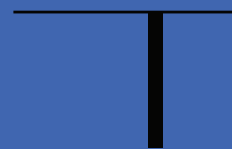


ESOMAR

THE ART & SCIENCE OF INNOVATION



PAPERS

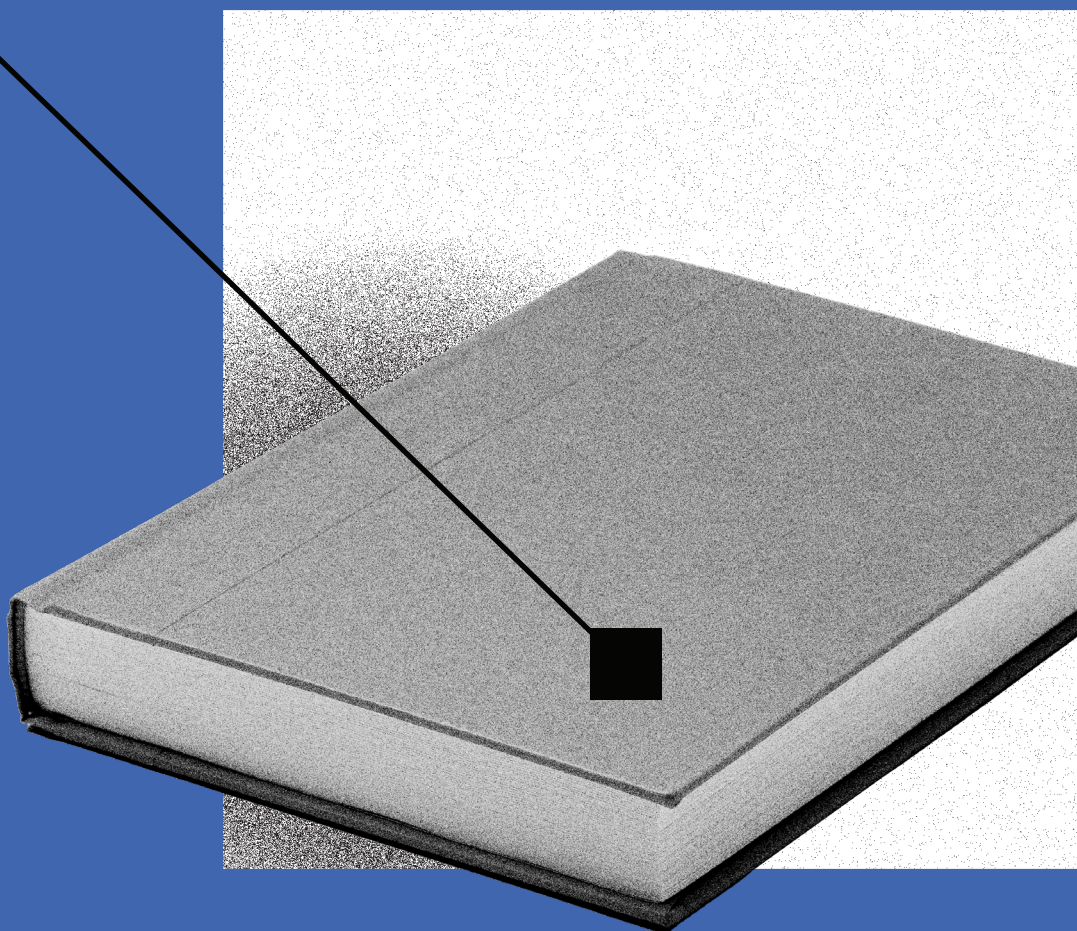
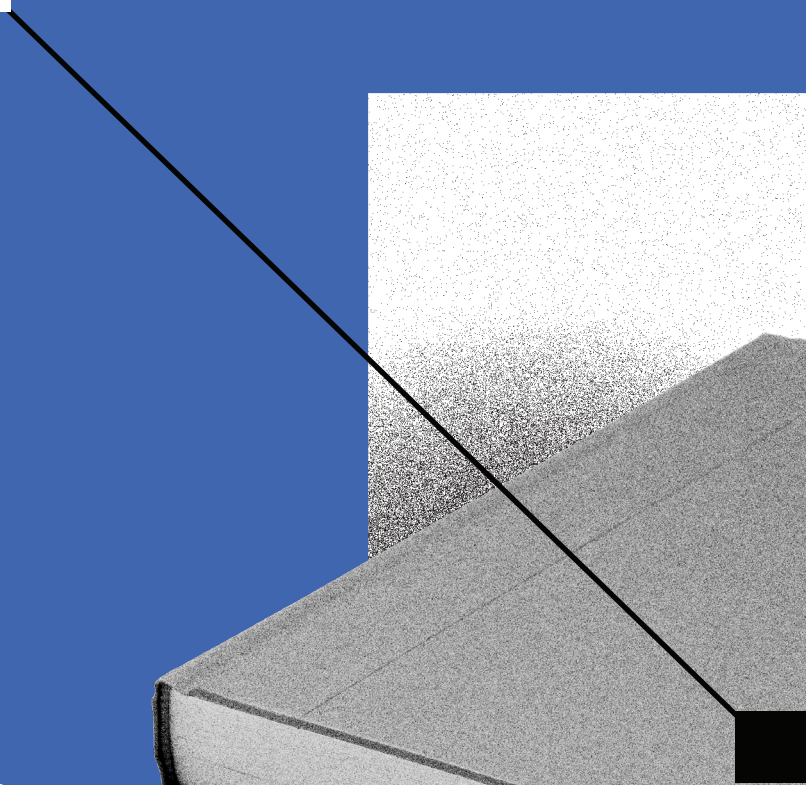


