

BRINGING THE OUTSIDE IN

How to harness innovations from the wider world
and exploit their potential





New ideas emerging in one product or service category can influence and affect what's possible in other categories. This presents exciting and challenging opportunities for innovators. Your consumers may be aware of impactful new ideas before you are, so it's imperative to keep abreast of developments across the broader marketplace to anticipate their changing expectations. The secret to success lies in monitoring and sifting through the wealth of new ideas for relevance and leveraging those that are already gaining traction with your consumers.

To identify the new ideas emerging in the broader marketplace that can transform your innovation efforts and brand growth, you need to know where and how to look. Many companies are experts in their own category, with a rich stream of market data at their disposal and deep knowledge of their consumers. But further afield, where there are so many different categories, innovations, ideas and experiences to influence consumers' expectations, it is no surprise that knowing where to look for relevant new news presents a far more challenging task.



INNOVATION, THE BASIC PREMISE

Successful innovation depends upon knowing where consumers and the market are heading. If we understand the direction of evolution in a category, then a clear pattern of future opportunities will emerge. This lies at the heart of our innovation thinking. As the world changes and the pace of technological development quickens, so do consumers' expectations and needs. And as consumers are constantly exposed to new ideas being introduced in other categories, this impacts what they will expect and demand in your category and from your brand in the future.

Three questions arise in seeking out new ideas from beyond your category:

- Where do I look for the new ideas that are changing my consumers' expectations?
- How do I know which new ideas are relevant to my category?
- How do I translate these ideas into products and services that my consumers will buy?



WHERE TO LOOK

The first place to look is in **adjacent categories**, close to your own. For example, a yogurt brand could study other food and beverage categories that offer products consumed in similar situations or providing similar benefits; a light snack between meals or a healthy dessert. These neighboring categories provide the range of alternative options that consumers will consider when they look to satisfy their needs and desires within a given situation. This broader consideration set is where a heightened awareness of tradeoffs occurs, and consumers' dissatisfiers are imprinted more acutely.

When seeking to capitalize on ideas from outside their category to grow the market for chewing gum, Wrigley's studied how consumers manage their moods throughout the day and how they treat or reward themselves. From this research they found considerable crossover between indulgent desserts and snack-type confectioneries. A number of new categories, including yogurt and coffee, had recently introduced dessert analogs with the associated emotional benefit of feeling treated and indulged. Even the cosmetics market had seen a version of this, with lip glosses in flavors such as lemon meringue pie and apple pie! Wrigley took this idea, which had already been seeded into consumers' minds in these other categories, and fused it with gum's inherent "low calorie" benefits, to offer a new line of dessert tastes that were positioned as the "5-calorie indulgence." The result generated incremental volume to grow the chewing gum category – and Wrigley's business.



SURPRISING SOURCES OF INSPIRATION

It's important to not discount more distant categories as sources for innovation inspiration. As technology embeds more deeply into more areas of our lives, synergy is created between seemingly unrelated sectors.

An example of this kind of cross-category borrowing can be seen in the field of Chronic Obstructive Pulmonary Disease treatment or COPD (for chest and lung problems). Here, new mobile device and sensor technologies offer the potential to transform COPD treatment by monitoring patients' health and helping to adapt their behavior to ensure maximum treatment compliance and health improvement. The challenge is that many COPD sufferers are from population groups who are less familiar and confident with new technologies. In this case, inspiration for how to help these COPD sufferers has been sought in how major grocery retailers have managed to educate their older and less tech-savvy consumers to use online grocery ordering for home delivery.

One of the most familiar ways in which experiences across categories are shared, delivered and communicated is the area of luxury and premium positioning. Qualities such as fabric, materials and textures can be implemented in many divergent categories. Connections may seem remote – for instance, between ultra-premium cars and premium yogurts – but ideas and language about luxurious textures may be borrowed from products for the super-rich to inspire how to deliver intense bursts of indulgence into everyday experiences.



EXPECTATION SEEDING ACROSS CATEGORIES

How can an idea that emerged in urban transport have a follow-on effect in car financing, smartphones and haute couture? New ideas about purchasing and ownership have changed expectations about the variety of different products that consumers can access, while also introducing the idea that they can enjoy the flexibility to experience at least a taste of the high-end of the market.

This phenomenon, first seen in subscription car services such as ZipCar that allow drivers ready access to a car without actually owning one, is now used in many cities to answer consumers' desire for freedom and flexibility while at the same time addressing growing sustainability concerns. The idea has spread, virus-like, into new models of ownership in other categories. We now see new services, such as Rent the Runway, that offer access to designer clothing without having to buy the items, and similar services for accessories such as luxury watches. One area which has long seen innovation in purchasing models to allow access to the latest and greatest is smartphone purchasing through mobile network providers. This category also shows a move away from product ownership towards a rental or subscription model, with consumers paying a premium to upgrade constantly, thus keeping pace with exciting new launches.

