KANTAR

CONNECTED INNOVATION

A guide to **innovating differently**

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Overview

We know some brands are often challenged with **how** to innovate in the right way. By combining our powerful attitudinal and behavioural data sets (Kantar BrandZ, Kantar Marketplace database and Kantar Worldpanel shopper data) with our experience working with some of the most innovative companies in the world, we can understand better than anyone else how best to innovate.

This new resource provides guidance on how to **innovate differently to drive growth, in a connected way** by putting **meaningful difference** at the heart of your strategy. You will learn how impactful it is to build your innovation strategy from **strong brand foundations and how to step into new spaces**, so you can then examine how best to use **advertising** to unlock the potential of your launch through the focus on meaningful difference.



Discover the importance of customer experience and recognise the ways in which innovation can step change how people experience your brand. We also demonstrate how connected innovators don't launch and leave but launch and nurture, remaining curious and focused on their innovation and brand experience in market; always looking for opportunities to learn and pivot. We finish by supporting you to use Generative AI and AI to unlock new connections for innovation whilst making sure you keep human insights in the process. You'll learn how meaningful difference ensures your innovation strategy remains focused as you harness the power of these amazing capabilities.

> *This guide is designed to give you the confidence and evidence to act differently and equip you with the ability to create an innovation strategy that puts meaningful difference front and centre in your journey to shape your brand future.*

Why Connected Innovation?

The most successful innovators don't work in a siloed way when thinking about innovation.

Kantar BrandZ data shows us that brands who get the elements of innovation, creativity and experience right have the highest level of brand equity.

Kantar BrandZ analysis of the drivers of brand equity across over 11,000 brands identified four fundamentals responsible for 70% of Demand Power

70%

of equity is getting the basics right - vital to achieve at least parity with competitors.

Source: Kantar BrandZ

EXPOSURE
Great advertising with memorable messages.

CONVENIENCE
Fit well into consumers' everyday lives.



FUNCTION
A range of well-designed products and services.

EXPERIENCE
Superior experience across all branded touchpoints.

This means that innovators must consider not only the way they must work cross-functionally to deliver the optimum innovation, but also that they must think in a more connected way from the outset about the product and service, the creative and the experience as part of the innovation process.

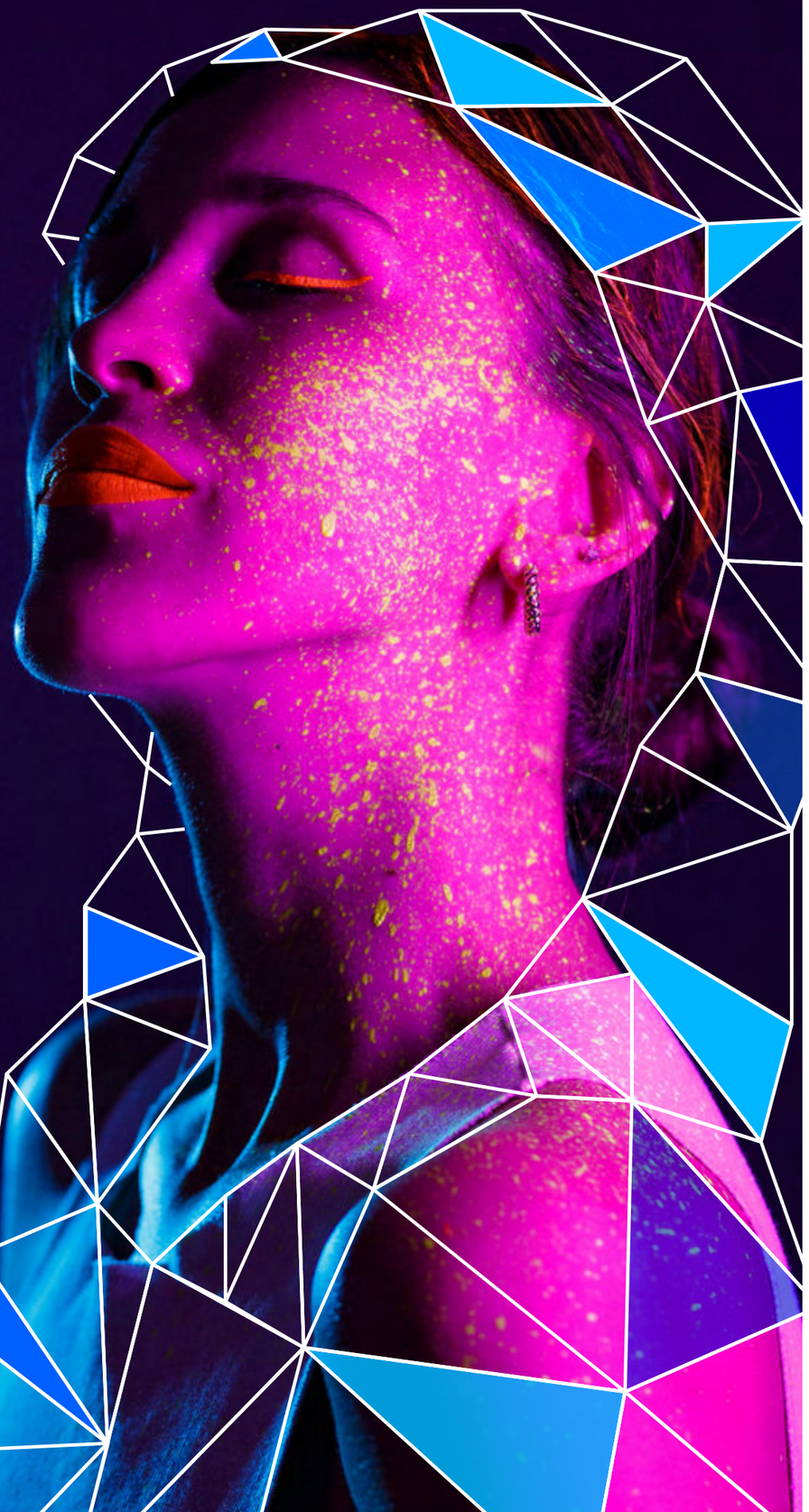
This ensures the innovations are built from strong brand foundations, have strong execution in market and deliver the right experience.

This idea of connection is at the core of our innovation guidance in this booklet, and the key to achieving this connection is to strive for meaningful difference. It will be your North Star guiding you along your innovation path.



Dr. Nicki Morley
Head of Behavioural Science & Innovation Expertise, Kantar Insights, UK

Drive brand growth with connected innovation



Brands perceived to be meaningfully different and demonstrate innovative behaviours grow at double the rate of those that are meaningfully different alone.

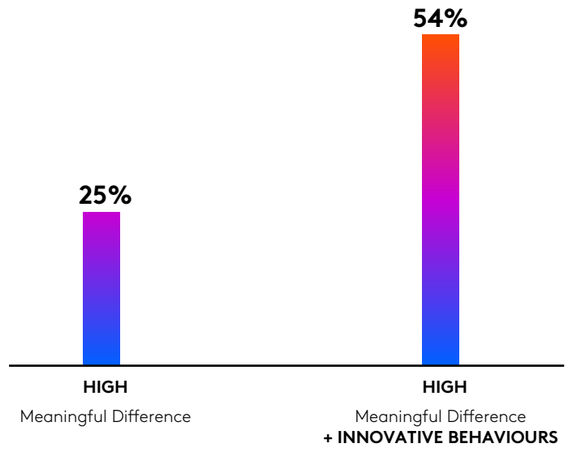
Based on our experience working with some of the biggest and most innovative companies in the world, here are some takeaways for brand owners on how to align a brand's innovation agenda around its meaningful difference and across the entire brand experience.

1 Innovation is the rocket fuel for differentiation

Just as a rocket needs enough fuel to achieve orbit, a brand requires innovation to help it be perceived as meaningfully different and grow at breakthrough rates.

Brands perceived to be meaningfully different and demonstrate innovative behaviours grew at double the rate of those that are meaningfully different alone.

Brand Value Growth



Source: Kantar BrandZ. 138 brands valued in 2019 and 2023.
Innovative behaviours: Shaking things up/and/or well-designed products

To grow faster, brands must innovate to build and sustain their meaningful difference. Perceived differentiation is important because it helps people justify paying the price asked.

