

Zombie and Cannibal Products Killing Consumer Brands

Contributed by TNS

Friday, 22 November 2013

Last Updated Friday, 07 November 2014

Companies have been damaging their business by launching “zombie” and “cannibal” products that eat into their profits according to a landmark UK study by global research consultancy TNS.

“Zombie” products fail to provide long-term growth, acting as a “dead weight” on the company, while “cannibal” products simply transfer customers from other products in the portfolio, not only failing to provide top-line growth, but often leading to brand decline. The UK study of almost 3,500 consumer goods launches including savoury snacks, laundry, soft drinks and skin care showed that 60% of new product launches were either zombie or cannibal products. Both of these product types, which are typically not detected until too late in the launch process, substantially increase the risk of a company wasting precious resources on non-productive ideas. The food and drinks industry in the UK alone is wasting an estimated £600m per year on R&D, in addition to the billions in pounds of costs in launching over 3,600 zombie and cannibal products. TNS advises clients on specific growth strategies for their business. When working on innovation programmes, it found that companies launching new products often rely on volume alone to determine the worth of an idea, without determining the positive or negative impact the launch will have across their portfolio. For example, Pringles Xtra – a new product which generated significant sales, heavily cannibalised the existing range, resulting in minimal franchise growth. Too often, these “cannibal” launches fragment the resources and often lead to shrinkage of the total franchise. TNS identified that only 15% of products launched are what TNS terms “expansion innovations”: new products that attract sales which add to a company’s existing revenues. TNS believes the goal of all product innovation should be to generate profit through attracting new customers or increasing the share of wallet among current users, as opposed to eating into revenue from existing products. TNS calls this “true growth”. Phil Sutcliffe, Managing Director IPD UK at TNS, said: “Too many businesses are spending huge amounts of money on quasi innovation that only convinces existing customers to swap within their range. The key to unlocking true growth is to focus on genuine innovations that will draw in brand new customers or lead to greater frequency of use by existing customers. “The rewards for those that get it right are phenomenal. Launching a successful “expansion” product, founded in genuine innovation, can rejuvenate a company’s fortunes and put it into a league of its own.” A recent example of an expansion innovation is McCain’s Jackets – one of the most successful launches of 2012 - which delivered significant sales that were highly incremental to the existing brand franchise. For more information regarding this article please visit: www.tnsglobal.com | @tns_global Follow Market Research World on Twitter or join in the conversation with our LinkedIn Group