

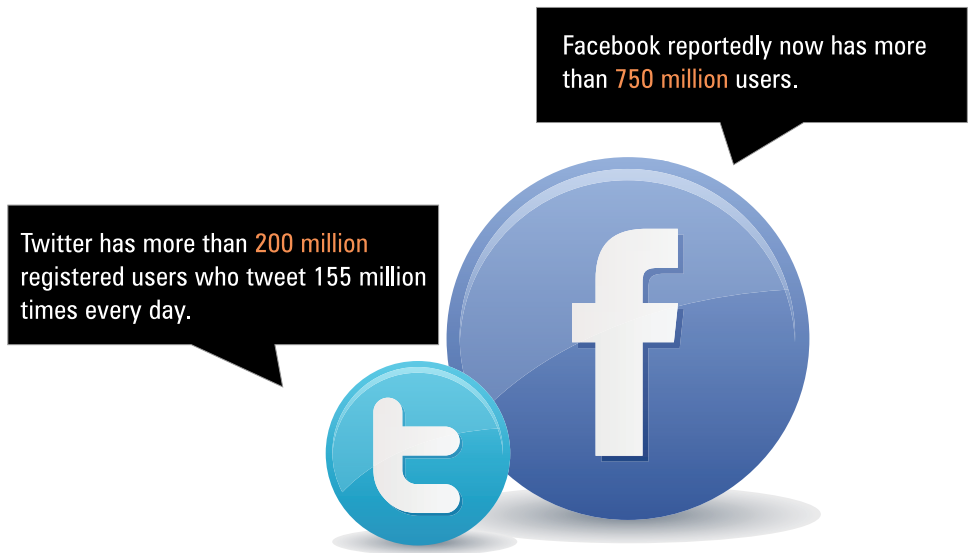
Stage-Gate success: How the social web drives product development

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For today's brand owners, pressure to develop new products has never been greater — products that deliver real and valuable differentiation for the brand. Increasingly, brand managers are tapping into consumer data from the Internet for information and insights to inform and guide their product initiatives, with good reason.

Millions of consumers express their needs, wants, passions and desires every day through posts on websites, forums, blogs and social networks. More and more consumers also are interacting directly with brands online and sharing those experiences with friends. In fact, two out of every five bloggers say they write about brands they love or hate. Facebook reportedly now has more than 750 million users, about half of whom log onto the site each day, for an average of almost seven hours a month and each of whom has an average of 130 "friends." Twitter has more than 200 million registered users who tweet 155 million times every day. The potential for positive — and negative — feedback is virtually limitless.

Today, brand owners use various methodologies to manage their product initiatives, including both proprietary models and generic tools such as the highly regarded Stage-Gate® Product Innovation Process. Information extracted from the social web is playing a growing role for many companies at certain stages of the development process. In particular, product managers are tapping into aggregate social conversations around specific topics as they explore new product ideas, so they can learn what consumers are interested in and talking about, both positively and negatively. Later, when launch is imminent, social channels are becoming a critical resource in setting media and advertising strategies.



The use of social intelligence for discovery, validation and informing tactical strategies is proving to be increasingly invaluable. But that only begins to tap the potential contribution that analysis from the social web can make to the product development process. In fact, social media data can be a unifying thread of information that supports decision making at every stage of product development, including critical go/no-go decisions on whether to proceed to the next stage.

Social data can also be invaluable in the media planning and buying process, helping the company commit the minimum effective spend needed to achieve the maximum return on media expenditures. In this white paper, we examine the role of social media analysis as applied across the Stage-Gate process.