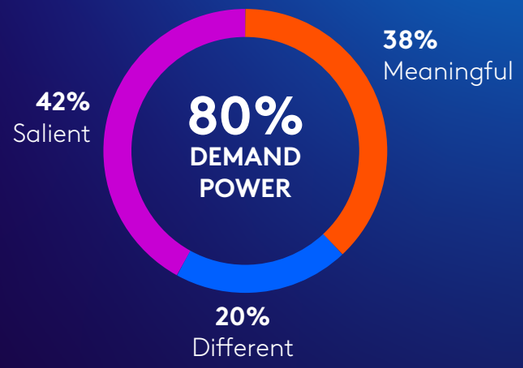
2 Innovation must help build ‘excess’ differentiation

Most breakthrough brands have excess perceived difference, more than can be explained by brand size alone, indicating that the brand’s difference is perceived beyond its existing user base. Analysis by the **Saïd School of Business at Oxford University** finds that perceived differentiation is the most important predictor of abnormal market returns (the returns that cannot be explained by standard financial models). This means that not only does difference set a brand apart from competition, it also positions the brand for growth.

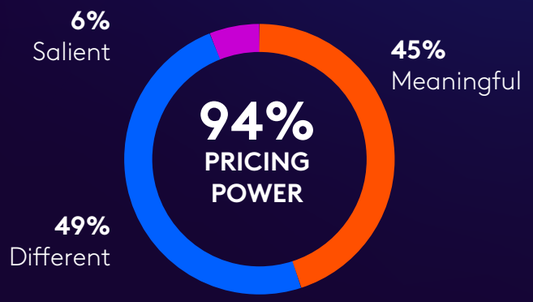
> *In other words, perceived differentiation supercharges profitability.*

Innovation driven difference can therefore be used to set a brand apart from the competition and drive breakthrough growth, particularly when a brand has excess differentiation that makes it stand out. However, we have all come across new product launches from well-known brands that just don’t make sense, leaving customers non-plussed, unimpressed or at worst disappointed. The failure of new products like these highlights that difference alone is not enough for success.

Meaningful **Salience** drives **volume and share**



Meaningful **Difference** drives **value: Pricing Power**



Source: Kantar BrandZ

3 Meaningful difference, the remedy to disconnected difference

Successful innovation starts with what the brand stands for, what people already know and expect of it, but it truly shines when it is done meaningfully, meeting the needs of a brand’s target audience effectively. Using Kantar BrandZ data we see this coming to life.

While meaning and salience drive volume sales, it’s how meaningful and different a brand can be that will drive pricing power. Making you worth paying more for because you meet the needs of your target audience in a unique way that only your brand can.

This therefore shows that while difference can enable you to break through, doing it meaningfully will enable you to be chosen at the right price, driving greater margin returns. Innovation therefore plays a vital role in connecting the two, enabling brands to evolve with the times whilst remaining familiar and true to their origins.



4 Innovate across the whole brand experience

Before we go further, it is important to recognise that innovation is not just about functional product benefits, it applies to any aspect of the brand that has the potential to differentiate and add meaning. Selman Careaga, president of the global **Coca-Cola** category puts it this way,

> *"I think when talking about innovation sometimes people tend to use the word [innovate] as in product, packaging and formula. I think the way we see it is how we can create a different set of experiences of how people interact with Coke. For us #1 is really start with people first and how they experience Coke."*

Innovation must help add value to a brand for its customers and consumers, and so add value to the brand by helping people choose it over alternatives and making them willing to pay the price asked.

Coca-Cola's dedication to innovation in all its different forms made the brand one of the most innovative brands in Kantar's Outstanding Innovation Awards 2023.

5 Innovating for difference starts with the brand

Brands like McDonald's and Baileys understand the need to find a compelling positioning and stay true to it in innovation and advertising. By doing so, they refresh and extend the brand's offering.

CASE STUDIES

McDonald's

Over the years, McDonald's has innovated across its entire business whilst keeping its 'good food fast at a good price' positioning front and centre. Whether it is meeting an evolving trend with plant-based burgers, a new occasion with McCafé, a new route to market with McDelivery, or leveraging the power of digital and AI for faster service, **the brand has stayed true to its promise of providing food fast and at a good price, building a self-reinforcing cycle of expectations and experience.** As a result, McDonald's has remained one of the most valuable brands in Kantar BrandZ, holding its own against the tech giants like Amazon, Google, and Apple.



Baileys

Similarly, Baileys has developed a portfolio of products all based around the pursuit of pleasure. **Baileys is now the world's best-selling liquor brand and new variants Apple Pie, Deliciously Light, and Colada are reported to have driven a 31 percent net sales volume increase between July 2020 and June 2021**. Mapping these innovations and their assets onto our Kantar NeedScope Framework we found consistency of positioning shines through. Further proving the importance of building from strong brand foundations when innovating.



6 Consumer insight unlocks the power of differentiation

Remember, it is "excess" difference that is a leading indicator of growth potential. **Brands must innovate in ways that build value not just for existing users but also extend their relevance and appeal to new buyers, while still aligning with what the brand stands for**. So, the challenge is to identify something new in customer needs that will enable a brand to expand its ability to differentiate with meaning.

This is where consumer insight can be hugely valuable. Knowing what consumers think of your brand – current users and potential new ones – allows you to understand the who, what, why, and where of your innovation.

> *To empower successful innovation, an insight must offer a new understanding of how the brand experience might add value to people's lives in a way that is different and likely to be meaningful.*



However, as Sara Bennison, Chief Product & Marketing Officer, Nationwide Building Society, notes, to be successful, how that insight is used matters. She says,

> *"If you just follow what the consumer research and the UX testing tells you about how to create a good digital journey, you'll create a really good, efficient one that is absolutely identical to your competitors'. But as the brand person in the room you should then go, okay, which bits are fine to be just like everyone else? And which bits have to be different?"*

Innovating with meaningful difference. Innovation is hugely challenging, but also hugely important. If innovation is to deliver on its full potential, it must be aligned with what the brand stands for in people's minds.

Successful innovation requires more than identifying an unmet need, it requires understanding all the ways in which the consumer to brand relationship might be improved and then doing so in a way that builds on the brand's existing meaningful difference.

Exploring people's unmet needs, aspirations and frictions in different moments allows to uncover opportunities, understanding the drivers of choice in different moments, and showing how to win with these opportunities.

New sources of meaningful difference can be found anywhere across the brand experience, **but to be successful, that means innovation must be connected to all the other aspects of brand building, it cannot happen in isolation.** The most successful brands know what they stand for, and their consumers know it too, and their innovations build on those expectations.

This is why consumer insight is so important to the innovation process. It ensures you understand the who, why and what of your innovation, and guides development and implementation to ensure that potential buyers are aware and appreciate what your brand has to offer.

At Kantar, we advise innovators across the innovation journey to enhance the contribution of their innovation to both short and long term growth, using the brand's meaningful difference as the North Star. We apply a brand mindset to every stage of the development process, ensuring that our clients benefit from true differentiation.

Taking this learning forward

Every brand has the power to innovate their meaningful difference, defining their destiny for brand growth. To do so, constantly remind yourself, your team, and your partners of the following guiding principles:

1. Design for difference from the outset starts by knowing what your brand stands for
2. Difference for difference's sake is not enough
3. Brands need to master the art of building their difference meaningfully, to ensure its impact will be both incremental and contribute to long term brand equity
4. Your difference becomes meaningful when you take the time to understand your target audience, their needs and drivers of choice

Innovation is the glue which ties meaning and difference together and navigates you towards growth.

The second chapter of this series focuses on aligning your innovation and advertising around meaningful difference and how to best ensure that your innovation stays connected and builds meaningful differentiation.

Unlock the power of differentiation

Identify new hidden spaces that drive meaningful difference and incremental growth.

RECEIVE **ACTIONABLE INSIGHTS**



How to align your innovation and advertising around meaningful difference

Discover the five steps to successful launch advertising, that will make your difference meaningful.

In Chinese mythology, the red thread of fate refers to an invisible cord that connects people who are destined to be together. Unfortunately, there is no such destiny involved in new product development. A great new product does not guarantee a successful launch advertising. Instead, the innovator must create their own red thread by ensuring that the advertising for their innovation properly reflects its meaningful difference.



