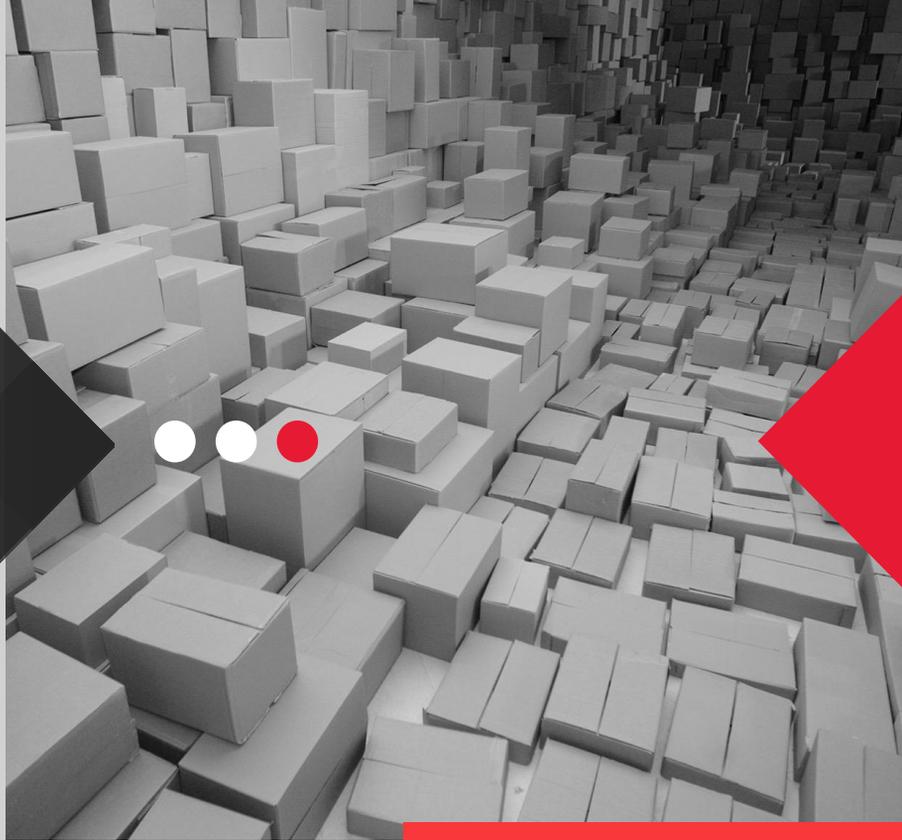




HOW TO USE MODERN MARKET RESEARCH TO FUEL SUCCESSFUL INNOVATION

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Each year, companies make massive investments in innovation—new product concepts, new technologies, new flavors and functions and colors and styles. But each year, as many as 90% of new products fail,¹ and 75% of new consumer packaged goods and retail products fail to generate sales of even \$7.5 million—far short of the \$50 million generally regarded to be the threshold of a successful launch.² The estimated dollar cost of these failures is in the hundreds of millions, and the impact on brand equity, customer loyalty and market share are profound.

So how do you increase your odds of success? Amid fierce competition to maintain and grow market share, how can you innovate the right things, the right way, at the right time? How can you be the next Crest White Strips, disrupting the oral hygiene market while creating an entirely new category of product, rather than the next Burger King Satisfries (Never heard of them? [Here's why](#)).

1. "Why Most Innovations Are Great Big Failures," Anne Fisher, *Fortune*, October 2014.
2. "Why Most Product Launches Fail," Joan Schneider and Julie Hall, *Harvard Business Review*, April 2011.

It helps to start at the beginning—with your customers. Simple, yes, but this step is surprisingly often overlooked. Rather than trying to guess and intuit and imagine what consumers want, smart companies ask them. Because when you listen to what they have to say, you can understand their needs and desires and give them the things they want, like laundry detergent scents that last longer (Downy In-wash Scent Booster), or a short-form social networking platform (Twitter).

Why don't more brands use research to drive innovation? It makes sense that better knowledge produces better solutions, but for many companies, cents trump sense. The miscalculation of cost vs value can lead brands to see research as a roadblock standing in the way of getting to market. Rather than getting it right the first time, they prefer to launch quickly and attempt to iterate their way to success. Why is that a problem? Let's look at the introduction of 3D TV back in 2009.