Product Development Model

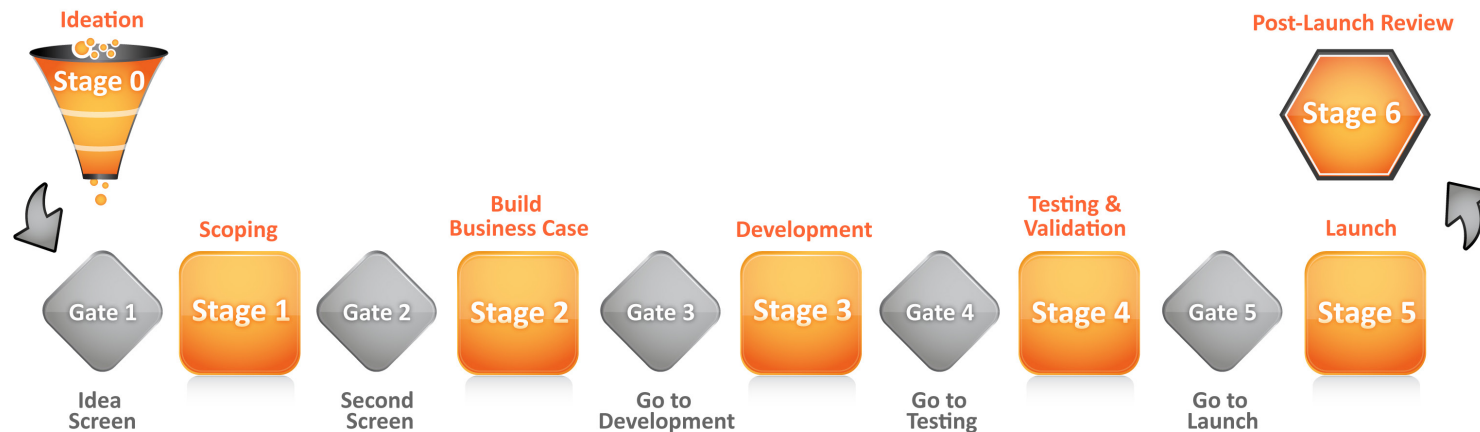


Figure 1

Stage-Gate® Product Innovation Process

Figure 1 outlines the basic elements of the Stage-Gate process. Moving through each of the “gates” requires additional investment of time, money and resources. The new product development (NPD) team must gain increasing support before proceeding through to the next stage, and each decision gate requires more compelling and defensible evidence supporting a successful new product or service.

Social media analysis can play a meaningful role in each of the stages shown in Figure 1 – scoping, building a business case, development, testing and validation, and launch – as well as in two other important phases that bookend the Stage-Gate process – discovery, which is the process of

exploring product ideas leading up to the Gate 1 decision; and post-launch review, which is used to assess how the product is being received in the marketplace.

How social data fits in

Here’s a look at how data from across the social web factors into the stages of the Stage-Gate process, as well as the discovery phase and post-launch review.

With social intelligence, consumers not only become an additional voice into the product development cycle, but companies gain assurance of sufficient market demand once the new product or service is made available.¹

¹Gleamsight: Social Intelligence

Stage 1 – Narrowing the scope

Once a single product idea is selected, it is evaluated in all of its aspects during the scoping process. As the NPD and marketing teams further analyze the product and its potential customers at this stage, they can use social data to assess two distinct scoping facets – further defining the potential target audience and developing an accompanying competitive set.

Continuing the example of a CPG manufacturer’s new diaper product, the company can define a social audience through advanced social data analysis to find social conversations around the topic of diapers. The manufacturer then establishes the appropriate target audience by compiling a website list, which in turn creates the social marketplace that the product will compete in.

Once the site list is run against a social database and the target audience is defined, a competitive analysis can be produced. This analysis helps the manufacturer understand what competitive products already have traction across the social web, as well as developments that have hit the market and are already generating social conversations (Figure 4).