Reflect meaningful difference in advertising to drive growth

Connecting a meaningfully different brand with effective advertising drives growth.

Analysis of Kantar BrandZ finds that over a six-year time frame meaningfully different brands with appealing advertising grew over eight times faster than brands which lacked both. The connection between meaningful difference and advertising is even more important when it comes to launching a new brand or product. Too many innovations fail, and one of the biggest causes of failure is that potential buyers simply did not know the innovation existed or failed to understand its relevance to their needs.

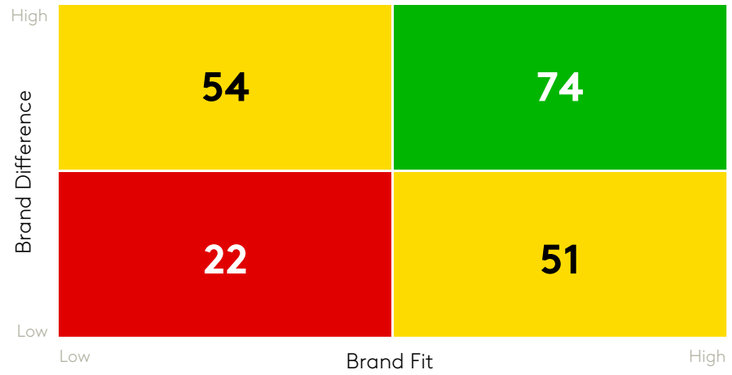
To avoid having your innovation sidelined because of an ineffective launch, take note of these five lessons that we have distilled from decades of experience with innovation and advertising.

1 Build from your difference forward

Almost half the ads tested in Kantar's LINK pre-test are for new products of one sort or another. That's over 125,000 different executions. Analysis of our database reveals some important and consistent findings. Perhaps the most important one is that perceived difference is a driver of both persuasion and memorability.

The most persuasive new product ads are the ones that people believe are newsworthy, relevant, credible, and different. The memorability is strongest when the ad is perceived to be both different and fits the brand.

Awareness Index average percentile of line extension ads tested



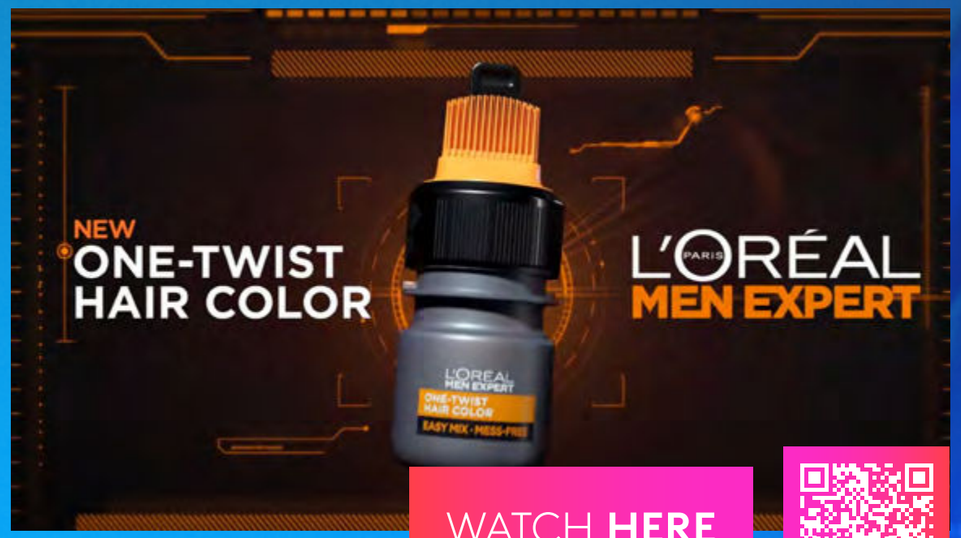
Source: LINK

Successful innovators know that effective advertising originates from a product's meaningful difference, and they make sure that it is not lost from sight during the development process.

2 Identify what will make your difference meaningful

Difference for difference's sake is unlikely to do anything for an innovation or its advertising. A difference must have the potential to be meaningful, and that requires more than just relevance. **The innovation must offer something people find helpful, appealing, desirable. It must make people's lives better in some way, even if that difference is just a feeling.**

The TV ad for L'Oréal Men Expert's 'One-Twist Hair Colour' delivers a clear sense of the product's functional benefits with a brand focused demo cleverly entwined into the dynamic, action styled, 'mission' of the ad, making it a pivotal part of the story. The ad was a TV winner in Kantar's 2022 Creative Effectiveness Awards, notable for entertaining and connecting on a humorously emotional level, with a likeable celebrity confidently addressing the image of male stereotypes.



WATCH **HERE**

3 Align your campaign activation around your meaningful difference

Over the years, we have noticed an alarming disconnect between what makes a new product succeed in concept testing and the content that is developed to launch that product. Putting it bluntly, this is often the result of a sloppy brief. If the agency does not know what the difference is that the product is intended to make in people's lives, then they are set up to fail. Unfortunately, it is not unusual for an agency team to be unaware of quality and allowed the innovation to progress to launch.

However, there is an interesting counterpoint. Too many agency teams see the role of advertising as creating an emotional connection with consumers. For a new product, this is putting the cart before the horse. People appreciate products that make a meaningful difference in their lives.

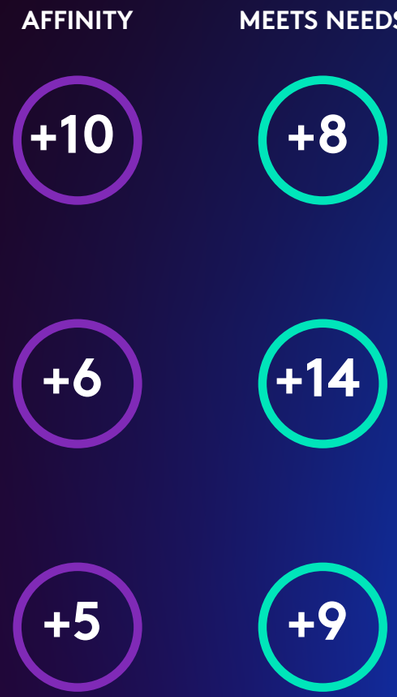
Our data shows that ads demonstrating the product being used or consumed have a +10-point increase in brand affinity when asked how they feel about the brand. And ads that demonstrate the benefits of the product see a +14-point increase in making the consumer feel the brand will meet their needs.

Demonstrating the product's benefits can be a useful way of helping the consumer understand how it will meet their needs, whilst showing it being consumed or used can help to build affinity with the brand.

To be effective, launch advertising must showcase what makes an innovation relevant, how it fits into people's lives, and why it is better than the alternatives. This does not preclude the need for emotion, but that emotion must be harnessed to gain attention and focus it on how the innovation will make people feel. The work that we have done partnering with our clients to actively bridge the gap between innovation and creative development is a testament to the importance of this connection.

For example, for one of our clients, who has committed to this as a way of working, where concept and creative development are connected, **they have seen a 33% lift in creative key performance indicators.**

Demo of product:



Source: LINK

4 Make your new product the hero of its creative

By now, every marketer should know that the most important thing in advertising is getting the creative right. **When it comes to driving profit, creative quality is the most important variable under an advertiser's control.** Unless the content gets noticed and leaves an impression, little else will happen. The key to creative success for new products is to make sure the proposition is clearly conveyed – simple and clear messages will help announce the product offering, and if that is done in a way that hooks in the viewer then you're on to a winner!



CASE STUDY

McVitie's

McVitie's Blissfuls was another of Kantar Worldpanel's Top 10 new products of 2022. Its launch advertising focused single-mindedly on its intended purpose, delivering a blissful experience. The portrayal of the gentle and relaxed creation of Blissfuls leads to a scene of a couple sharing a bag of them sitting at home on the couch. **When tested, people found this execution to be a highly engaging, strongly persuasive ad and very different, driving interest and curiosity.**

So, when it comes to a new product launch, don't hide your product, find creative ways to showcase how it can make a positive difference in people's lives. To ensure that your content will get the message across, test it. With AI-powered technology, like LINK AI, you can test your own or your competitor digital ads in as few as 15 minutes providing reassurance, without sacrificing time.

5 Support, support, support!

If people are unaware your innovation exists, they are unlikely to notice it online or in store, and certainly will not search for it.

