

Dr. E.

line extensions + new products

1/25/93

objective produce a steady flow of superior differentiated products that consumers want

NPD process → claims → action standards → Technical assessment  
New Product Development → product development

most people buy claims — what distinguishes products is the claim or image — far more than performance

leaf example w/ vasoline — (leaf mechanism is plasticization)  
↳ for facial cream — not same mechanism  
? — "it doesn't matter" —

requirements

claims evaluation

• marketability, commercial opportunity

→ product requirement

- functional comparisons
- cost & price constraints
- performance standards

Product profile

- product dev. specification
- research dev. outline

Technical Review

- Technology available
- Technology not available
- ↳ program profile

make sure our product delivers on the claim  
validate:

- methodology of the test - how reproducible is it?
- terms we use to measure product performance
  - i.e. what does smoothness mean to us, what does it signify, etc?
- appropriateness of statistical applications applied to these tests
- the selection of methodology used to answer the question being asked (e.g., blind product testing should be a research tool only; delivering on concept is how marketing questions should be tested - Listerine example)
- the thresholds used to determine tests' "meaningfulness" (i.e. intent to purchase issues)

# TESTING

## blind product

advantages greater sensitivity  
& separation of  
parameters

(is this smooth than  
this (must be blind  
test))

## Testing against concept identified product

can address issue of  
meaningfulness &  
intent to purchase

~~XXXXXX~~

## disadvantages

a test win  $\neq$   
market win

halo effect covers  
differences

## affect

drives market to  
single product

drives to market  
differentiation

## utility

a research tool

does product re-enforce  
its concept

Carl Ehmman

Vision + OBJECTIVES FOR 1993

2/12/93

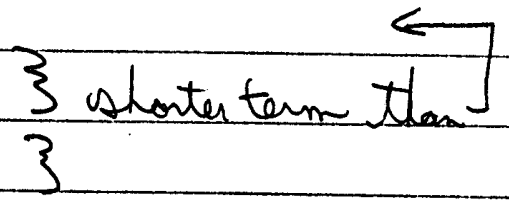
for products

1) what is the commercial endpt.?

Vision - image of the future

Mission - goals for the present

objectives - output for the present



RJR R&D Vision

We are the worlds tech. leaders in developing quality tobacco products

as such we

document benefits scientifically

1) understand our customers - their concerns + benefits of tobacco products

2) extend our science + test to new business + current business opportunities

3) <sup>RJR</sup> values results-driven employees

in pursuit of our vision, we will win in an environment of trust, collaboration, innovation + teamwork

2/12/93

### R&D Mission

To focus activities to assure <sup>our</sup> tech investments are placed against the issues facing our business

1) differentiating full price brands (find ways)

2) decrease cost of products + processes  
(even for lower cost products)

3) respond to the challenges raised by external affairs

4) provide a competitive advantage

### Objective

Produce a steady flow of superior differentiated products consumers will like

### R&D Major Programs

1) full price brand support

2) cost reduction

3) external issues

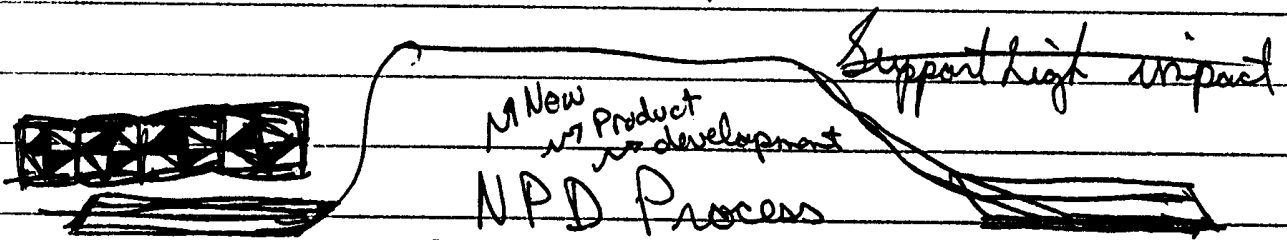
4) new business opportunities

over a  
95 million  
budget  
in R&D

strategic goals of company

support full price efforts

reduce overall cost

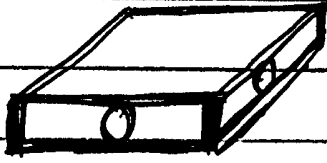


claims

action standards

technical Assessment

Product development



3% average part increase

→ 300

3% ~

