

KANTAR MARKETPLACE

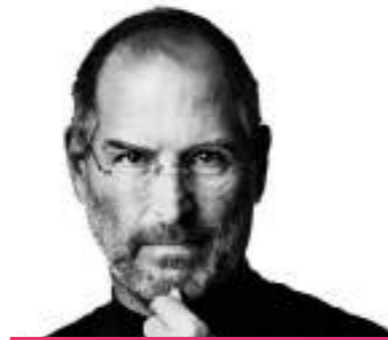
THE

POWER

OF

UNDERSTANDING

HOW TO SUPERCHARGE YOUR TECHNOLOGY  
INNOVATION WITH AGILE CONSUMER INSIGHT



**Steve Jobs** is one of the most recognised tech visionaries of our time.

Great man that he was, he wasn't infallible. Today, we remember his successful products, but Jobs was also responsible for many product failures<sup>1</sup>, including the Apple Lisa, the Puck Mouse, the Powermac G4 cube, the Rokr E1 (a predecessor of the iPhone created in conjunction with Motorola) and the first incarnation of Apple TV. Yes, these products were different, but few buyers found them meaningful.

<sup>1</sup>7 products Steve Jobs got wrong, CNBC News, August 2011



## People know what they want when they see it

In part, those failures originate from Jobs' singular reliance on his own intuition, combined with a misunderstanding of the role of market research in new product development. Jobs is reputed to have once said,

*People don't know what they want until you show it to them. That's why I never rely on market research.*

Many in the tech industry have been all too happy to take that statement at face value. And in doing so, they may have unwittingly cost the tech industry billions. People may not be able to imagine new products, but they certainly know whether they want something when it is shown to them. If Apple has had a few failures, the tech industry at large has had hundreds<sup>2</sup> and, in retrospect, many of them seem to lack a solid understanding of what people really want.

# The power of consumer understanding

**Katie Dill, Lyft's Vice President of Design, thinks most people misinterpret what Jobs really meant when he talked about the role of research in the innovation process. In an interview with Business Insider<sup>3</sup> she says,**

I agree with the sentiment that we can't just ask for what customers want; they don't always know how to articulate it. But I am a firm believer in the power of understanding our community. I'm a firm believer in the power of user research.

The real power of consumer understanding comes not from blindly accepting people's opinions, but instead deliberately investigating how people respond to an innovation across the course of its development journey. Rather than building the final product or service only to find people do not respond well to it, the right market research, deployed at the right time, can provide powerful guidance on how best to ensure your innovation's success.

## Advances in research enable deeper consumer understanding



Jobs' thinking about market research probably dates from about 25 years ago. In the intervening time, market research has undergone a dramatic transformation, thanks in part to advances in technology. Automated market research now means you can gain rapid insights on how people feel about your early ideas, concepts, packaging, and prototypes, often in less than a day.

Classic methods like surveys have been enhanced by advances in both behavioural science and neuroscience, allowing innovators a much more rounded understanding of how and why people respond to an innovation. Rather than relying on hindsight, innovators can now understand people's instinctive, "gut feeling" responses, the initial reaction that

is usually followed by their more considered, reflective response. The combination of the two responses gives far better insight into how people will respond in the real world.

These new developments mean that consumer insight can now function as an important input to guide tech innovation. And that is a good thing, because as many companies are discovering, uncertainty and risk are making meaningful innovation more challenging than ever. At a time when the world is abuzz with the transformative potential offered by the Metaverse, AI, Virtual Reality, 3D printing, drones and robots, innovators must also take account of consumer's shifting needs, wants, and desires post-pandemic, while at the same time navigating economic uncertainty, inflation, sustainability demands and more.

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## Learning throughout the development journey



Few tech developers would argue with the need for extensive gathering of user requirements before a development project starts. Unless you know what problem, you are trying to solve, it will be impossible to design a solution. However, the value of understanding does not need to stop when development begins. The challenge is that even when an innovation project is rooted in a real consumer need, it is all too easy for technical and budgetary requirements to cause a project to miss its mark. Checking how people respond to key developments

can help identify when a Minimum Viable Product risks becoming unviable. Early on in development, the stimulus for research might be a set of ideas, designs, sounds, or benefits. Later, it might be a selection of prototypes, icons, or pricing and subscription options. Without this feedback, there is always the risk that the development team does not know what it doesn't know. Successfully bringing an innovation to market demands speed, passion, and belief in one's own capabilities, but when the wrong assumptions get baked into a project, that innovation will likely end up dead on arrival.