CASE STUDY: JUMPING AT A FALSE TREND



Inspired by the hype following the highly successful 3D film *Avatar*, TV manufacturers and major content providers invested heavily in technology—but not in research. Not wanting to miss their window of opportunity, the industry rushed to market as fast as possible, and then... nothing. Turns out, consumers loved 3D movies, but they didn't really want 3D TVs—and the annoying glasses—at home. Fast forward to the 2016 industry-leading Consumer Electronics Show, and the concept has essentially been declared dead, with top manufacturers Samsung and LG cutting the functionality from most of their products. Looking back, it's easy to see why 3D TV failed. What was missing? The consumer. What did the industry use instead? Assumptions.

Now, admittedly, the pace of innovation is faster than ever, and being first to market—or at least not last to market—is often critical. But what's even more critical is not getting on the innovation train and just going along for the ride. Listening to and partnering with your consumers is no longer an optional step in developing solutions that actually matter to your target audience.

USE THE INFORMATION YOU ALREADY HAVE (YES, YOU HAVE IT)

Research can seem rigid, time consuming and old-fashioned—surveys and discussion guides and metrics and sample. You may wonder, why, if I want to be innovative, should I rely on the same approaches I've always used? Well, the simple and somewhat glib answer is “they work.” It's true, but they're no longer the only game in town.

Today, we live in a digital world full of user-generated content. And while much of the chatter on social media is rightly dismissed as noise, consumers leave a wealth of qualitative and quantitative information online every day in the form of product and service reviews. Reviews are a goldmine of likes and dislikes, performance, value and unmet needs, but they are mostly used as a jumping off point for customer support, not innovation. From a brand perspective they function as more of a vehicle to fix what's wrong or simply engage at an individual level. While that utility is vital, it's important to think bigger and realize the macro opportunity to spot trends and unmet needs that are currently being left on the table.

Reviews can and should be leveraged for innovation, whether expanding into a new business line or market, or launching something new within your current category. Looking at the feedback around competing products or services can clearly indicate where the successes, failures and holes are, and consequently, where your opportunities lie.



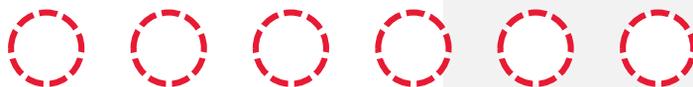
CASE STUDY: WHAT YOU GET FROM LISTENING CAREFULLY



A Fortune 500 company had amassed a great deal of product reviews, and knew that these customer stories contained valuable information. iModerate culled the reviews not only for their products, but for those of their top two competitors, to understand the main themes and trends within. The factors that influence the star rating given by the consumer were made clear, as was how ratings varied across products and brands. The company learned what consumers loved, hated, and yearned for when it came to these products; invaluable information from which to derive thought starters for innovation, messaging, customer experience, and more.

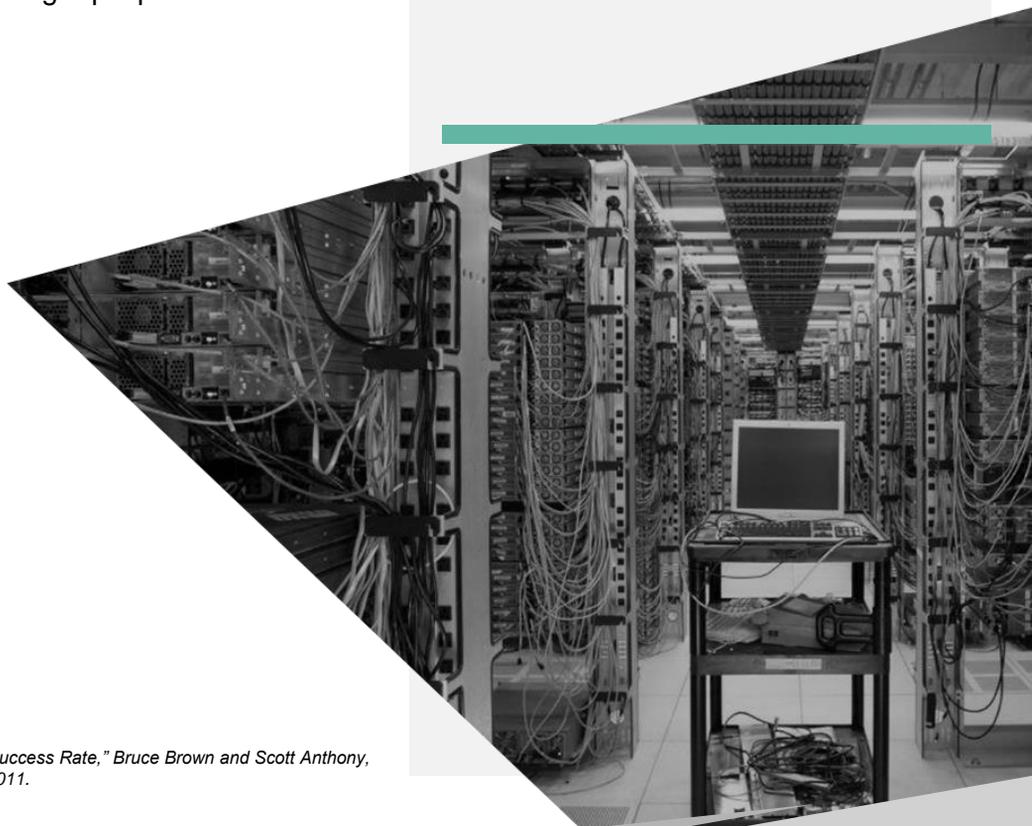
Using text analytics approaches, it's possible to analyze reviews to uncover insights around product usability, customer experience, use cases, features, brand perception, purchase rationalization and more. Your users are already willingly providing this insight, so why not put it to good use?