> *Analysis of Kantar studies finds that while creative quality is the number one driver of brand salience, contributing 49% for the average campaign, reach is the second most important at 32%. The more people you can reach, the more people will remember your brand when a relevant need arises.*

Unfortunately, no matter how well the media is bought, reach costs money. Innovators must lobby hard to get the budget their innovation deserves and ensure that its support continues beyond the first year. However, advertising support is not just important to reach new buyers, it also keeps your product salient to existing ones.

Analysis of Kantar Worldpanel data finds that a key difference between new products that decline in Year Two compared to those that maintain or grow sales is that on average the declining brands cut their advertising support by half.

In conclusion, remember, the world will not beat a path to your door if they do not know you have a better mousetrap.

> *Great innovations deserve great advertising, and to that end, innovators must create their own red thread and make sure that their innovation's meaningful difference is inextricably linked to the content used to launch it.*

Kantar's innovation learning journey can guide you in creating meaningfully different innovations that sustain brand growth, leveraging evidence-based innovation knowledge and its extensive database, powered by **AI-driven proprietary technology.**

Develop products that meet people's needs

Choose from validated solutions that reliably indicate a new product's impact on sale and brand building though Kantar Marketplace.

EXPLORE **NOW**



3 Three ways innovation can help you create a successful brand experience

Brands with the strongest experiences are 2.5x more likely to significantly grow their market share compared to those with weaker experiences – and consistent innovation plays a critical role in creating leading experiences (based on a recent Kantar BrandZ CX analysis of 10,000 brands over two years).

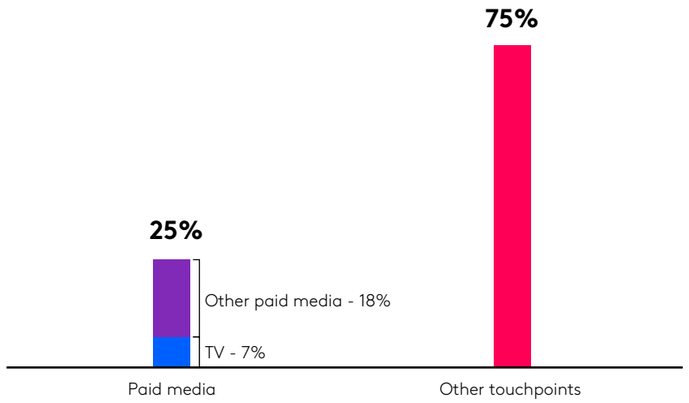
In this chapter, we identify the importance of innovation to brand experience, why it's often ignored and the three ways in which to realise its full potential.

Experience underpins brand success

A great brand experience is the foundation on which a meaningful and different brand is built.

Data from Kantar BrandZ finds that brands which are perceived to deliver a unique and meaningful experience are the ones that enjoy the strongest growth, and across 400,000 brand touchpoints measured using a Kantar study, most of the impact on Brand Strength – 75% – originates from brand experience and word-of-mouth, three times that of paid marketing.

Impact on building Brand Strength



Source: 400,000 touchpoint evaluations across 500 Connect studies

And as consumers continue to face unprecedented economic challenges, their needs and emotions shift; therefore, consistent innovation across your entire experience becomes increasingly important to continually stay relevant, meaningful, and different to customers.

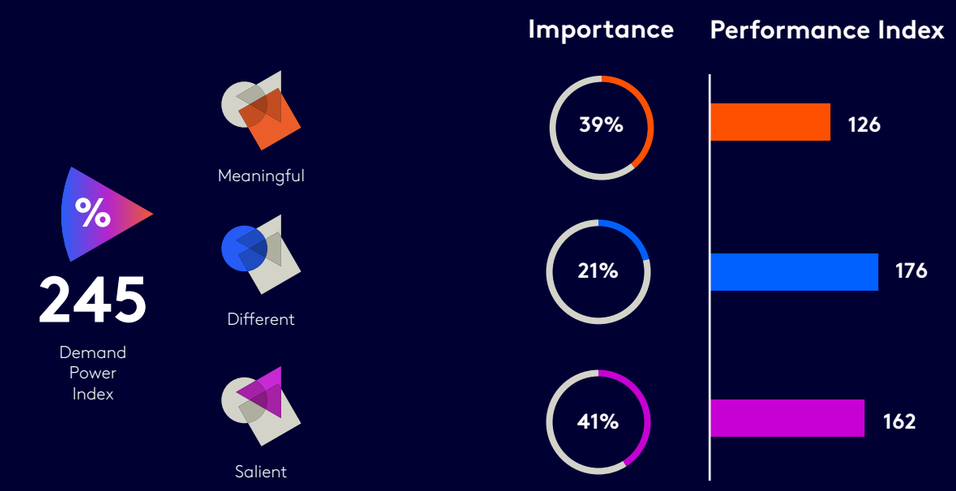
CASE STUDY

Guinness

Guinness' launch of NITROSURGE™ shows how effective this can be; they considered how to effectively replicate the unique to Guinness on-trade experience of 'surge and settle' at home, as in-home consumption became a more significant occasion during the pandemic. Guinness tops the tables in Kantar BrandZ for being meaningful, different, and salient compared to other UK beers, generating Demand Power over twice that of the average for the category and helping the brand account for one in every nine pints sold in the UK.



Guinness tops the BrandZ tables in the UK Beers market for Meaningful, Difference and Saliency, leading to a powerful demand power score



Source: Kantar BrandZ, UK, Beers - Bitters Ales and Stouts, 2023

Category Average: 100

Frame and feed expectations

So, what makes a great brand experience? It is one where the experience is aligned with and builds on people's expectations. Expectations (the brand promise) frame the experience of the brand and the experiences themselves then feed future expectations.



CASE STUDY

Pets at Home

Pets at Home is a specialist pet care company based in the UK. Pets at Home's brand promise is to deliver everything a pet owner needs to be able to look after their pet. By announcing that "We're all for pets," the brand sets a clear expectation. **And Pets at Home delivers on that promise online and off. More than just selling pet food, bedding and toys, the company has expanded its offer to include nutrition advice, training, and veterinary care.**

Data captured through the VIP loyalty program, combined with mobile POS, allows in-store colleagues to deliver an increasingly personalised experience, spanning discounts to pet care services.

The unique nature of the Pets at Home experience means that Kantar BrandZ finds the brand is well-differentiated, and the company's annual report shows year-on-year revenues have grown by 6.6%, in large part driven by cross-selling, enabled by the VIP program.

Pets at Home introduced services and delivered more meaningful and differentiated support

Personalised Experience	Connected Experience	Value across services
aptôs	vip	Vets for Pets
Cares for Customers	Best at what they do	Difference
129	133	169

Source: Kantar BrandZ

Resulting in strong commercial performance and great strides made on long-term strategic objectives

+6.6%
YOY Revenue Growth

+4.8%
YOY Underlying Profit before Tax

32.5%
Consumer revenue from services

9x
Value of consumers who engage across all channels, compared to those who shop solely in stores

+5.4%
YOY Increase in **Active Membership**

Source: Pets at Home, Annual Report & Accounts 2023

In its broadest sense, innovation is about creating new and better ways for people to experience a brand, but to do so effectively, the innovator must understand the interaction between expectations and memories, to create a coherent, consistent, and emotionally positive experience that encourages people to want to repeat that experience again and again.