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## Successful innovation must be meaningfully different

### Kantar's Meaningfully Different framework for measuring brand equity identifies two fundamental requirements for any successful brand.

First, the brand must be perceived as meaningful: in addition to being relevant to a person's needs it must also be liked. Second, the brand must be seen as different from its competition: either because it is perceived as unique or is seen to be setting the trends for its product category. For any tech innovation to succeed, people must see it as offering something meaningfully different<sup>4</sup> enough to motivate a purchase. HP's Touchpad for example failed quickly because it failed to differentiate itself from the iPad in a way that people found meaningful.

Unfortunately, it's unlikely that the development team can anticipate whether their innovation will prove to be meaningful and different unless they have a deep understanding of what people really value. Further, as a technology or product category matures, it becomes ever more challenging

to find ways to meaningfully differentiate, no matter how much is spent on innovation. Consider the example of smartphones. Gone are the days of annual, "must have" upgrades. As a result, the average purchase cycle has lengthened from 18 months ten years ago to 31 months, and people now prioritise longevity and value for money over radical new features that offer little perceived benefit. A case in point is foldable smart phones, the adoption of which remains very low years after they were first launched.

Whatever the product or service category, people are going to resist upgrading or purchasing new technologies until there is something that they perceive as more meaningful and different. Therefore, it is important to assess the potential for a concept, product, or service to drive meaningful difference for your brand, particularly when innovating on behalf of established brands.

# Real agility demands consumer insight

**Kantar Marketplace provides end to end support throughout your innovation development process.**

### **Find the best ideas**

**Idea eValuate:**  
Quickly shortlist the best ideas in as few as six hours to take forward to concept development.

### **Optimise winning concepts**

**Concept eValuate:**  
Identify winning concepts and optimise their incremental growth potential in as few as 24 hours.

### **Identify stand out packaging**

**Pack eValuate:**  
Prime your pack for success and make sure it stands out on shelf, at speed.

Bear in mind, however, there is no one-size-fits-all solution when it comes to using insight to guide innovation development. It is important to identify when user insight might provide useful guidance and, if so, which approach is most likely

to surface the required information. This is why expert advice can be important. Based on our experience of working with some of the largest technology companies in the world, here are five principles that will help ensure the successful outcome of any innovation project.

The tech industry has long prided itself on its speed and agility.

Mark Zuckerberg famously encouraged his team to "move fast and break things," but when speed is placed above iterative, data-driven agility, what often gets broken is the innovation itself. The acid test of any technology innovation – be it a product or service – is whether the intended user readily appreciates its benefits.

And the only way to ensure that outcome is to obtain user feedback throughout the development process. Getting end-user insight is now faster than ever, thanks to technology that make it easy to get useful feedback from future users. A wide range of solutions are available that allow developers easy access to insight throughout the innovation process, from initial idea to final product. Importantly, when you choose the right tool, market research best practice is embedded, and new techniques borrowed from neuroscience and behavioural economics make the findings more discriminating.

