

Leading Thoughts

Thought-provoking articles from TNS Consumer Edition 2. Summer 2008

Leading Thoughts are a series of articles designed to highlight hot FMCG industry topics, written and researched by our international team of experts at TNS Consumer. For more information about TNS Consumer visit our new website: www.tnsglobal.com/consumer

Are you frightened of failure?

Challenging the way we tackle innovation

DAVID SOULSBY is the Global Head of Product Development and Innovation at TNS. He has 25 years' experience of working on over 250 new product launches – and filtered out many more ideas which thankfully never made it to the supermarket shelves.

David Soulsby,
Global Head of
Product Development
and Innovation



Innovation isn't easy. That said, I am continually frustrated by the high levels of in-market failure. Driven by a determination to help companies improve the way they do their NPD, I've created an Innovation Checklist based on six powerful questions that promote an entirely different

way of thinking. I haven't met a client yet who can satisfactorily answer all six questions about the way they go about innovation.

Balancing safe and breakthrough innovation

From recent discussions, very few people involved in the industry feel they have the right balance in their innovation pipeline between safe and 'breakthrough' innovation. I'm going to

concentrate on one question: 'Are you frightened of failure?' My concern is that in many companies innovation has become too safe because they are frightened of failure. This fear manifests itself in two ways. First, a corporate fear, based on the watchful eye of the City on the innovation pipeline. In this climate of scrutiny, it's more common to see tweaks to the existing marketplace rather than real

continued >



the sixth sense of business™



product innovation. In a recent analysis of new product introductions in the US, only 5% were deemed to be truly innovative.¹

Following on from this, there's the inevitable human fear factor: do I want to be seen as a manager of innovations that do not make it to market? Some companies reward their people on the number of products launched, rather than the actual success of the products, so it isn't surprising they end up with lots of safe innovation.

Looking for more sophisticated research

In NPD, most companies follow a tried and tested process. The popular 'stage-gate' approach puts up a set of criteria that any new product has to meet to get through

each gate, stage by stage. And market research often provides the information at each gate that allows it through.

So success in innovation is heavily dependent on how you research it.



I believe the market research industry must shoulder some of the blame for the high failure rate.

Are we sticking slavishly with old ways or are we in tune with contemporary issues, embracing how the purchasing dynamic has changed?

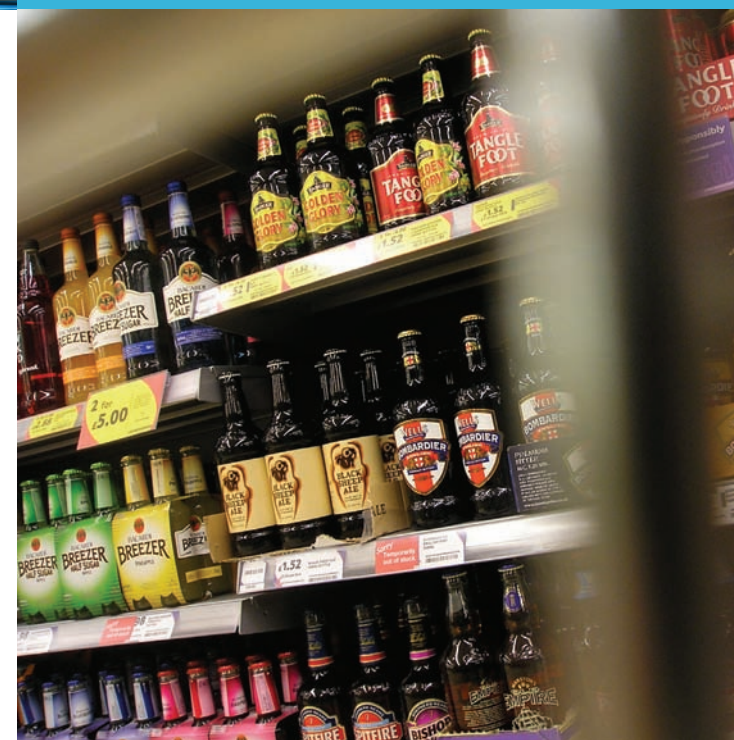
In concept screening, I know that clients are worried about killing ideas, where research reveals that the product shows a high level of uniqueness but

purchasing intention is low. They worry that tomorrow's great ideas will be canned because today's audience didn't understand them. And they are right to be wary, because current testing systems are not sympathetic to many of these ideas.

Asking the right people the right questions

To overcome this shortcoming, clients need more sophisticated research that cuts to the chase. We're too democratic in the NPD arena. In evaluative research we take everybody's views and just aggregate the data. This is going to have to change. It's something we've taken on board at TNS by identifying category-specific 'Future Shapers', those leading consumers who drive change in markets and future business growth. These people are deeply involved in the category.

continued >



They'll ask a lot of questions, but they'll recommend the brand. Advocates. Ambassadors. As such they are far more relevant than 'early adopters'.

Listening to the Future Shapers

By giving a disproportionate weight to the views of these leading consumers, we can help you weave along a tricky path.

A classic example is seen in the development of a new soft drink brand in Australasia. In trying to enter the highly competitive market place, our client deliberately avoided the trap of mimicking the long-time category leader and instead consulted Future

Shapers in a co-creation exercise to identify a more disruptive approach. This led to the idea of an 'adults only' soft drink which was developed and tested. It fell short of normal action standards in a quantitative test but was saved by its obvious appeal to those at the leading edge of the market. It was subsequently launched and achieved an almost instant 'cult' status before finding its way into the repertoire of mainstream consumers and carving out a very worthwhile share of the market.

So don't allow fear of failure to drive you towards safe innovation. Use a tool which

is sensitive to breakthrough innovation and you may have your hands on the next big thing. In the meantime, I'll leave you with my favourite Woody Allen quote:



If you're not failing every now and again, it's a sign you're not doing anything very innovative."



the sixth sense of business™

Interested in exploring the Innovation Checklist?
Please contact David Soulsby (david.soulsby@tns-global.com)
or your local TNS contact