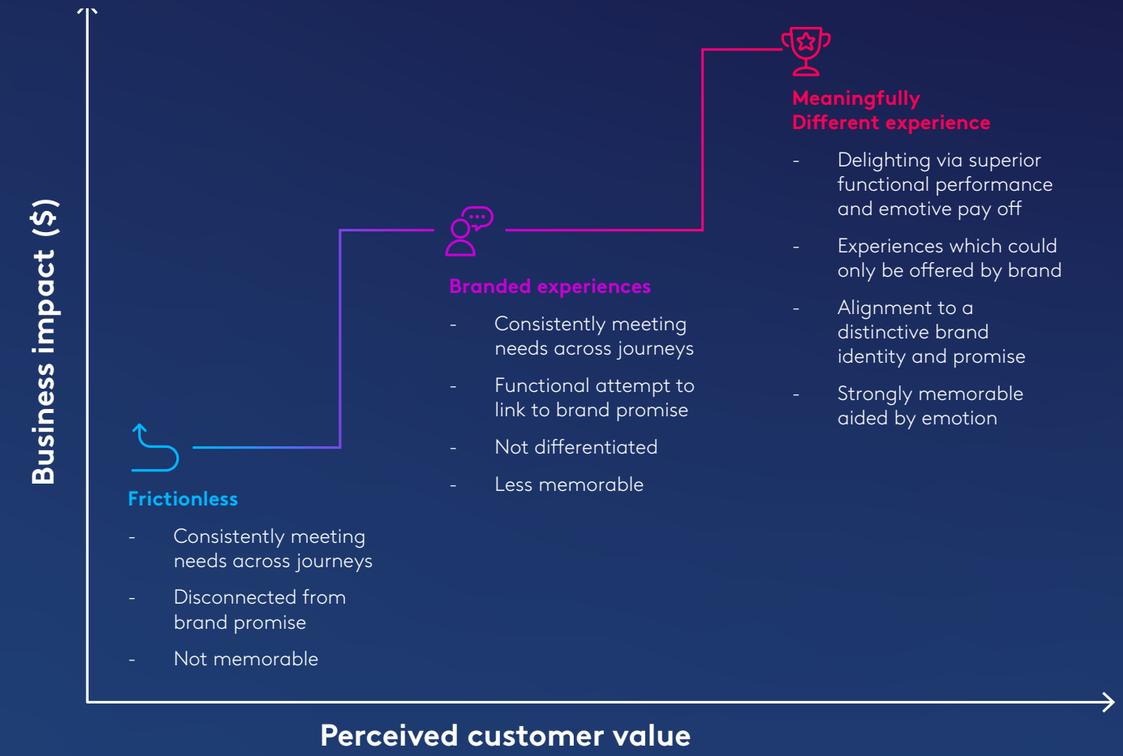
Coherent and consistent innovation

McDonald's understands the symbiosis between brand promise and experience and has effectively leveraged the power of experience to create a meaningfully different brand. Over the years, the brand has strategically addressed new needs and occasions, but done so in a way that is coherent with what the brand stands for, whether it is satisfying a new need with its McPlant Burger or opening up new routes to market with McDelivery.

> *And over the past five years, McDonald's stock price has risen by over 56% – so experience innovation does pay off if done well.*

Many organisations will focus on creating frictionless experiences, meaning experiences that consistently meet needs as simply as possible across customer journeys. However, a frictionless journey will not be enough to drive long term equity on its own. **A frictionless experience may be so unremarkable that it may go unnoticed.**

To deliver a meaningfully different brand experience, brands must deliver a differentiated and memorable experience, one which is aligned with the brand promise, and which evokes positive emotions to build brand affinity.



Source: Kantar

How innovation can help create a successful brand experience

So, the question becomes, why aren't more businesses innovating to deliver a more meaningfully different experience? We identify three common barriers to that objective and offer solutions.

1 Empowering experience within a complex innovation process

Particularly in service industries, creating and delivering a great brand experience is a complex and challenging process, involving multiple departments, each with differing organisational objectives and processes. Unless the delivery of a unified and meaningfully different brand experience is made a priority for all, it is all too easy for that experience to be undermined by conflicting internal priorities.

Wider buy-in to the likely success of a project helps ensure that collective attention is focused on what matters most, that the innovation will delight the ultimate boss – the consumer. **Tools like Kantar IdeaEvaluate can be used to test both product and service innovations with your target audience quickly and cost-effectively, highlighting the importance of the brand experience and helping internal departments understand how their actions and protocols impact that experience.**



2 Bringing together disconnected data

Just as with product or service delivery, experience measurement is often siloed and disjointed within a company, with different people running innovation and assessment. This is a problem because experience is individual and specific. An otherwise great brand experience could be marred by a dirty toilet, unfamiliar and confusing terminology, or packaging that fails to open easily. Requests, complaints, and customer commentary can all prove a valuable source of insight, but many businesses struggle to unify these varied inputs into a single perspective of the customer experience.

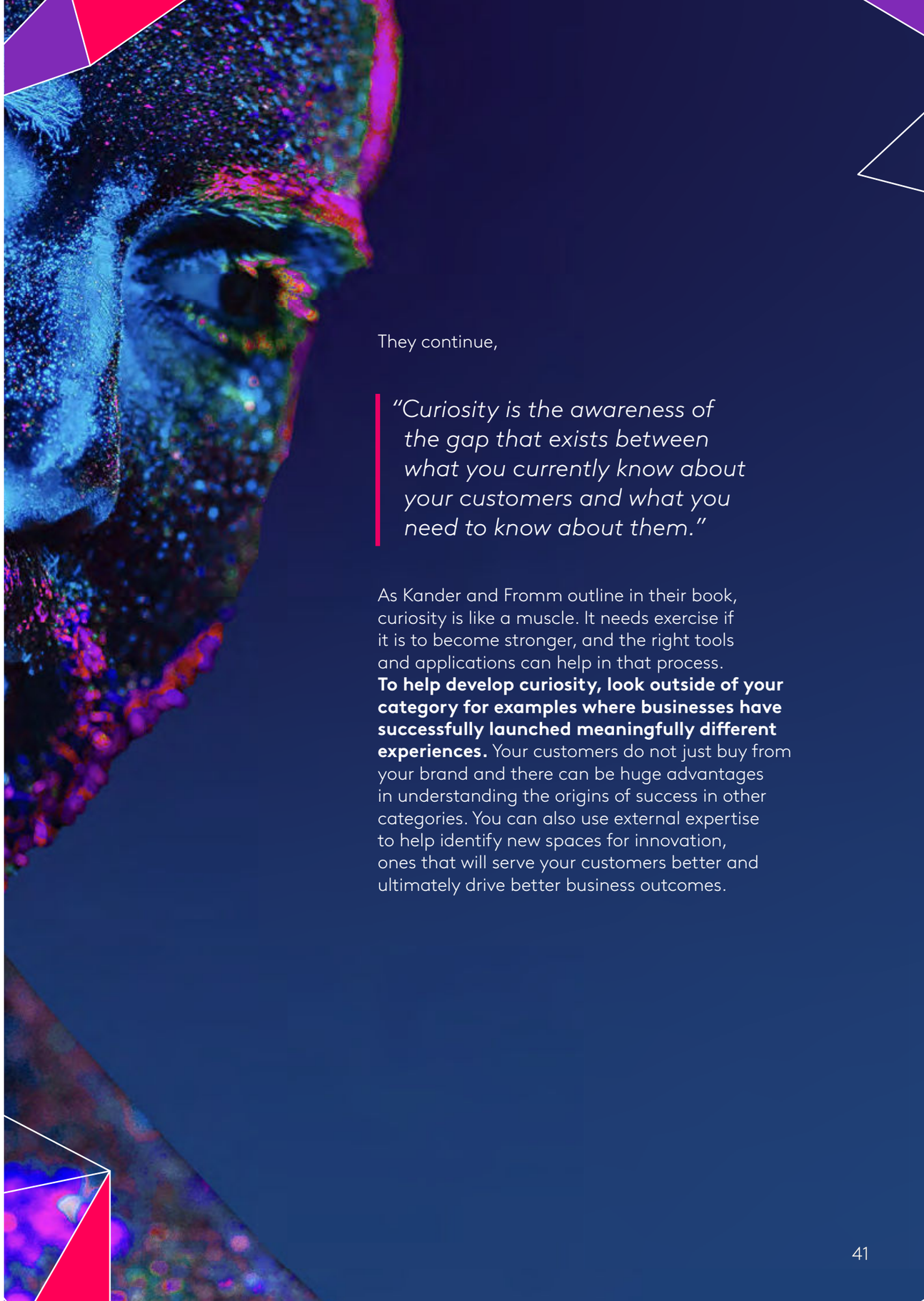
A single-customer-view is an efficient way to get to rich and actionable insights, but in the absence of a unified view, agree with your colleagues which source points are most relevant for your consumer tracking; establish governance of how these sources will be shared and acted upon.

3 Overcoming the ‘expert trap’

Fear of failure is an obvious concern, but perhaps more pernicious is the opposite: overconfidence due to the **expert trap.** As Sidney Finkelstein, professor at the Tuck School of Business at Dartmouth College, notes, expertise can mislead people in two important ways. It can stop you from being curious about new developments in your field, but it can also make you overconfident about your ability to solve problems. When it comes to innovation, it is all too easy for the innovator to believe they know best, even though the final judge of success is the customer.