Looking at reviews to both spark innovation and tweak products along the way is a smart way for companies to leverage the assets they already have in order to hear what the consumer wants in their own words. While it's tempting to dive right in, pick some reviews and have at it, the organizations that derive meaningful learnings go about this in a deliberate, consistent and comprehensive manner. It's all there for the taking, but knowing how and what to take is vital.



“BIG DATA” ISN'T ENOUGH

In the age of big data, it's important to not confuse data with insight. As big data has matured, companies are drowning in data yet still struggling for consumer understanding. The missing link, of course, is the human aspect. One company that has struck a successful balance in this regard is Procter & Gamble. The global giant spends \$400 million each year in foundational consumer research to discover opportunities for innovation, conducting some 20,000 studies involving more than 5 million consumers in nearly 100 countries.³ And that doesn't even begin to count the millions of product reviews, social media comments, and other pieces of user-generated content that float around the internet discussing everything from diapers to detergent. What makes them successful is that they are not simply relying on data—they are actually talking to people.



3. "How P&G Tripled Its Innovation Success Rate," Bruce Brown and Scott Anthony, *Harvard Business Review*, June 2011.

There's no question that having access to that volume of information can be game-changing, but for the mere mortals among us, figuring out how to use it, how to interpret it, and how to convert the learnings into successful action can feel daunting. It's not hard to mine data and identify what people are talking about, complaining about, or happy with.

But figuring out the high frequency topics and challenges just points out the issues. It does nothing to get you to a solution. For that, you need a different approach. This brings us to a story about Vietnamese rice farmers.



CASE STUDY: WHAT WE CAN LEARN FROM VIETNAMESE RICE FARMERS



It's important to note that the tipping point here came when researchers decided to take a different lens to a recalcitrant problem. Rather than focusing on what the unhealthy people were doing wrong (which the data already told them), they tried to figure out what the healthy people were doing right. How did researchers do it? They asked them. They listened and observed and followed up, ultimately clarifying a complex problem and coming up with a simple solution.

The NGO Save the Children was struggling—and failing—to solve a widespread protein deficiency in this community. They knew the problem stemmed from the traditional low-protein diet, but their attempts at finding a solution didn't find traction until they decided to pay attention to the minority, or positive deviants, who were not protein deficient. By suspending assumptions, and having open conversations with these individuals, they learned that these healthier families were deviating from cultural norms and harvesting protein rich crabs, shrimp and snails that lived in the rice fields. These foods were previously considered taboo and presumed unhealthy—something that the quantitative metrics had not revealed.

Armed with this knowledge, Save the Children was able to educate the community to adopt the practice and significantly improved the nutritional health of over 60% of the children involved in the initial pilot program. The initial success led to behavioral and social change, and learnings were shared and implemented in hundreds of other communities (reaching 2.2 million people) shortly thereafter.⁴

4. "The Viet Nam Story," Narrated by Jerry Sternin, Positive Deviance Initiative



HOW TO ENGAGE WITH YOUR CONSUMERS

As illustrative as the above example may be, we get it. You are not just trying to solve a clearly defined problem like protein deficiency. You're trying to spur ideation, anticipate trends and innovate ahead of your competition.

The process of translating consumer needs and wants into an idea, and evolving that idea into a practical product is an art as well as a science. Simply answering point-in-time questions is not enough—successful research should follow a layered, multi-faceted approach to gain the emotional and holistic understanding that leads to meaningful innovation.

When applied throughout the process of idea generation, screening, concept testing, business analysis, prototype creation and test marketing, research keeps your output in tune with consumer needs. A steady cadence of testing throughout the product/solution development lifecycle – including validation of new features or aesthetic – could be the difference between finding the tipping point or falling off the cliff. Well-guided refinement early on can save enormous amounts of time, effort and rework down the road. The power of this approach is evident in the success of Abbott Laboratories over the course of their new product development cycle.