Tag clouds from competitive analysis



Figure 4

Stage 2 – Building a business case

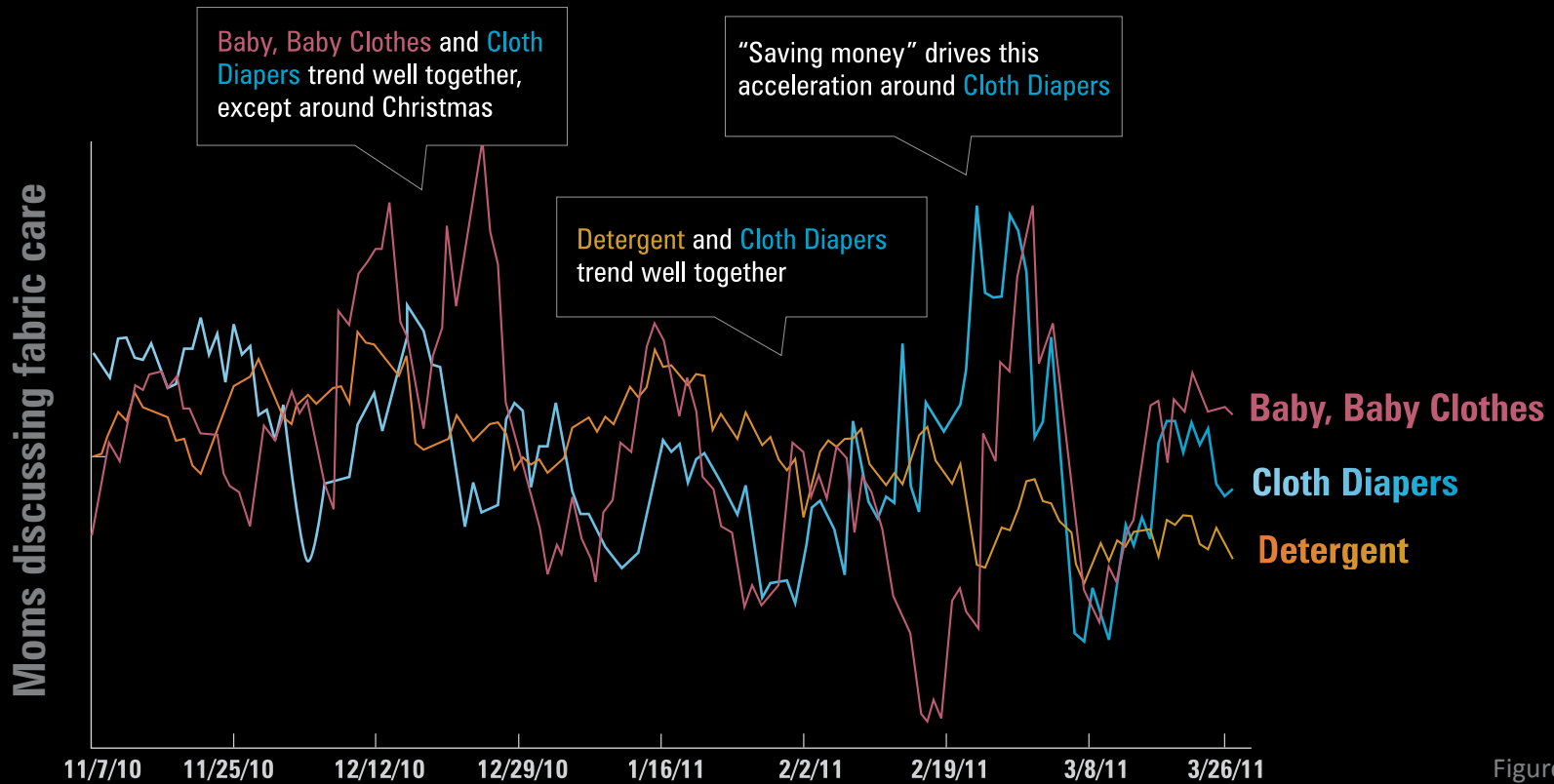


Figure 5

As it builds the business case, the NPD team assesses factors such as the availability of product materials, whether manufacturing capacity can scale to meet demand and the potential market size. Further gathering of social data isn't required in this phase. Instead, the team can analyze the social data gathered during discovery and scoping as it establishes the rationale for proceeding.

Social data also plays an important monitoring role at this point. By the time the team decides to thoroughly investigate the product idea, it can be three months or more into the process. In that time, consumer opinions could have shifted, and may shift again over the course of an 18- to 24-month product development cycle. Ongoing analysis of social data can help the product team keep its finger on the pulse of consumers and be alert should their attitudes and interests change (Figure 5).

Stage 3 – Technical development

Once the NPD team builds the business case, it takes a deeper dive into the technical aspects. Can the product be built? What are the environmental, cost, sourcing and ingredient issues? Can we actually deliver on the product?

As social media monitoring continues during this phase, social techniques are also employed in the initial development of marketing strategies for the planned product launch. Social concepts can be employed at this stage to inform both traditional and digital media planning (Figure 6). Using the social audience created during the scoping phase, our hypothetical diaper maker can identify television programs popular with its target market. It can also analyze websites with the highest social engagement around the topic of diapers.

Using this data to supplement traditional planning research can help create social lift, the additional awareness and engagement provided by consumers who use social media to increase the value of paid, earned and owned advertising.