One overarching quality helps to ensure that the barriers are eliminated. That quality is curiosity. In their book, The Curiosity Muscle, Diana Kander and Andy Fromm explore why it is hard for once leading companies to stay on top and conclude that curiosity is a core competence. They state,

> *“Without curiosity about what our customers want, we develop blind spots about our business. Blind spots are tension points that our competitors or some eager entrepreneur will only be too happy to exploit.”*



They continue,

> *“Curiosity is the awareness of the gap that exists between what you currently know about your customers and what you need to know about them.”*

As Kander and Fromm outline in their book, curiosity is like a muscle. It needs exercise if it is to become stronger, and the right tools and applications can help in that process. **To help develop curiosity, look outside of your category for examples where businesses have successfully launched meaningfully different experiences.** Your customers do not just buy from your brand and there can be huge advantages in understanding the origins of success in other categories. You can also use external expertise to help identify new spaces for innovation, ones that will serve your customers better and ultimately drive better business outcomes.

In summary, what do brands need to do differently?

1 **Elevate the importance of the brand experience when innovating**

Make your whole brand experience central to your innovation process, continuing to learn after launch and course correcting to deliver a meaningfully different experience.

2 **Measure the experience**

We've talked above about different data sources, but all too often the more tangible products and services are forgotten when it comes to measuring the experience they deliver in-market. Make sure you follow up on how your innovation is performing. Brands such as Baileys review the holistic experience they deliver using innovation guidance systems that track their innovations closely in-market.

3 **Learn, test, and learn**

Use the available data to pivot and course correct the experience to ensure you deliver a frictionless but meaningfully differentiated experience across every touch point on the consumer journey.

Whatever you do, do not launch your innovation and leave. Instead, launch and nurture your innovation to ensure it delivers a great brand experience and achieves its full potential.

Shortlist and develop high potential ideas

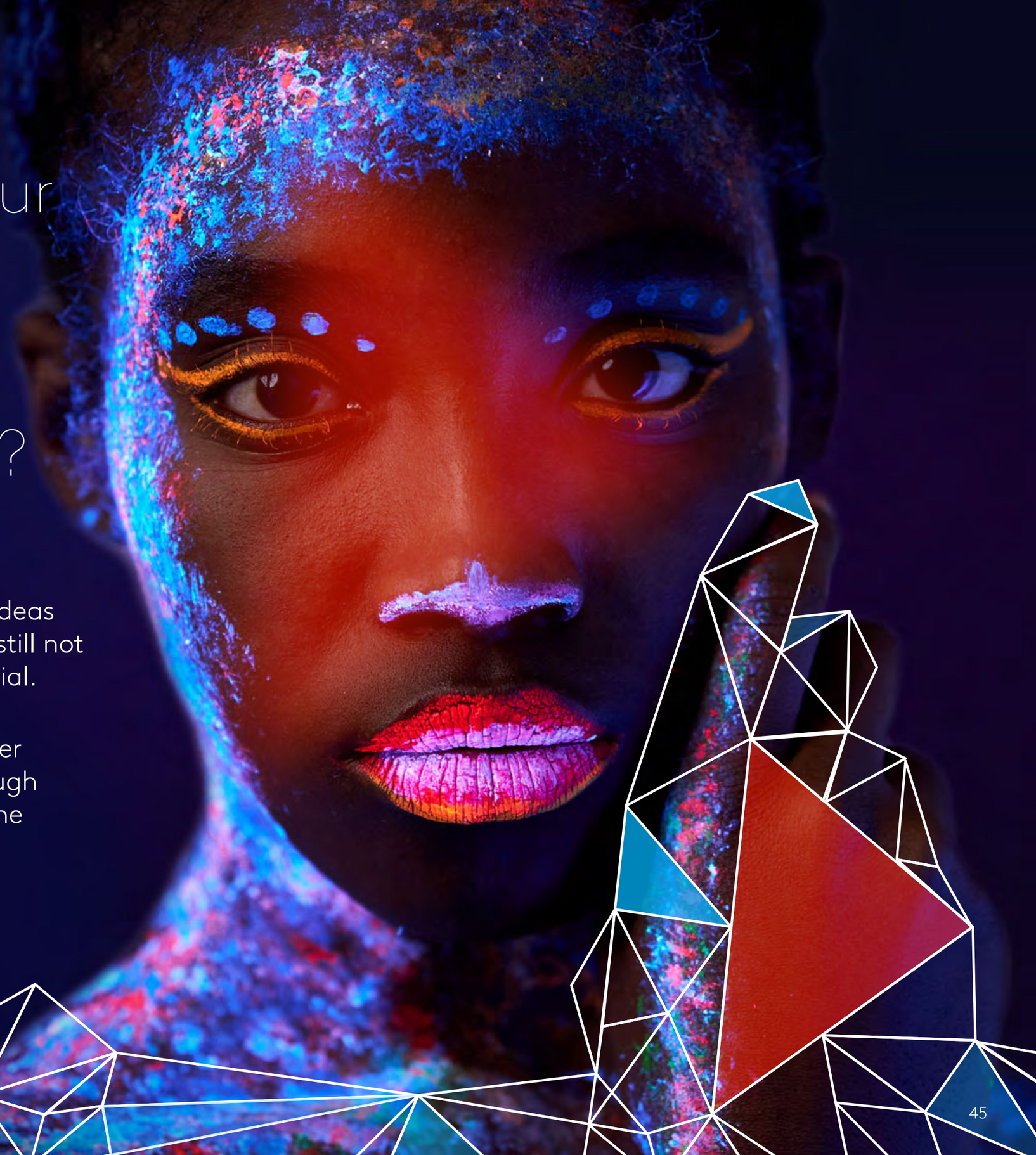
Test multiple media types, including images, GIFs and text. Ideal for screening early-stage new product and service ideas, as well as names, claims, logos, social media posts and promotions.

BOOK A **DEMO**

How can AI empower your innovation process and unlock new connections?

AI has revolutionised the way innovators can develop new ideas and concepts, but many are still not capitalising on its true potential.

Discover three tips to empower your innovation process through AI, whilst not losing sight of the need to deliver meaningfully different brand experiences.

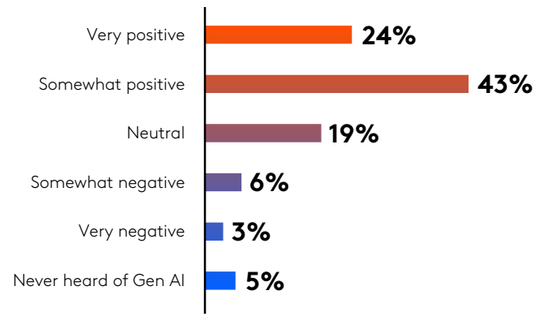


A truly breakthrough innovation

Generative AI is one of the most profound innovations of our time; a truly breakthrough innovation enabling a step change in what we can achieve as humans. A recent study by Kantar highlights that **while half of consumers are generally positive about Generative AI, many are still neutral or unaware of it**. Despite this many will have experienced the benefits, whether it is identifying an unfamiliar plant, turning ingredients into meals, or tracking their fitness.

This consumer ambivalence seems destined to change, as marketers have more positive attitudes towards AI and are eager to use the power of AI to deliver better and more personalised products and services.