CASE STUDY: CREATING THE “PERFECT” PRODUCT



Companies like Abbott that believe in the correlation between quality research and successful innovation don't rely on assumptions, and they don't take any piece of the new product puzzle for granted. Not only do they have a process for getting feedback at every turn during the innovation lifecycle, they start well before an idea is even hatched through ongoing, consistent communication with consumers. While testing is a vital cog, it's those open, get-to-know-you conversations that shed light on lifestyles, needs, habits and trends that provide a starting point for great innovation.

Abbott Nutrition, maker of Similac infant formula, among other products, noted that new moms' behavior around breast feeding was evolving. To stay on top of that evolution and understand how to orient their own product development and messaging to align with current opinions—and to do so ahead of their competition—Abbott knew they had to engage their key audience and bring these moms to life at each stage of the process. Abbott worked with iModerate to conduct online one-on-one conversations with moms to develop an in-depth understanding of their emotions, motivations and needs, while also engaging with Health Care Providers to understand their views and how they were influencing the choices new moms made.

From idea to launch, this research initiative covered 10 months. Abbott blended quantitative and qualitative approaches in an iterative manner, allowing them to quickly leverage new findings and adjust on the fly. The resulting product, Similac for Supplementation, was first to market, achieved 113% of Abbott's targeted sales numbers, and drove incremental share across its other product offerings. The secret to their success was a well-conceived, efficient and flexible research approach that allowed them to incorporate consumer feedback without delaying their product development timeline.



PUTTING THIS APPROACH INTO PRACTICE

As you think about how to apply the ideas we're talking about into your business, remember, first things first. There are no shortcuts when it comes to listening to your consumers. Partnering is an immersive, ongoing investment in your audience. But done right, it gives you the opportunity to understand their habits, lifestyles, needs and wants to a degree that you can anticipate what they are going to want next. Look at your approach as a long-term investment, not a one-time project. As long as the audience is right, all feedback is good feedback, so keep your assumptions and beliefs in check and get in front of your customers so you can be open to their whole point of view.

After speaking with more than 200,000 consumers over the past decade, we have a pretty good idea of what works, when it works and why it works. Today, we most often recommend a blended research approach, leveraging different methodologies to achieve different things:



QUANTITATIVE RESEARCH

Is helpful to deliver overall reactions that can help with those early-stage concepts, as well as specific product-attribute feedback and competitive comparisons (think features, price, value). This data offers a great foundation for further development of your product or solution. Valuable market segmentation data can also be gleaned from quantitative results, which can quickly help you begin to scope the size and value of your opportunity.



QUALITATIVE FEEDBACK

Uncovers the deeper, richer insights that enable bold decisions, and ultimately innovative solutions. This is where we get to the all-important "why" behind all those quantitative data points, uncover unmet needs and gain an understanding of the motivations and points of inspiration that drive your buyers to "buy" whatever it is that you're selling.



USER-GENERATED CONTENT

Lets you leverage what consumers are saying to your face (ratings and reviews) and behind your back (social media). By identifying the most relevant data sources and partnering with an experienced text analytics expert, we can pull out key themes, make connections and derive inspired insights from information that is otherwise going unused.



WHAT'S NEXT?

Research moves fast. In 2014, Mary Meehan wrote in Forbes that market research “still looks mostly backwards and still mostly tracks in a linear fashion. It’s still taking snapshots of a single aspect of a market or an ecosystem, and barely examines larger, emergent patterns.”⁵ Perhaps that was true then, but two years later, that couldn’t be further from the truth. Now, research that’s done right and analyzed well can provide tremendous foresight. By blending methods and data sources, by immersing in an audience, by leveraging cutting edge analytics technologies and by dynamically iterating based on the research learnings, market research can be the differentiator between success and failure.

ABOUT IMODERATE

iModerate is a progressive insights agency that empowers clients to take decisive, proof-based action that evolves businesses and transforms brands. The company pairs powerful cognitive techniques with the latest research methods to help brands identify nuanced intelligence that revolutionizes their thinking and gives them an edge. In 12 years, iModerate has conducted over 200,000 conversations, analyzed vast amounts of consumer commentary, and helped over one-third of the Fortune 500 discover how consumers think about, characterize, experience, and discuss their brand.

WHAT INNOVATION
HURDLES CAN WE
HELP YOU CONQUER?

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5. “Flux: New Rules for Innovation and Growth,” Mary Meehan, Forbes, March 24, 2014.