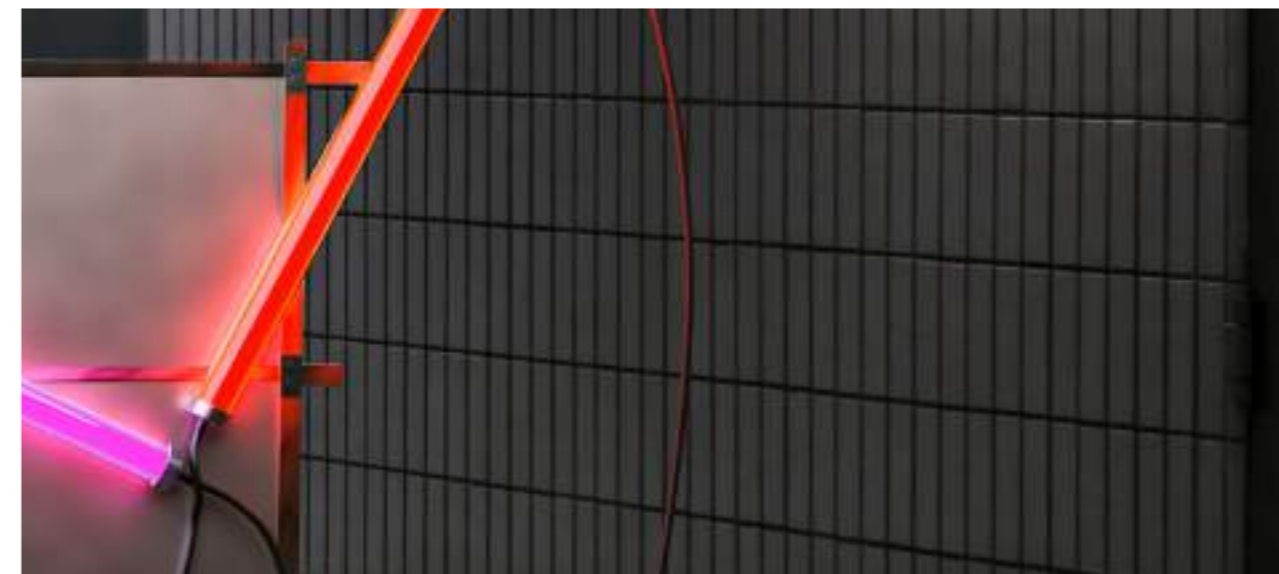
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## **PRINCIPLES OF DESIGNING MORE MEANINGFULLY DIFFERENT TECHNOLOGIES**



# 1 Build from strong insight foundations



Many companies test their innovations in the lab, observing how people interact with the innovation, be it a product, software, or an app. Observation can be very useful, but it is not the only way to gather feedback. For a start, it can be immensely helpful to get insight on ideas and concepts before something reaches the point at which it can be tested with users in a lab. The development of any technology product or service is an iterative journey, but often the response of the most important person – the end user – is left until late in the process.

Using today's sophisticated and speedy research tools, innovators can now make the whole journey more user-centric, bringing in customer responses when needed to help guide the early development process.

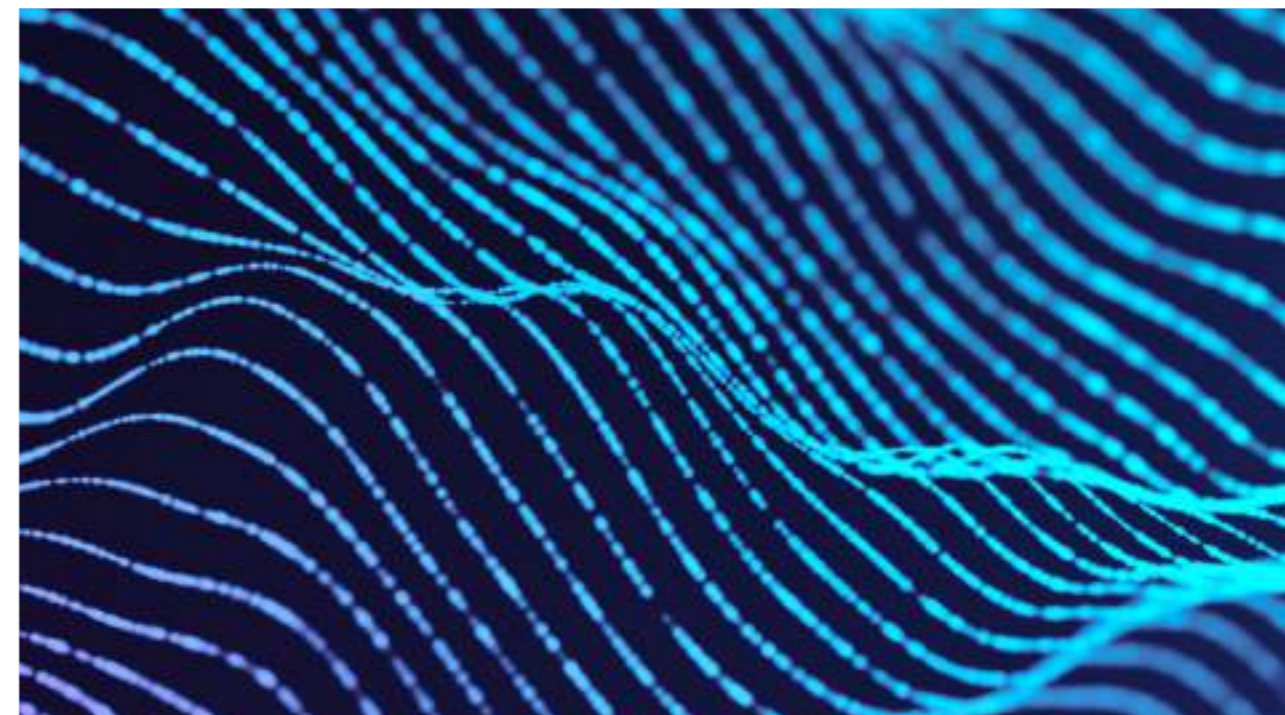
By confirming the potential, identifying blind spots, and anticipating likely in-market responses innovators can invest their energy, time, and money into the projects with the best chance of success.