Marketer attitudes towards Generative AI



Source: Kantar Media Reactions, 2023

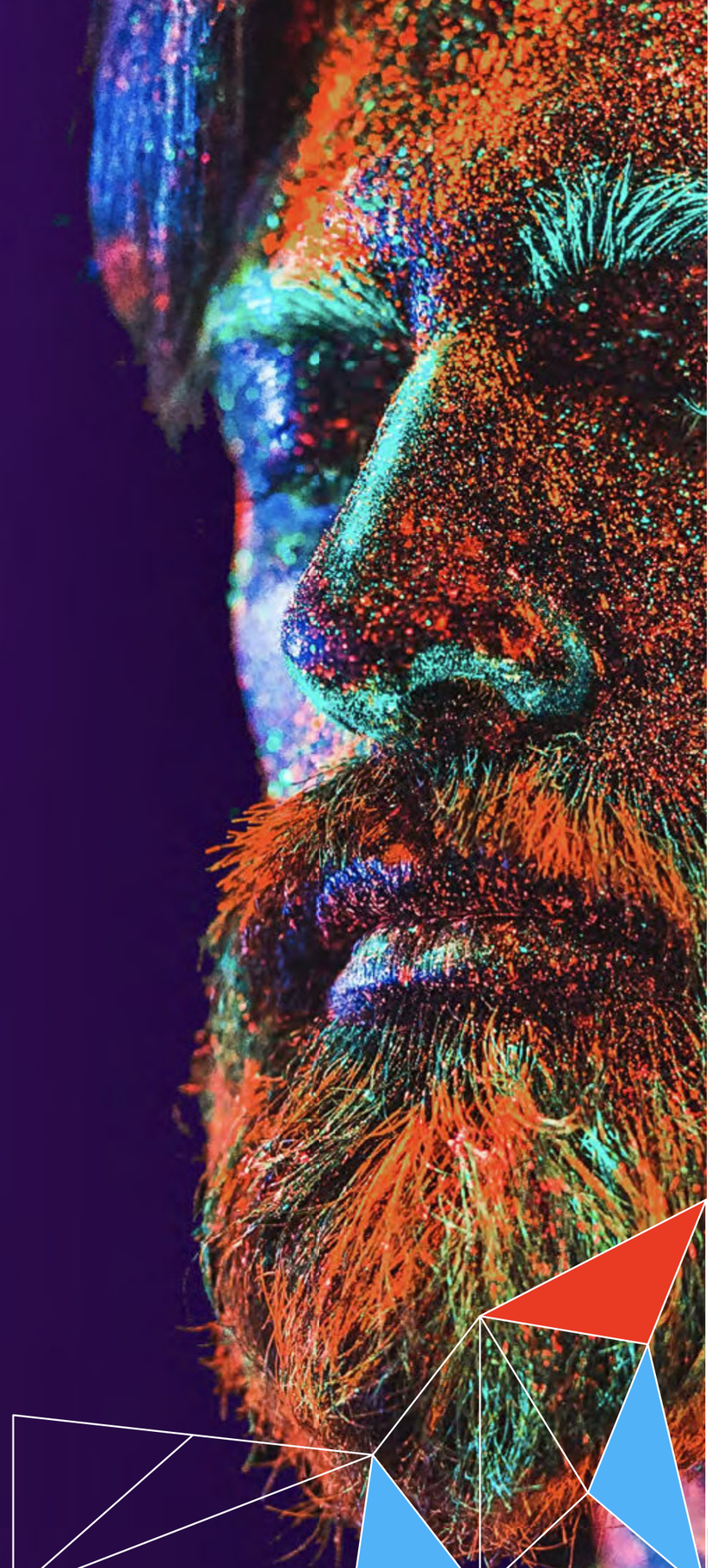
The benefits of GenAI can spark opportunities for innovators, but as the Harvard Business Review puts it; "Generative AI's greatest potential is not replacing humans; it is to assist humans in their efforts to create hitherto unimaginable solutions."

Addressing the use of Generative AI in the innovation process, Shafik Saba, Global Lead of Front-End Innovation at **Haleon**, acknowledges the power of AI to synthesise vast amounts of information, but goes on to state:

> "But where it gets really interesting with AI is that it can make connections that we wouldn't otherwise make, because it doesn't have the same biases that humans hold."

He suggests that from an innovator's perspective, **Generative AI offers huge potential to identify new opportunities, facilitate idea generation, and speed workflow.**

> "There is no doubt in my mind the positive impact AI is having on business, but it's like learning a new language which can be hard, be less afraid of it and just start using it every day. ChatGPT, Firefly, Midjourney, whatever medium you work in just start playing to see what actually works for you and build capability in your teams."



Temper excitement with thoughtfulness

Many companies are using AI to support innovation, but few are realising a positive impact.

For instance, 45% of those surveyed by the Boston Consulting Group reported using AI to identify innovation themes, domains, adjacencies, and technologies, but only 13% claimed that they had realised impact from that implementation. (Source: BCG, 2023)

AI can help spark imagination and creativity and facilitate processes, but innovators must remain accountable for the complex decision-making involved in which connections and opportunities resonate with clients and are aligned with your brand purpose.

Avoid the substitution effect

When a new technology emerges, organisations usually take a business perspective, as opposed to a consumer first perspective on how best to deploy it. Known as the **substitution effect** this is the idea that you do what you did before but leverage the technology to make it better. For example, with the introduction of cinematography initially movie halls only showed theatre pieces; only later discovering movie production could allow the recording of action in different moments and locations. Often the most valuable application of a technology is when it enables experiences that we did not do before. (Source: Verganti, 2011)

Roberto Verganti, Professor of Leadership and Innovation, who we partner with from The Stockholm School of Economics told us:

> "The real question for using Generative AI is not how to substitute designers and make existing innovation processes faster. It is not simply about offering far greater ability to test at scale. It is about reinventing how we innovate. How, thanks to AI, can we make innovation processes more meaningful? Bring them closer to the real way people think creatively? Even bring innovation closer to consumption, so that products can be created when and where needs emerge, rather than being designed once and for all?"

Keep your innovation for humans with humans

For a pilot study of our new AI solution, we created a pair of concepts for the same proposition (an organic yogurt bar) where one was created by a human and the other by ChatGPT.

We observed that ChatGPT doesn't understand concept construction and piled on the benefits and reasons to believe whilst the human created a strong insight and supported it with a set of clear and concise benefits and reasons to believe. Our pilot AI tool demonstrated a 10% higher trial rate for the consumer generated concept.



Introducing
ECO-3 Organic Yogurt Bars

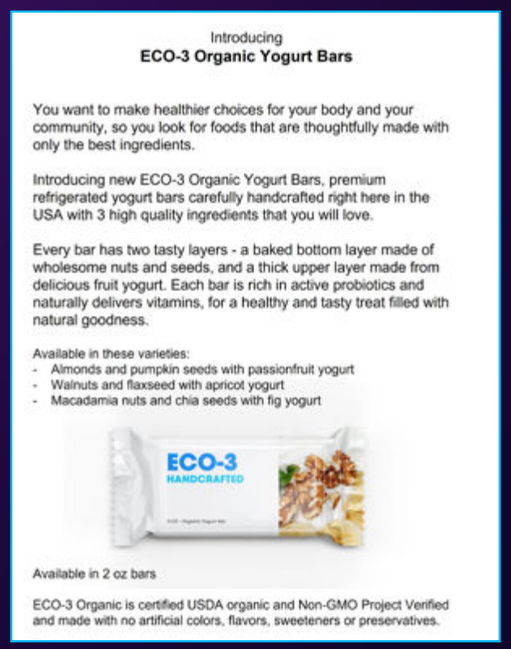
Introducing the exquisite ECO-3 Organic Yogurt Bars, a testament to American craftsmanship and quality. These premium refrigerated yogurt bars are meticulously handcrafted in the USA, using only three high-quality ingredients, ensuring a snack you'll adore. Each bar offers a unique dual-layer experience, with a nourishing base of wholesome nuts and seeds for sustained energy and a luscious upper layer of fruit yogurt that's simply irresistible. What sets ECO-3 apart? The abundant presence of active probiotics, promoting gut health and overall wellness. Plus, it's a natural source of essential vitamins, ensuring that your body is nurtured with every indulgent bite. When you choose ECO-3, you're not just savoring a delectable treat; you're embracing a taste of America's finest and a commitment to your well-being in every mouthwatering morsel.

Available in these varieties:
- Almonds and pumpkin seeds with passionfruit yogurt
- Walnuts and flaxseed with apricot yogurt
- Macadamia nuts and chia seeds with fig yogurt

Available in 2 oz bars

ECO-3 Organic is certified USDA organic and Non-GMO Project Verified and made with no artificial colors, flavors, sweeteners or preservatives.

Source: Product description developed by ChatGPT tested via Kantar Innovation solutions



Introducing
ECO-3 Organic Yogurt Bars

You want to make healthier choices for your body and your community, so you look for foods that are thoughtfully made with only the best ingredients.

