– Middle-Stage Research/ Product Development –

Some of the techniques StrataMark employs to identify differentiating and motivating product or service features, which tend to be more appropriate for middle-stage product development research, include the following:

– Kano Analysis –

Kano modeling and analysis is helpful where product development objectives call for a better understanding of the importance and role of attributes comprising a product or service in order to enhance the overall design, marketing, and promotion.

This technique enables a clearer understanding of what product/service features are perceived by the marketplace to be truly innovative and engaging to help set it apart, in contrast to those features which are “non-enhancing” or have negligible impact.

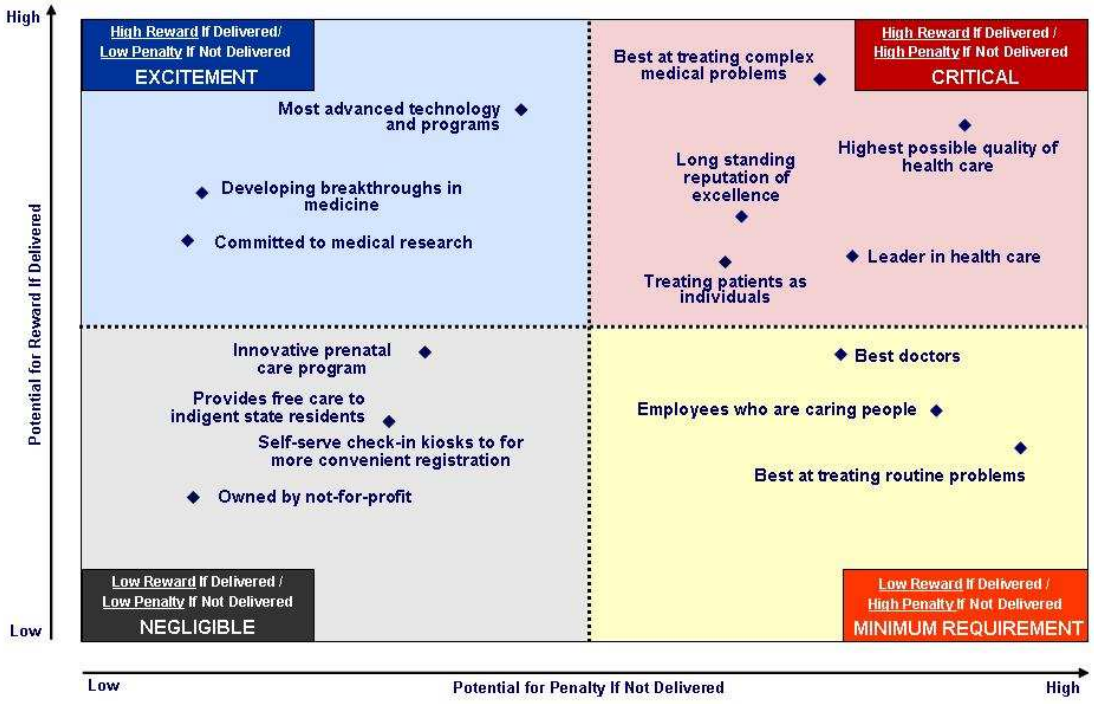
Kano is also an excellent choice when low brand/product awareness – which precludes consumers from being able to assess brand/product performance within a category – means that other methods of obtaining derived importance cannot be used.

Please see analysis reporting examples included in this document.

(Continue to Next Page)

Kano Analysis Summary Matrix

Major Regional Medical Center



NOTE: Fictional brand and data.

How Kano Classifies Attributes

- Direct questions are asked to assess and then classify product or service attributes with respect to the following taxonomy:

MINIMUM REQUIREMENT Attributes

Increasing the performance of these attributes provides diminishing returns in terms of satisfaction or appeal, however the absence of or poor performance on these attributes results in extreme dissatisfaction. A simple example of a Minimum Requirement attribute would be that a restaurant must be clean. (Also called "Must-Have" or "Basic" attributes).