Perhaps one of the most important things to understand is whether your innovation project offers real potential from the start. Juicero, a start-up selling a high tech, Wi-Fi enabled, fresh-squeezed juice machine, raised \$120 million in funding, but rapidly went out of business when people learned that the \$499 machine wouldn't let you squeeze juice from whole fresh fruit, and that the juice packs sold by the company could easily be squeezed by hand with a similar outcome. Ultimately, the product was a very expensive, high-friction solution to a non-existent problem<sup>5</sup>.

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<sup>5</sup> Juicero: A story of startup failure. Medium, August 2021

## 2 Ensure your innovation fits your brand



Innovating for an established brand must take existing consumer perceptions into account. Just because a product solves a real need does not mean it is a good fit for a specific brand. Does the proposed innovation fit with what people expect of the brand<sup>6</sup>? Does it build on existing perceived positives? Does it make good on perceived negatives or exacerbate them?

Unfortunately, coming as it did eight months after the Cambridge Analytica scandal, the launch of Facebook Portal got off to a bad start from which it never really recovered. No matter the benefits of the new, stand-alone video chatting device<sup>7</sup>, and despite a temporary reprieve thanks to the popularity of video calls during the pandemic, the Portal was

discontinued in November of 2022. Innovators must also consider how well an innovation will support future sales and brand equity growth. However, innovation does not necessarily need to be high profile, even small changes can have important ramifications.

For instance, wishing to expand its associations beyond its core functionality, one Kantar client wanted to introduce a new icon to its app. Using a methodology inspired by behavioural science, Kantar's Idea eValue quickly identified that the new icon performed well but flagged that it might be unsettling for some users until they became more familiar with it. The research offered clear guidance on how the switch to the new icon could be facilitated by using it alongside existing, well-known, brand assets.

*Just because a product solves a real need does not mean it is a good fit for a specific brand.*

<sup>6</sup> When Innovative Design Works Against You, Fast company, March 2016

<sup>7</sup> The Facebook Portal Died. This Is How It Almost Lived, Buzz Feed News, January 2023

# 3

## Take account of instincts not just reflective responses



When assessing the potential of different innovation ideas or options, it is important to be able to distinguish between people's intuitive and deliberative response. People can sometimes "talk" themselves into believing something is a good idea, even when it is not that personally relevant to them. By contrast, a solution that triggers an intuitive, positive response indicates something that resonates at a deeper level. The innovations that have the most potential elicit both a strong, positive intuitive and deliberative response. We see the power of insights enriched by intuitive response time and again in our work with technology clients.