Introducing new ECO-3 Organic Yogurt Bars, premium refrigerated yogurt bars carefully handcrafted right here in the USA with 3 high quality ingredients that you will love.

Every bar has two tasty layers - a baked bottom layer made of wholesome nuts and seeds, and a thick upper layer made from delicious fruit yogurt. Each bar is rich in active probiotics and naturally delivers vitamins, for a healthy and tasty treat filled with natural goodness.

Available in these varieties:
- Almonds and pumpkin seeds with passionfruit yogurt
- Walnuts and flaxseed with apricot yogurt
- Macadamia nuts and chia seeds with fig yogurt

Available in 2 oz bars

ECO-3 Organic is certified USDA organic and Non-GMO Project Verified and made with no artificial colors, flavors, sweeteners or preservatives.

Source: Product description developed by Kantar Insights tested via Kantar Innovation solutions

Our study shows that AI-generated concepts can result in lower expected trial rates simply because AI can lack the understanding around a crucial consumer insight and resorts to loading up more benefits to provide what it thinks are better concepts.

This is why we believe that whilst AI and GenAI are important tools for innovators, some of their applications can't substitute consumer insight.

For example, the application of AI in concept testing can be a great opportunity for innovators, as it can offer valuable early top-level AI-generated feedback to help brands evaluate initial concepts.

However, it does not preclude the need for in-depth exploratory research, or consumer-based evaluation, provided by Kantar's ConceptEvaluate solution. This ensures that new concepts resonate with real people, and you can prioritise the most meaningful and different ideas and the ones most likely to drive incremental growth.

Balance openness with specificity

One of the most intriguing challenges of using AI is to find the optimal balance between opening up the opportunity to innovate and keeping appropriate guardrails in place.

On one hand, you do not want to train the AI too closely, because this will limit its ability to make new connections and identify previously unrecognised opportunities for innovation. So, to avoid confining the process to your own beliefs and experience, it is important to ask open questions, ones that will allow the AI to free range to identify new opportunities. Significant growth potential is found in identifying blind spots, but if an AI lacks the relevant data or is trained too closely, it may not identify anything new.

This said, there is a risk in not defining the context for exploration properly; Shafik Saba, Global Lead of Front-End Innovation, at **Haleon** says

> "While unsupervised learning approaches inspire ideation, we should also explore supervised models where a brand needs to follow specific rules, we are seeing this in areas such as diagnostic digital healthcare experiences".

So, the challenge is to balance unsupervised learning, allowing the machine to learn from data to make new insights and connections, but with human interpretation to ensure that new concepts are appropriate to your brand through expert fine tuning.

Seek meaningfully different ideas

> The real opportunity is not generating more ideas, it is generating the right idea: one that will not just appeal to the target consumer, but which offers them a meaningful and different experience and allow the likeliness of brands to achieve market share growth by 2.5 times.

While the use of AI might speed up the innovation process, ultimately, there is no substitute for checking whether ideas and prototypes are perceived as meaningful and different to the intended audience.

Just because you can create something new using AI does not mean that you should. Brands like **McDonald's, Baileys, and Guinness** do not innovate randomly, they do so with **clear incremental goals and with the intent that an innovation will build the brand for the long term, not just short term sales.** To emulate their success, whatever you create, you must hold true to the essential qualities of your brand.

Three top tips to empower your innovation process through AI:

When it comes to using AI, Kantar has deep experience from working with clients and also from building AI into the solutions our clients use. With that in mind, we offer these three top tips on how to unlock the power of AI and create meaningfully different innovations.

1 Embrace AI as part of a hybrid innovation process

Human expertise augmented by technology will give you the best outcomes. Think of AI as a smart, willing, and stimulating assistant. Encourage your innovation team to generate more and better ideas by combining human imagination with Generative AI to improve exploration of a solution space. Do not let AI blindly produce a thousand new concepts that might be relevant but not meaningful for your consumers, use your team's creativity and imagination and industry expertise from business partners to guide it through the innovation process to find the right concept for your brand.



2 Don't forget the human experience

Your innovation must appeal to humans in all their glorious complexity. AI can only go so far in anticipating what people will find meaningful and will likely not be able to take context or emotions fully into account. Use a variety of research techniques to ensure a grounded understanding of what people really value and how they are likely to respond to your innovation. Ensure that you have a good understanding of the things that will help accelerate adoption (the fuels) and of the barriers that will hold adoption back or cause early users to lapse (the frictions).

3 Don't lose sight of meaningful difference

One of the biggest challenges in innovation – AI supported or not – is to avoid convergence where innovations across competitive brands risk ending up alike, leaving customers adrift in a sea of sameness. Balance openness with specificity to make sure that your AI-generated innovation offers something new, meaningful, and different. Lacking functional differentiation, think about how design can make your brand look distinctive, AI can help with that too. Keep the need to be different and distinctive in mind throughout the development process and test concepts and prototypes with the intended audience to ensure your innovation will stand out from the crowd in ways that are meaningful to them.

In conclusion, there is no doubt that Generative AI can be a powerful new tool in the innovator's toolset. Used appropriately, it can identify previously hidden opportunities, combine ideas, and make new connections. However, there are pitfalls to be avoided to ensure that AI is used appropriately during your innovation process to produce meaningfully different products and services that resonate with your customers and consumers.

> At Kantar we believe that those developing and deploying AI need to commit to adopt responsible AI practices such as being ethical, accountable, transparent, equitable, resilient and compliant.

For more information about the implications and opportunities of AI, please visit: www.kantar.com/artificial-intelligence.

Accelerate the development of concepts

Rapidly test new products or services across a range of verticals including FMCG, financial services, technology, travel and many more.

BOOK A **DEMO**

Conclusions

At Kantar we shape the brands of tomorrow by helping them to become meaningful, different, and salient to drive growth.

You'll now have the evidence to prove the importance of innovation in driving brand growth and you'll understand how it's necessary to think in a more connected way to deliver the incremental growth and uplift in brand equity that you desire.

As you continue your journey in innovation, remember to focus your product, service and experience development on being **meaningfully different** - and use this meaningful difference as the North Star. Couple this with:

— Deep human understanding

— Brand centricity

— Great creative that heroes your innovation

— A focus on experience from the outset

— Embrace technology but remember your innovation needs to connect with humans

We appreciate the journey isn't an easy one, that you can often come across the 'antibodies' in the organisation who stand in the path to taking this connected journey through innovation.

Many successful brands share with us their innovation challenges, whether they are at the start of their innovation journey or want to drive more growth.

Get in touch with our innovation experts today to shape your brand future.

Stay curious fellow innovators.



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Innovations that fuel brand growth

Screen, test and validate your innovations with a suite of agile market research solutions that deliver rapid insights at the speed of your business.

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BOOK A **DEMO**

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About Kantar

Kantar is the world's leading marketing data and analytics business and an indispensable brand partner to the world's top companies, including 96 of the world's 100 biggest advertisers. We combine the most meaningful attitudinal and behavioural data with deep expertise and technology platforms to track how people think and act. We help clients develop the marketing strategies that shape their future and deliver sustainable growth.

www.kantar.com

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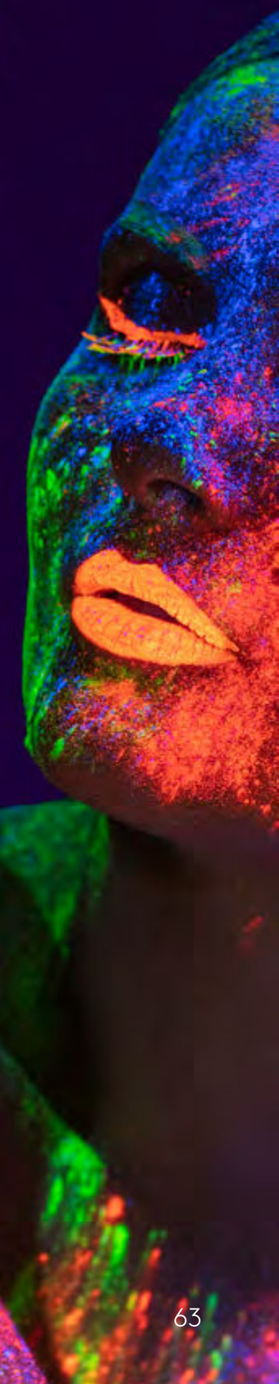


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