CRITICAL Attributes

Attributes that increase or decrease satisfaction or appeal. These are linear in the sense that if the quality of performance on the attribute is improved, there is a proportionate *increase* in satisfaction, and likewise there is a proportional *decrease* in satisfaction as performance weakens. Examples of these are cell phone reception clarity or automobile fuel economy. (Also called "Linear", "One-Dimensional", or "Performance" attributes).

EXCITEMENT Attributes

Attributes that, when provided, generate disproportionately high levels of enthusiasm. Their absence however does not lead to dissatisfaction – it just fails to tip the scale in the favor of that particular product. An example of this might be a restaurant tucking fresh bread and a thank you note from the server into a customer's take-home container of leftovers. Kano asserts that consumers are more engaged when these "Excitement" features are present and satisfaction increases exponentially as their functionality increases. (Also called "Attractive" or "Bonus" attributes).

NEGLIGIBLE Attributes

Those attributes that consumers value least compared to all others examined; thus their fulfillment has no substantive impact on satisfaction. (Also called "Indifferent" attributes).

– MaxDiff Analysis –

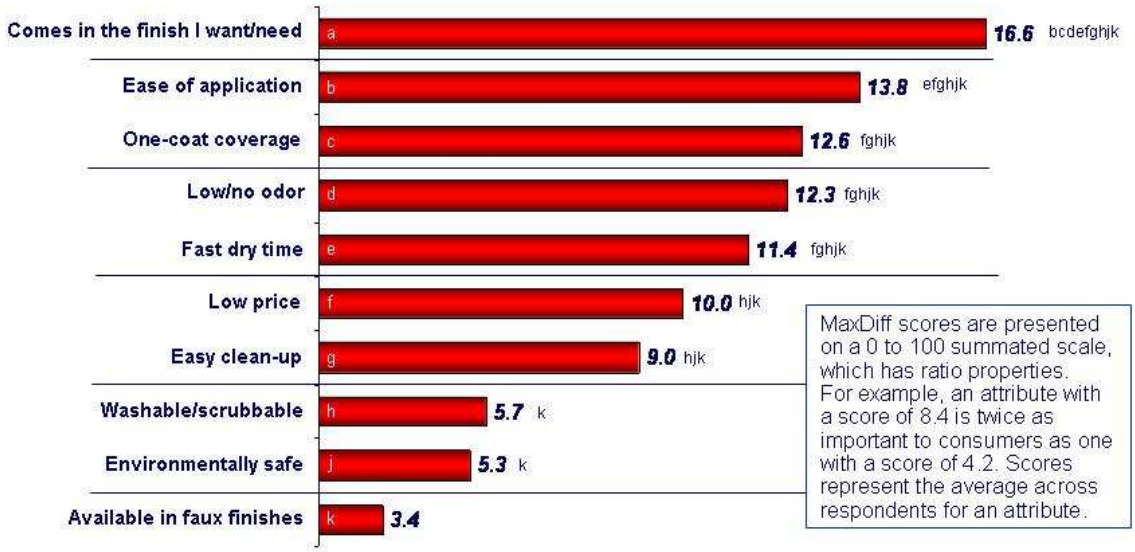
Maximum-Difference Scaling (MaxDiff) is a method of deriving attribute or feature importance in order to better understand and prioritize their role in development of products/services. MaxDiff employs a conjoint-like choice design and produces higher quality data than attribute ratings or ranking exercises.

The MaxDiff technique is robust, straightforward to apply, engaging to respondents and yields highly relevant, interpretable scores. As a result, in recent years MaxDiff has grown to become a widely accepted technique among those utilized to determine attribute importance.

Interior Paint Attribute Importance
(Choice-Based Derived)

ROSSO Premium Paints

Max-Diff Score*



MaxDiff scores are presented on a 0 to 100 summated scale, which has ratio properties. For example, an attribute with a score of 8.4 is twice as important to consumers as one with a score of 4.2. Scores represent the average across respondents for an attribute.

NOTE: A letter next to a score indicates it is significantly higher than the corresponding score at the 90% confidence level.

* Average number of points given in a 100-point allocation to indicate interest level in each concept.

NOTE: Fictional brand and data.