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Editorial

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Editorial

Giulia Gasperi

Dear friends and fellow community members,

As we gather in Chicago for ESOMAR's 2024 edition of the *Art & Science of Innovation*, the conference committee and I are excited to introduce you to a programme chock-filled with thought-provoking ideas, smart and ready-to-use toolkits and big unlocks. As we gather, though, the world around us is in turmoil. While critical elections continue to unfold around the globe, we're witnessing what the World Economic Forum describes as a polycrisis, a vast range of environmental, geopolitical, economical, technological and social inequality challenges. In this world, our industry has never been more important, and at the same time could be a lot more important than it is today. I believe that nobody is better placed to drive positive change than our community. Nobody is better equipped to empathise with different sides to overcome polarised perspectives. No one is more in tune with the complexities of the world, or more capable of empathy and collaboration.

Preparations leading up to this event are a testament to that: our committee reviewed more than 120 submissions rich in powerful perspectives; a measure of the dynamism that exists in our industry and of the powerful catalyst that ESOMAR is for all of us. Thanks to ESOMAR, we're encouraged to generously share our experiences with one another. We're empowered to create safe spaces for constructive dialogue, and to explore both the art and the science of innovation—you need different perspectives. As we celebrate both the art and the science of innovation, it is impossible to ignore how many of the brilliant papers, panels and keynotes you'll experience touch on artificial intelligence (AI).

This surge of AI-related content signals a significant shift in the innovation landscape, reminiscent of hot topics like big data and machine learning. But I believe that unlike previous trends, this wave is characterised by deeper, more intuitive and transformational impact, offering a democratically accessible opportunity for collective advancement. This shift is more reminiscent of the impact of the Blue Marble photograph, which in 1972 opened humanity's eyes to the beauty and fragility of our planet, spurring environmental awareness and global unity. Like the Blue Marble photo, today's GenAI images are also symbols of great transformative change. The Blue Marble was a milestone in creating a global consciousness; GenAI images symbolise the potential of AI to bridge the gap between science fiction and reality. Science fiction celebrates the art of raising our gaze to imagine new horizons, and the science of propelling us forward, and when we look at the role AI plays in sci-fi and pop culture, we notice that AI was never really the sole protagonist.

From HAL 9000 to C-3PO, from Dan Simmons' Johnny Keats to Osamu Tezuka's Tima—AI characters have helped us explore themes as vast as ethics and emotion, intent and intellect, holding up a mirror to help us better understand the human condition. However, HAL 9000 turned against the crew not because he was inherently "evil", but because the people who programmed him set him up for failure. Moreover, C-3PO, a

simple protocol droid, was designed to be kind, diplomatic and loyal, becoming one of the heroes in the fight against the Galactic Empire.

My takeaway is this: sci-fi stories featuring AI were made inspiring and unique because of the people, tensions and contexts they explore. Thus, while AI transports us towards new possibilities, let's remind ourselves that on this journey, we are in the driver's seat. We are the true protagonists and masters of our fate, and everything we experience here and decide to take home with us ties back to humanity. That's why the programme we've pulled together is not just focused on AI, but also on the broader tensions, contexts and characters that populate the world in which AI exists.

Our programme invites us to remember centuries of innovation. It reminds us of research essentials and best practices. It nods to present-day pop culture—from hip-hop to Taylor Swift. It tackles important topics in our collective discourse: exploring what it means to be part of the global immigrant community, and how brands might better serve it; honouring diversity, especially as this week we celebrate Juneteenth to recognise the importance of freedom and equality for all. It celebrates masterclasses in brand sustainability and longevity.

Here's a quick content overview of what presentations and papers you'll see - to give you a sense of what to expect, and most importantly, of what you'll get out of each paper and session.

Cultural discourse and expansive thought pieces

When you need a perception reset, these salient topics speak to the reality of our times, challenging our thinking and provoking fresh perspectives:

- On Monday, explore *Voicing the New Global Immigrant Realities* by Generation1 and P&G, and check out *TikTok's Exploration into The Future of Search*.
- On Tuesday, stop by *Stuck In Neutral* by IPSOS, and *Economics Beyond Numbers: In Our Research Era* by QuestionPro.