When a multinational client wanted to assess the potential of various smart, home lighting solutions they used Idea eValue early in the innovation process to quickly identify the ones with the most potential for further development. The combination of fast, intuitive feedback and more considered responses helped identify the solutions with the most potential. Respondent comments helped explain why people responded more strongly to some ideas than others. The findings from this research allowed the client to shortlist and iteratively refine potential solutions for further development, confident that those chosen were most likely to succeed in market. Ultimately this allowed the brand to create a product that they felt assured was demonstrably better than the competition.

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# 4 Pay attention to likely early adopters



On occasion, it is possible that a negative response from the mainstream of consumers hides the potential for a successful innovation. Even the lightbulb was initially dismissed as an innovation unworthy of serious attention in some quarters<sup>8</sup>. In the case of the lightbulb, Edison's persistence quite evidently proved the naysayers wrong – but that is not always the case. To solve this problem, it is helpful to be able to identify those people who exhibit higher receptivity to an innovation, understand what they find appealing, and then seek to build on those attributes to create broader appeal. In work conducted with a client in China, research showed that

potential early adopters of the Metaverse had positive responses to concepts related to multi-player gaming and virtual shopping. The finding suggests these use cases might offer more immediate potential for development. Most people were simply too ill-informed on what the Metaverse was for them to give useful feedback. However, by focusing in on potential early adopters – those most interested in the idea – we were able to identify the ideas with the most potential; ideas that could serve as entry points to the Metaverse and eventually help broaden its appeal. In this way, identifying and learning from early adopters can give brands a critical competitive edge when developing disruptive innovations.

*It is helpful to be able to identify those people who exhibit higher receptivity to an innovation, understand what they find appealing, and then seek to build on those attributes to create broader appeal.*

<sup>8</sup> 7 world-changing inventions that were ridiculed when they came out, Insider, August 2016

# 5 Build toward an acceptable launch price



The right price is critical to the success of a new product or service. The history of technology innovation is littered with products and services that failed to justify their price point at launch, from Intel's Ultrabook which proved too expensive<sup>9</sup> for PC buyers to the Tata Nano car which failed<sup>10</sup> to justify its very affordable price of \$2,500. The problem can often arise when a brand expands and diversifies into new sectors. Many homes with solar arrays choose an in-home battery backup to store power for when the sun goes down or the grid goes out. However, as Mercedes-Benz discovered when it launched its Energy

Storage Home in the US in 2017, the price must be right. Competing against the Tesla Powerwall, the Mercedes product was over-engineered but underpowered and therefore failed to justify its price point to consumers despite its famous brand name<sup>11</sup>. For an innovation to prove successful in-market, innovators must create the right mix of functionality, design, and brand to justify the price asked at launch. That does not necessarily mean taking the Ikea approach, where the products are designed to meet specific price points, but it does mean checking on people's willingness to pay the likely price as an innovation project progresses.

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<sup>9</sup> Intel's Ultrabooks: Fail or To Be Determined?, Forbes, August 2012

<sup>10</sup> Learning from Tata's Nano Mistakes, Harvard Business Review, January 2011

<sup>11</sup> Mercedes-Benz Exits Home Battery Market, Green Tech Media, April 2018

# It is time to rethink the role of research in technology development

Innovation is critical to the success of any company, but it is the lifeblood of every technology product and service. Given the uncertainty facing innovators today, companies must explore every option for competitive advantage, and that includes abandoning the myths about the value of market research. People do know what they want when they see it, provided it is correctly presented to them. Ideas, concepts, designs, prototypes, and price points can all be researched

with the people that matter the most, the ones that will have to spend their hard-earned money. The more meaningful and different an innovation is perceived to be by the potential end-user, the more likely it is to drive demand and justify the price asked. So, maybe it is time to rethink your approach to market research. Thanks to advances in technology, behavioural science, and neuroscience, getting useful consumer insight is fast and no longer relies solely on asking users what they think.

*New tech-enabled research platforms like Kantar Marketplace bring the power of consumer understanding to guide the technology innovation journey and help improve the probability of in-market success.*

**KANTAR** MARKETPLACE

Ready to kick-start  
your innovation  
process?

Request a demo of Kantar Marketplace today  
and see what it can do for your business.

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