[Page 1 of 1]

– Conjoint Analysis –

Over the years, Conjoint Analysis has been a widely-used method for product or concept development. With traditional conjoint, sets of product configurations are presented to respondents, who rate each based on appeal or rank them in terms of preference.

Conjoint modeling determines the degree to which each attribute contributes to overall preference or appeal, and optimal levels within all features evaluated are identified. A market simulator is developed to allow "what-if" scenarios to be conducted in testing appeal for various product configurations being considered.

Importance of Attributes & Levels (Utilities*)

Total Category Shoppers

BigName Technology for the Future

In addition to importance of utility levels, overall importance for each attribute is shown here as well.

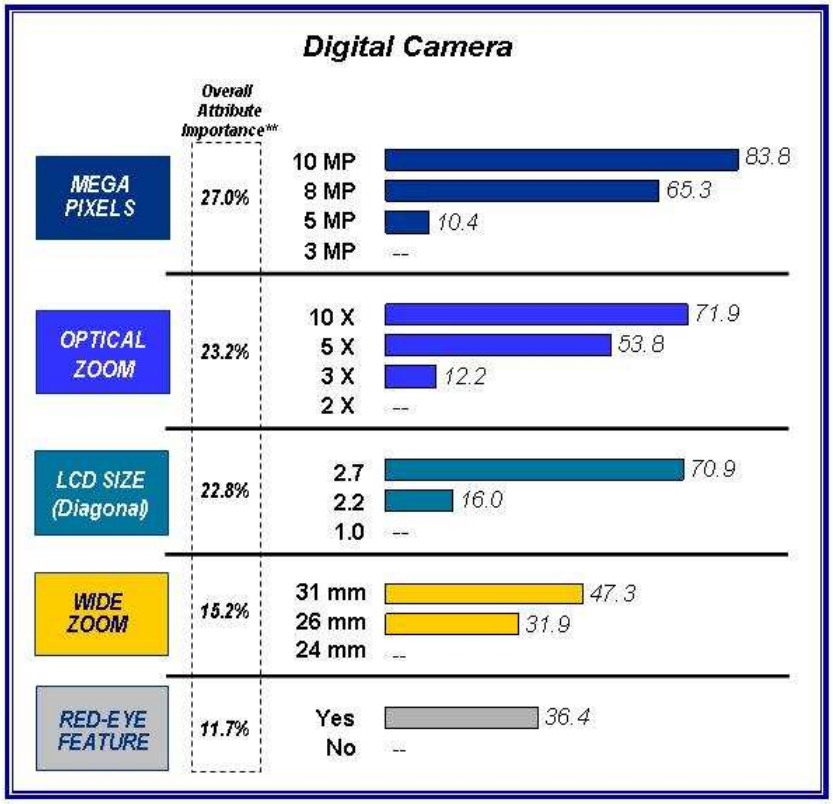
Regarding attribute importance overall, the pixels feature is the most important to category shoppers (27.0%), followed by optical zoom and LCD size which reside together on a tier just below. Red-eye has some appeal, but is least important among the five features studied.

Utility scores characterize the desirability of the various levels within any given attribute.* The higher the utility for a given level of an attribute, the more important that level is, relative to the other levels within that attribute.

Analyzing these results, practical thresholds are evident – pixels of 8MP or greater and optical zoom of 5X or greater.

There is also a particularly strong preference for an LCD size of 2.7, as compared to the smaller sizes evaluated.

Additionally, wide zoom of 26 mm and 31 mm are favored over 24 mm.



* Utilities have been scaled so that the least preferred level within each attribute is set to zero (--).
** Reflects relative importance of each attribute/ feature in choice of digital camera. More details on the calculation of attribute importance are provided in the appendix to this report.