Digital Scorecard

Website	Diaper SOV	Insights
babycenter.com	19.87%	Diapers held 19.87% of all total conversation with diapers having 11% share of voice and fairly large amounts of crossover with competitors.
thebump.com	13.28%	High volume with conversation focus on diaper style and diaper coupons.
weightwatchers.com	11.19%	High volume with crossover rates between brands. Convenience a large factor in brand choice.

TV Scorecard

Network	Show	Insights
Bravo	The Real Housewives of NYC	The Real Housewives is a highly engaged show, and much of the conversation is around family.
Oxygen	Jersey Couture	Emotionally charged conversations surround this show and engagement is high even in off season.
Lifetime	Original Films	High volume of conversation surrounds this show about parenting and families.

Figure 6

Stage 4 – Testing and validation

Once the team determines that a product can be built and a potential market exists for it, product prototypes can be created for customer review and testing. The team also evaluates and selects markets in which to conduct tests and launch the product. At this stage, the stakes rise considerably, and so does the role of social media data and analysis. Spending can increase from \$1 million to \$10 million or more as the company invests in determining whether the product has a future.

While testing and validation have historically centered around test market pre-launches and focus groups, social data can now play a pivotal role. The migration of traditional focus group testing to the Internet has drastically reduced the time and expense required to conduct tests. Leveraging a hyper-segmented online focus group, our CPG manufacturer finds overwhelming support for its new diaper product within its targeted market segments. Having the ability to quickly access this form of social media also helped the NPD team reduce the time required for this process step.

During testing and validation, media planning also begins in earnest. Social media can materially affect how much a company budgets for launch advertising. Every dollar not spent on advertising is a dollar that can be put back into the product or used for promotions and other purposes. Creating and driving social awareness for the new product has now become a key requirement for a successful product launch. By creating measurable social lift around the new product, advertising and marketing can achieve the minimum effective spend to generate the maximum effective return on media buys.

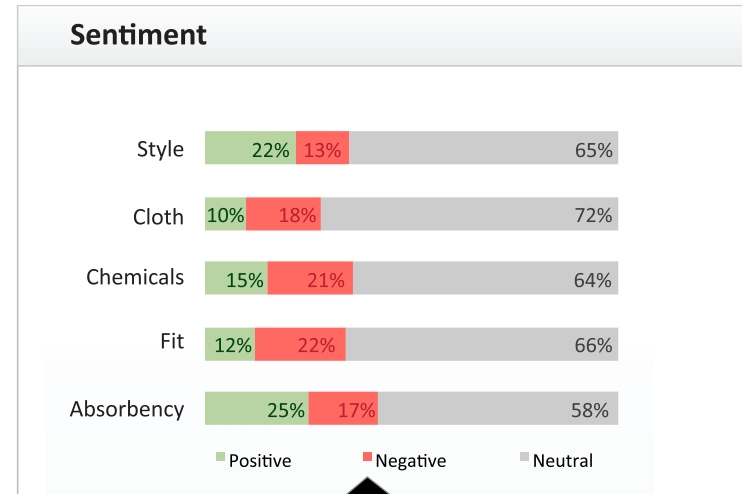


Figure 7

Social media can also be crucial at this stage in supporting the decision to stop a project. Social data gathered during market analysis might signal that customers are showing strong preference for the features of another company's competing product.

Social media can also be crucial at this stage in supporting the decision to stop a project (Figure 7). Social data gathered during market analysis might signal that customers are showing strong preference for the features of another company's competing product. Pulling the plug on the NPD efforts could save millions of dollars.

In testing and validation, the unifying thread provided by social data becomes apparent and invaluable. As work shifts from product creation to marketing and production, siloed organizational structures can blur or obstruct the lines of accountability. Because social media data is gathered and analyzed throughout the NPD process, it can give the person with overall responsibility for the product a clear and seamless backdrop of information regarding why decisions were made, the information that influenced them and the emerging themes that prompted a course correction.

Stage 5 – Launch

During testing and validation, a company still has the option of walking away from a product. Once the company decides to proceed with launching it, the financial and organizational commitment increases significantly. Manufacturing ramps up, and heavy marketing expenditures are made for promotions and advertising.

One of the key contributions social media makes at this stage is providing marketers with ongoing, real-time marketing data (Figure 8). Using campaign tracking analyses, companies can continually monitor how effectively their traditional ad campaigns are driving social conversations around their products, and how well campaigns are connected with targeted audiences.