We see how mainstream new ideas about ownership have become when BMW started to offer ownership packages for their electric cars. The package encompassed the ability to use another car from the BMW range when required, marking the shift away from paying to own one particular car, to paying for access to whatever car you need depending on the situation.

All these innovations have been successful because they break down the traditional idea of ownership to answer a range of consumers' previously unmet needs. This has influenced companies from diverse categories to think about new ways of giving people access to their products, thus opening up the market to new consumers. It presents an undeniable opportunity, but also introduces threat as sectors are forced to respond with increased flexibility. In the case of the car market, the manufacturers and their dealership networks and financing arms have needed to respond quickly as consumers move increasingly from a purchase model to a hybrid rental model – especially when it comes to attracting younger consumers.



IDENTIFY WHAT'S RELEVANT

Once you have established where to look, how do you know what to look for? The goal is to uncover innovations that will resonate with your own consumers and can be translated to meet needs in your own category. Which of these ideas will present enough potential to justify investment and how do you know when you are hitching your innovation efforts to a genuine groundswell?

The key is to identify when the same new benefit space is being talked about in a number of different categories that your consumers are exposed to. This cluster of similar “new news” messaged out in the broader marketplace indicates that a tipping point has been reached, where a new idea may turn into a marketable innovation within your category.

One such groundswell of “new news” occurred around food and beverage products that offered to release richer natural taste experiences by using raw and natural ingredients. A Japanese coffee brand offered beans which had been polished to remove the husks and so aid release of the full flavor, naturally. An artisan coffee maker in the U.S. offered a whole raw vanilla bean to grind with their organic coffee blend. Pepsi intended to capitalize upon this trend with its Raw variant, although the carbonated beverage category was not ready for the idea and the product was eventually withdrawn. This demonstrates how crucial it is to understand the evolution of a category when judging the viability of introducing new benefits. But nonetheless this particular idea did translate into market success in the tea category, with green teas including organic sweeteners, such as blue agave. All these products tapped into a tipping point around the idea of authentic processing or ingredients to bring a richer, purer taste experience.

A woman with long brown hair, wearing a light green trench coat, is reaching up to a shelf in a grocery store. She is looking at a product on the shelf. The background is blurred, showing other shelves and products. A semi-transparent red banner is overlaid on the image, containing the title.

MEASURING THE IMPACT OF INNOVATION RELEVANCE

The key to understanding how new benefits being introduced in one category may have relevance and market traction in another comes through having a framework that allows you to recognize common benefit types across categories. If we look through the narrow lens of a specific type of benefit that we know is important within the category where we are seeking to innovate – say, “protection” – this allows us to identify whether new ideas offering the same benefit are reaching a critical mass in the broader marketplace. It is vital to integrate multiple data sources – from interviews with industry experts, to new product launch information and sales data – to ensure that the clusters of new market activity that you have identified truly represent the tipping points that will translate into opportunities in your own category.

A photograph of a person walking through a shopping mall, carrying several colorful paper shopping bags. The person is wearing a light blue shirt and dark trousers. The background is blurred, showing other shoppers and store displays. A semi-transparent red banner is overlaid on the bottom half of the image, containing the text 'TRANSLATE IDEAS INTO MARKET REALITY' in white, uppercase letters.

TRANSLATE IDEAS INTO MARKET REALITY

This systematic process for bringing the outside in allows us to identify potential innovation spaces that are rooted in market reality and have the potential to drive category growth. By monitoring new market activity and synergistic news from other categories, and identifying tipping point clusters of similar benefit themes, we can identify potential innovation spaces.

The case for “Stem Cell Therapy”

For example, we identified a groundswell of innovation activity across female skincare categories around the idea that products can influence skin health and regeneration at a cellular level through DNA therapy. Together these form a tipping point of awareness and relevance which sets up the potential for the idea to be translated into the shampoo category, with new products framed around the benefit of “hair regeneration from the inside out.”

A sea change in innovation thinking

This is not business-as-usual innovation. It requires open-minded thinking that looks beyond your core category and immediate competitive context. We can see the significant impact this can have on brands, but translating these “outside-in” ideas into practice once you have found them takes a considered, strategic approach.

There are three basic principles to follow:

1. Look beyond your world to categories that can influence or inspire your own
2. Use the lens of similar benefit types to identify the relevant clusters of new news
3. Translate these new ideas to deliver against the growth spaces within your own category

These steps will help you be proactive in relation to the opportunities and threats emerging in the wider world beyond your category and develop powerful new opportunities for your brand.



For more information on how Market Opportunities
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