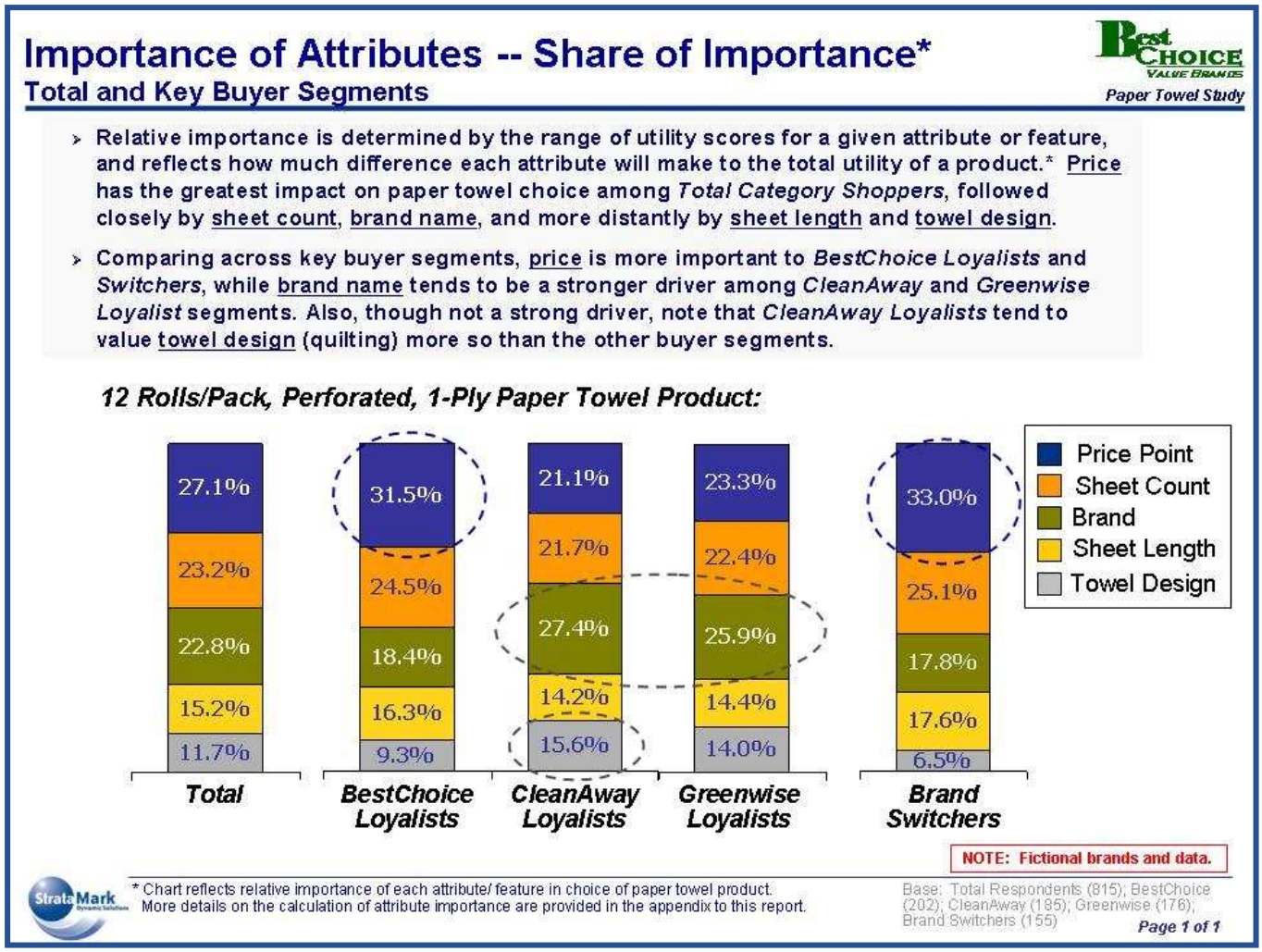
NOTE: Fictional brand and data.

[Page 1 of 1]

– Discrete Choice Modeling –

Discrete Choice presents consumers with choice tasks that are more similar to an actual purchase occasion. This approach is considered more realistic in that respondents are asked to select the product concept they would be most likely to buy among a set of alternatives presented to them (instead of rating or ranking).

An additional advantage of discrete choice is that it allows for more complex statistical modeling (e.g., interactions can be accommodated), resulting in a better representation of the data and the overall purchase dynamic for predicting outcomes.



