HOW NESTLÉ IS APPLYING AGILE PRINCIPLES TO ACHIEVE

PRODUCT INNOVATION SUCCESS

Nestlé · GutCheck®

TODAY'S PRESENTERS

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AGENDA

Nestle   GutCheck

"THE MAGNITUDE AND PACE OF CHANGE IN THE US MARKET HAVE UNDERMINED TRADITIONAL GROWTH MODELS FOR MANY CONSUMER-PACKAGED-GOODS COMPANIES, ESPECIALLY LARGER ONES."

https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/agility-at-scale-solving-the-growth-challenge-in-consumer-packaged-goods

WHAT CHANGED?

- Company size is no longer a competitive advantage

- E-commerce has leveled the playing field

- Cycle times from idea to successful launch have shortened

- Brand loyalty is constantly changing

SUCCESSFUL PRODUCT INNOVATION IS MORE IMPORTANT THAN EVER BEFORE

NESTLÉ'S STORY

THE CHALLENGE

Nestlé needed to revamp their product innovation strategy in order to achieve

- More effective product innovation—kill bad ideas faster

- Faster time to market

- More efficient collaboration

- Strongly integrated cross-functional core teams

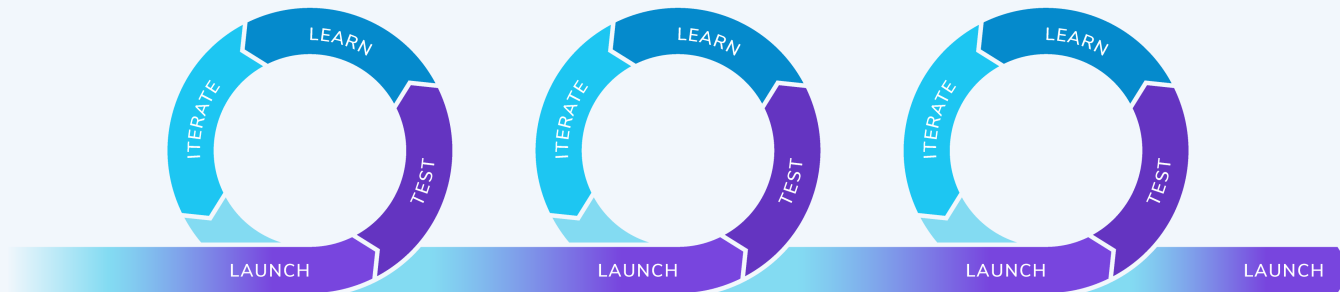- The right support at the right time

THE SOLUTION

Applying Agile Principles to the Innovation Process

WHAT IS AGILE?

A better way to deliver results

- Focus on the consumer

- Flexibility

- Faster time to market

- Collaboration

- Iteration

- Reflection & Optimization

WHY AGILE?

Balancing speed & rigor; empowerment & process

At Nestlé, agility means

- Speed

- Iteration

- Flexibility

- Empowerment to make decisions

DEPLOYING SPRINT TEAMS

- Focused on one idea from start to finish

- Work in goal/task-specific sprints

- Cross-functional teams

- Permission to say no to/postpone other projects while sprinting

CASE STUDY

Seeing It In Action

THE SPRINT PROJECT

Launching a new frozen food innovation

Challenges

- Crowded category

- Variety seeking consumers

- Quickly changing tastes/trends

Getting the right level of consumer feedback at the right time is critical for success

THE ROLE OF RESEARCH IN INNOVATION

Finding the right partner at the right time to meet your needs

Speed

VS

Depth

Frozen Food Innovation Phase 1

CONCEPT PRIORITIZATION

Challenge – Needed a quick read from target consumers on which frozen food concept the team should consider for further development.

Strategy - Conducted online quantitative agile research to compare the new concepts to in-market benchmarks and identify a winning concept based on key metrics.

Results

- Identified a winning concept to move forward with before the next sprint meeting—speed was critical

- Impressed management by being able to get consumer feedback that early in the process

- Created excitement and momentum behind the frozen food innovation to move forward into the next phase

- Getting VoC empowered the team to make a confident decision and get alignment on additional requests from management

Frozen Food Innovation Phase 2

PRICING EVALUATION

Challenge – Determine the right combination of price and size for the frozen food innovation in order to understand the impact on consumer interest.

Strategy - Conducted online quantitative agile research to compare the frozen food innovation at four different price and size combinations on key metrics such as value, purchase intent, and power to replace.

Results

- Learned that we had some flexibility on both size and pricing for the product launch
- Gained interesting insight about health and value perception based on size and price
- Learned about nuances in potential substitutability based on sizing and price
- Additionally took the opportunity to retest the concept among the brand's target consumers (vs. the design target used in the initial concept test) and learned that several KPIs went up among the brand target

Frozen Food Innovation Phase 3

VARIETY SCREEN

Challenge – Identify the right combination of four different flavors for the initial launch.

Strategy - Conducted quantitative research to test different combinations of flavors to understand the incremental build and find the optimal combination.

Results

- Worked with a different vendor based on the research needs—speed vs. depth

- Recommended initial varieties for development that provided the best reach based on a TURF that also utilized existing varieties for the brand

- Used the tool that was delivered with the variety screen to continue to refine launch recommendations based on internal taste panels, ingredient availability, brand strategy, etc.

Frozen Food Innovation Phase 4

NAME SCREEN

Challenge – Determine which name is the strongest fit for the frozen food innovation also considering which brand it is going to be a part of.

Strategy - Conducted online quantitative agile research to compare seven names under the same brand across key metrics such as appeal, uniqueness, and fit with brand.

Results

- Recommended the product name based on performance across key metrics – appeal, clarity, alignment with health perception and brand fit.

The name did end up changing several times after this test was completed. This just goes to show that when moving fast, even the best laid plans and testing don't always get you to the answer you end up going with.

WHAT WE LEARNED

Product innovation success is driven by

- Organizational support

- Team empowerment

- Keeping the consumer at the center of innovation

TAKEAWAYS

- Be courageous—challenge conventions & norms

- Collaboration is key

- Find partners that support your process

QUESTIONS?

Reach out to us at info@gutcheckit.com to learn more.