). More than half of respondents also consider the Internet's influence on new product decisions for clothing (69%) and cars (68%) important.

However, the Internet's influence on consumption categories, such as food and beverages (62%), personal hygiene (62%), personal health/OTC medicines (61%), and hair care (60%) shows promise, with online respondents in Asia-Pacific, Latin America and Middle East/Africa most engaged.

Nielsen BASES U.S. research shows that while social media is used primarily as an interpersonal tool, about one-third of consumers are actively researching products. As reliance on social media continues to broaden for CPG products, it is most impactful when used in combination with TV to enhance recall, facilitate one-on-one consumer engagement and dialogue, and listen to what consumers are saying. Social media can be an effective soundboard to hear about potential issues or to identify innovation opportunities.



## TOP 10 NEW PRODUCT CATEGORIES RANKED BY PERCENT OF CLAIMED INTERNET IMPORTANCE IN DECISION-MAKING PROCESS



Source: Nielsen Global Survey of New Product Purchase Sentiment, Q3 2012

Based on respondents with online access only. New products are defined as any product not purchased in the past.

# HOW TO SUCCEED WITH NEW PRODUCTS

Manufacturers around the world are busy innovating and consumer demand is high. While meeting that demand can be a challenge, there are ways to increase the odds. Best-in-class innovators take a holistic view of their initiatives, keeping an eye on three key dimensions throughout the innovation development process.

## TECHNIQUES FOR DEVELOPING A DISTINCTIVE CONCEPT



### BENEFIT IMPORTING

Combining benefits from often-unrelated categories to deliver a new value proposition



### BREAKING HISTORIC TRADEOFFS

Eliminating frustration caused by the “either-or” compromise in existing products



### SHIFTING THE ECONOMIC EQUATION

Making benefits more affordable – and more accessible – to a broader market



### RECONFIGURING THE MEANS OF DELIVERY

New forms or packaging to address unmet needs



### LEVERAGING BRAND PLATFORMS

Using existing equities to bridge into new categories and uses

## **STRATEGY: HAVE YOU IDENTIFIED AN UNMET CONSUMER NEED?**

Products derived from a customer need tend to be more successful. This may sound intuitive, but a flawed initial frame of reference—such as focusing on product features, demographic-defined segments, or competition—compromises the effectiveness of all subsequent steps. Mapping to the circumstance of need and tightly focusing on the consumer's job-to-be-done sparks remarkable opportunities to life, even in “mature” markets.

## **CONSUMER VIABILITY: DO YOU HAVE ENOUGH DIFFERENTIATION AND CONSUMER ACCEPTANCE FOR BOTH SHORT- AND LONG-TERM SUCCESS?**

There are multiple ways to create a distinctive proposition; leveraging new technology, importing a benefit from other categories, or even utilizing existing brand platforms can convert a market opportunity into a winning new product. Most critical is that the new product ideas do not stray from the demand-driven insights from which they were created.

Still, even the best ideas require iteration and refinement before they are ready for market. Success involves translating the demand-driven concept into a complete market-ready offer. Nielsen's “Factors for Success” framework seeks to ensure an initiative will stand out, be understood by consumers, provide relevant benefits, offer the right value equation, and deliver on its proposition.

## **VOLUMETRIC POTENTIAL: WILL YOU EXECUTE IN MARKET TO REACH YOUR SALES GOALS?**

Put simply, the best new product ideas are destined for failure unless consumers know they exist (and why they exist) and can find them in a store. There is no one-size-fits-all approach to the best marketing execution. While conventional marketing vehicles such as in-store presence and TV advertising continue to be the largest drivers of awareness, consumers are increasingly looking to the Internet and social media for information when making purchasing decisions.

## FACTORS FOR SUCCESS FRAMEWORK



# ABOUT THE NIELSEN GLOBAL SURVEY

The Nielsen Global Survey of New Product Purchase Sentiment was conducted between August 10 and September 7, 2012 and polled more than 29,000 online consumers in 58 countries throughout Asia-Pacific, Europe, Latin America, the Middle East, Africa and North America. The sample has quotas based on age and sex for each country based on their Internet users, and is weighted to be representative of Internet consumers and has a maximum margin of error of  $\pm 0.6\%$ . This Nielsen survey is based on the behavior of respondents with online access only. Internet penetration rates vary by country. Nielsen uses a minimum reporting standard of 60 percent Internet penetration or 10M online population for survey inclusion. The Nielsen Global Survey, which includes the Global Consumer Confidence Index, was established in 2005.

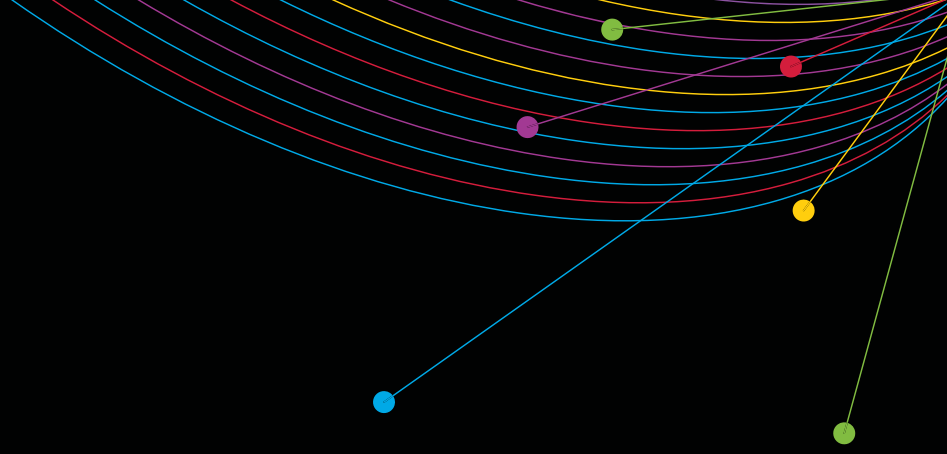
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## ABOUT NIELSEN

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and related properties. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands.

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