Simulation Results – Share of Preference*

Optimal Product Configurations

Best Choice Value Brands — Paper Towel Study

- The simulator provided with this report is using conjoint utilities to gauge potential market appeal for product configurations. The conjoint utilities are estimated at the respondent level using Hierarchical Bayesian analysis, and each respondent's share of preference is assigned to the product configuration garnering that respondent's highest total utility. The model has been calibrated utilizing actual market share information and other external effects, as detailed in the appendix to this report.*
- This section of the report displays summary results for several requested simulations, though the simulator allows management to easily test any other desired product configurations within the parameters of the model. The requested simulations assume both the "future" new *CleanAway* and *Greenwise* configurations anticipated, and evaluate results with twelve different potential responses regarding "future" *BestChoice* product configurations.
- Of the twelve *BestChoice* profiles evaluated, the three shown below consistently rank in the top five across *Total Category Shoppers* and in each of the key buyer segments, with **BC#3** consistently achieving the highest share of preference among these three profiles:

Optimal *BestChoice* Configurations

	BC #3	BC #9	BC #7
Price	$12.39	$12.39	$12.99
Sheet Count	90	90	85
Sheet Length	14-inch	12.5-inch	12.5-inch
Towel Design	Not Quilted	Not Quilted	Quilted

An example of simulation results for Total Shoppers appears on the following page. Simulation results for key buyer segments are not shown in the example.

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* NOTE: Please see appendix to this report for details relating to the computation and calibration of simulated share results.

BC = BestChoice

NOTE: Fictional brands and data.

Simulation Results – Share of Preference

Total Category Shoppers -- *12 Rolls/Pack, Perforated, 1-Ply Paper Towel Product*

Best Choice Value Brands — Paper Towel Study

= *Top 5 BestChoice Outcomes Among Total Shoppers*

BC = BestChoice

	Future CleanAway	Future Greenwise	BestChoice OPTIONS: BC #1	BC #2	BC #3	BC #4	BC #5	BC #6
Price	$14.49	$13.49	$12.99	$12.79	$12.39	$12.39	$12.99	$12.99
Sheet Count	85	90	90	85	90	75	75	80
Sheet Length	14-inch	12.5-inch	14-inch	14-inch	14-inch	14-inch	14-inch	12.5-inch
Towel Design	Quilted	Not Quilted	Not Quilted	Not Quilted	Not Quilted	Not Quilted	Quilted	Quilted
BestChoice SHARE OF PREFERENCE >>			*23%*	*26%*	*35%*	*25%*	*21%*	*28%*
CleanAway SHARE OF PREFERENCE >>			*31%*	*28%*	*22%*	*29%*	*32%*	*26%*
Greenwise SHARE OF PREFERENCE >>			*46%*	*46%*	*43%*	*46%*	*47%*	*46%*

	Future CleanAway	Future Greenwise	BestChoice OPTIONS -- *continued*: BC #7	BC #8	BC #9	BC #10	BC #11	BC #12
Price	$13.99	$13.49	$12.99	$12.79	$12.39	$12.99	$12.99	$12.39
Sheet Count	85	90	85	95	90	95	90	85
Sheet Length	14-inch	12.5-inch	12.5-inch	12.5-inch	12.5-inch	11-inch	11-inch	11-inch
Towel Design	Quilted	Not Quilted	Quilted	Not Quilted	Not Quilted	Not Quilted	Quilted	Quilted
BestChoice SHARE OF PREFERENCE >>			*32%*	*28%*	*33%*	*19%*	*21%*	*22%*
CleanAway SHARE OF PREFERENCE >>			*22%*	*27%*	*22%*	*35%*	*33%*	*32%*
Greenwise SHARE OF PREFERENCE >>			*46%*	*45%*	*45%*	*46%*	*46%*	*46%*

Ranked in the top five across Total Shoppers and in each of the key buyer segments.

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NOTE: Please see appendix to this report for details relating to the computation and calibration of these simulated share results.

Base: Total Shoppers (815)

NOTE: Fictional brands and data.

END