

Concept Screening Fundamentals

Developing a brand extension concept screening model

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Trademark licensing is often segmented into 'conventional licensing' and 'brand extension licensing'. Brand extension has become a major focus of many firms in the corporate trademark licensing business. It is reported that corporate trademark or brand related licensed products exceed \$18 billion in annual retail sales in the U.S. and Canada.

Unfortunately, few licensors have the resources required to simultaneously evaluate and develop multiple brand extension licensed product categories. Product concept screening can help the licensing firm to separate the winners from the losers.

Concept screening can save time and money

Today, many licensing firms use expensive research techniques that focus on consumer testing and/or market forecasting. Due to the cost and time requirements, not all new product concepts can be tested. The solution is to do a better job screening new product concepts before expensive consumer testing.

Concept screening is a formal or structured methodology for identifying and evaluating new product ideas or product concepts. The first step in evaluating and identifying viable product concepts is to conduct a "category due diligence". The due diligence process gathers information on the industry dynamics and competitive environment of the target product category. This information is then evaluated as part of the concept screen model.

Licensing firms can develop a simple concept screen model and quickly become more effective in identifying the strongest new product concepts. There are two popular models; the first consists of a concept screen test, and the second uses a weighted scoring system.

'Concept screen' method

The concept screen can be as simple as a checklist of criteria in the form, of questions that fall into two categories: "must-meet" and "should-meet" criteria.

Must-meet criteria are questions used to determine the viability of the opportunity. These criteria should be structured as closed-ended questions and are designed to provide go/no-go decision points.

Examples of must-meet criteria questions include: 'Does the licensed product reflect positively on the brand?' and, 'Does the licensee product have any health or safety issues?'

Should-meet criteria are often more specific. Examples of should-meet criteria include product varieties or flavors, consumer usage, seasonality and profit margins.

'Weighted scoring' method

The weighted scoring system is often used to evaluate and quantify a wide range of product concept criteria. Individual 'evaluation criteria' are scored and weighted to determine an overall concept score.

Typically, the criteria are assigned values from 0 – 10, reflecting low to high scores; each criteria is also assigned a weighting factor that reflects its relative importance. Since some variables are more important than others, they should be assigned a greater weighting in the overall score.

The total size of the product category, number of competitors, and promotional spending levels should all be included as criteria in the weighted scoring method.

An example of an 'evaluation criteria' might look like this:

The brand has been successfully extended into other product categories.

Score: (0 = no brand extensions; 10 = many successful brand extensions)

Weighting Factor: (0 = not important, 10 = very important)

The ultimate goal in developing must-meet/should-meet criteria or weighted scoring criteria is to evaluate variables that have the greatest influence in the success of the new product concept. These evaluation criteria can be determined in a number of ways, and often include a combination of quantitative and qualitative considerations.

You can develop evaluation criteria by answering some basic questions about your past licensed product successes and failures:

- What were the key drivers in the success of the licensed products?
- What things are common among the licensed product failures?
- What are the market dynamics of your successful licensed products?

Conclusions

Concept screening is a tool that can improve the evaluation and identification of the strongest new product concepts. Although there are several excellent new product concept screening models available, these methodologies do not include key dynamics or drivers that are fundamental to trademark licensing.

Last year, Goldmarks developed the Concept Mentor[®] system for the evaluation of conventional and brand extension licensed products. Three Concept Mentor software applications are available in an Excel-based application.

A simple concept screening model can greatly reduce the costly missteps and increase the speed in developing new licensed products. Concept Mentor is an example of a screening tool that can increase your licensing effectiveness and success rate.

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