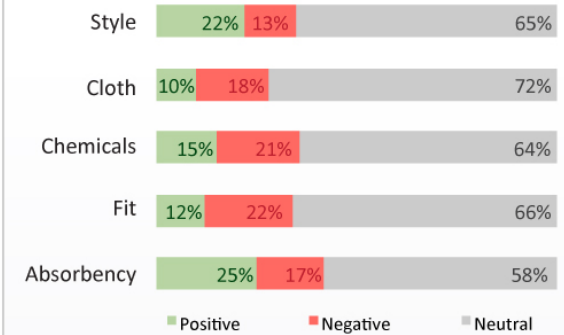
Social media monitoring can also help keep track of how much impact promotions are having on the product launch. If sales drop off dramatically after a deep-discount promotion ends, social data can help determine the cause, if any, behind the correlation — perhaps providing evidence that consumers still regard the product favorably and the dip is only temporary.

Diaper Category Themes

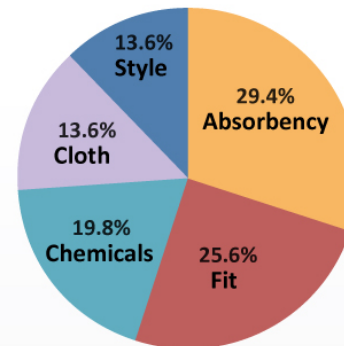
Commentary

- Absorbency surpasses Fit as the most talked about theme
- Chemicals is also gaining traction within general Diaper category purchase and use conversations
- Conversations around Style is on the decline but sentiment around the theme remains mostly positive

Sentiment



Share of Voice



Volume

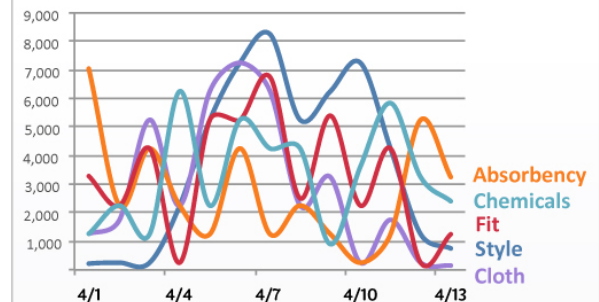


Figure 8

Stage 6 – Post-launch review

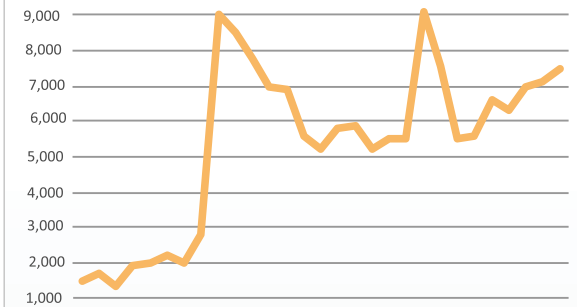
The company can conduct an overall review of the product and its marketplace after the initial wave of launch advertising is complete. After the product has been in the market for an extended period of time, brand health analyses using social data offer a view of the product through the eyes of its consumers (Figure 9). The CPG manufacturer could use a brand health report to get an overarching look at how the market was receiving the new diaper, trends in negative and positive sentiment around the product, and a detailed view of the product and company’s share of social conversation vs. competitors.

Diaper Brand X Post-Launch Engagement

Commentary

- Diaper Brand X’s Social engagement peaks with its product launch and the start of an accompanying multimedia ad campaign on 2/16.
- Social buzz reaches product launch highs after the product is featured on a predominant morning news program.

Daily Diaper Brand X Post Volume



Site Engagement by Volume

Sites	% Share
babycenter.com	70.2
bump.com	20.8
baby-gaga.com	2.7
justmommies.com	2.4
diaperswappers.com	2.2
viewpoints.com	0.7
parents.com	0.4
ivillage.com	0.4
mothering.com	0.2
welltrainedmind.com	0.2

By Media Type

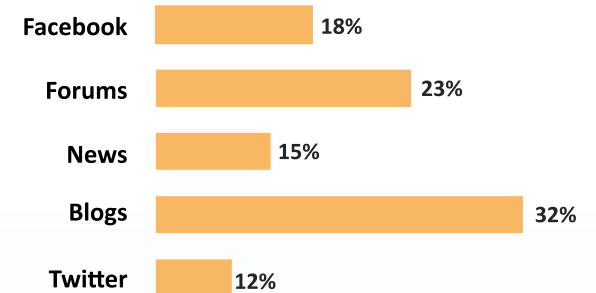
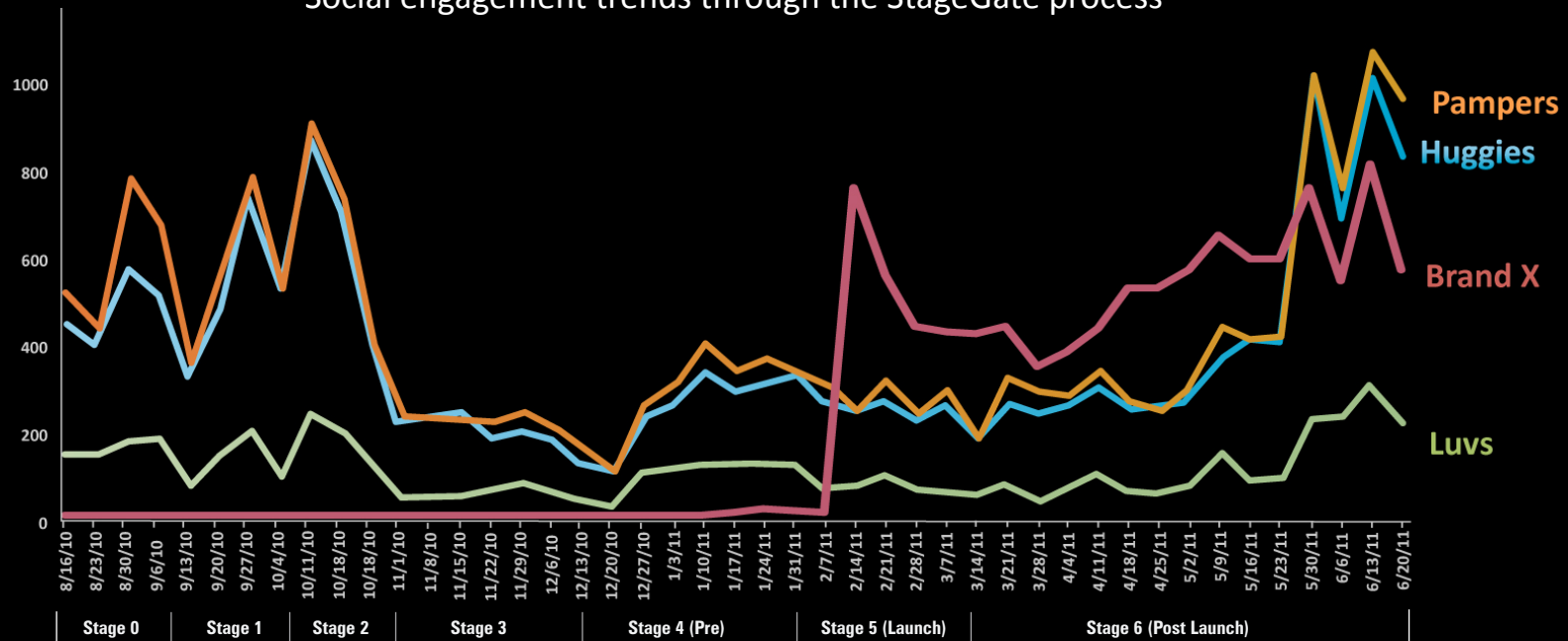


Figure 9

Social engagement trends through the StageGate process



Social data – a continuous thread in your success

Today’s consumers are sharing volumes of information about every conceivable subject, from every conceivable medium, through every available format. They are insatiably consuming vast and increasing amounts of media in every format possible and commenting on how they feel and what they think about what they see and hear. The result is that all media has become social and everything your brand does has the potential to create conversations, both positive and negative.

Sophisticated new tools for analyzing social media data present a new and significant opportunity to improve the NPD processes. Throughout the NPD cycle, social media insights can pre-inform, guide, track and measure the entire launch process, enabling brand managers and product developers to focus on providing consumers with products they want.

Questions about this report? Want a free consultation on how social data can improve your media planning and other marketing? Contact us.

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Networked Insights was founded in 2006 by industry leaders and seasoned entrepreneurs in the fields of social media and customer intelligence. Offices in New York, Chicago and Madison WI.