Smart toolkits and myth busters

Want to avoid reinventing the wheel and build on the successes and learnings of your peers? Then check out the many smart toolkits designed to help us scale our learning curves at faster rates. Note that many of these are spectacular examples of brands and agencies testing out AI's new frontiers:

- On Monday, head to the main stage to witness *Man vs. (AND) Machine* by Kimberly Clark, and *When GenAI meets Gen Z* by Tata Group. Check out the Interactive Stage to see *From Moments to Innovation* by IFF Nourish and InSightsNow, Inc.
- On Tuesday, enjoy a wealth of "how to" sessions, such as: *Tips and tricks to make pricing research better and more actionable* by Sjofors & Partners; *Using AI for innovating brand strategy* by LinkedIn and Kwantum; *Is Reality a Hallucination? Capturing the Essence of the Human Experience with*
- *Generative AI* by Native AI; *Mastering the Behavioural Science Maze* by HCD Research; as well as *Kerry's FutureLens* and *ESOMAR 20 questions to help buyers of AI-based services* by Ray Poynter.

Masterclasses in ingenuity

Turn to these to witness how clients and their agency partners are inspiring us with stories of how our industry drives impact, empowers decision-making and ignites action for the brands, products and services we use in the day-to-day:

- On Monday: *Breaking Down Barriers* by Instacart and Material; *From Shelf to Sip* by Suntory Global Spirits and AMC Global
- On Tuesday: *Transformative Insights: The Journey from Research to Sustainable Innovation* by Mill and Numerous; *Making Your Brand Culturally Iconic* by La-Z-Boy Incorporated and Dig Insights; *Breaking Through Internal Innovation Barriers* by Johnsonville Sausage and ProdigyWorks; *The Science Behind the Creativity* by Warner Bros Discovery.

Alongside these you'll also be witnessing fantastic YES! Pitches and a highly anticipated panel around the much-debated field of synthetic data. Finally, inspiring keynotes and fireside chats will invite us to celebrate diversity, find common ground and prepare us for an AI-powered world. As we navigate the conference and these papers, I invite all of us to set intentions for this time: let's be aware that we're standing on the shoulders of those who explored and experimented before us, let's embrace what will propel our craft forward and let's create the optimal conditions for our communities to thrive.

We are immensely privileged, today and in our roles, to come together and learn from one another so we can carry our inspiration back to our communities. With a bit of naïveté, I look at this time together as a summer camp with really smart people, and just like at summer camp, you may be carrying with you concerns and apprehensions, worries and questions. Nonetheless, you always return from it re-energised, having made new friends, brimming with ideas. I am excited to be inspired by all of you—to use this time and what we learn to harness collaboration, dialogue and a renewed sense of wonder for what lies ahead.

Warmly,

Giulia Gasperi

Art & Science of Innovation programme committee chair.

Senior Strategy Director, Data & Analytics, TRIPTK, the Netherlands.

PacMachine

Human and machine, are we replacing or
complementing our current capabilities?

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PacMachine

Human and machine, are we replacing or complementing our current capabilities?

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Introduction to PacMachine

Pac-Man doesn't run on his own; he needs the player to guide him to victory. Pac-Man, an icon of the 1980s, is a yellow, pie-shaped character who travels around a maze trying to eat dots and avoid four hunting ghosts. But, what does Pac-Man really represent? A friendly humanoid entity, a nebulous representation of "us" in digital form—a voracious consumer whose giant gaping mouth is an emblem of our insatiable desire to consume. And how exactly is this related to GenAI? This is an exact metaphor of GenAI. A voracious digital avatar of us humans, with an insatiable desire to consume—consume our jobs, skills, intellect and, most importantly, power to think. Since GenAI came onto the scene, most of are living in fear of redundancy. To resolve this conflict, like in the game Pac-Man, we use the most common tactics of fight or flight.

This paper explores the impact of changing the tactic with GenAI to "approach-avoidance" instead. We, as market research professionals, are in the process of analysing what the process entails, weighing the pros and cons and arriving at what to avoid and what to capitalise. What we need to keep in mind is: Pac-Man doesn't run on his own; he needs the player to guide him to victory. Similarly, GenAI isn't going to run on its own. Our role is to guide PacMachine along a path, but do it quicker, more efficiently and more effectively than ever before. Our future with GenAI is about augmentation not automation.

World building: The backstory

Front end innovation

Human-centred innovation is critical to succeed in an era where consumers are spoilt for choice. For any organisation to lead from the front, it is important to continuously innovate and stay ahead of the game. According to Steve Jobs: "Innovation distinguishes between a leader and a follower".

Product centricity

"You can get it in any colour, as long as its black". With this statement, Henry Ford pretty much summed up the early 20th century: businesses were all about product centricity. Companies designed and produced goods using the resources available, technological advancements of the era and the ingenuity of their workforce, with little to no consideration for consumer preferences or individual needs. The product-centric model thrived because very few alternatives were available. Consumers were essentially compelled to

purchase whatever products were available in the market. As a result, businesses found little reason to divert from a production-driven strategy, which emphasised output over personalisation or customisation. This era was defined by a focus on manufacturing efficiency, with businesses adopting the "build it and they will come" mentality, assuming that demand would naturally follow supply.

Consumer centricity

As global markets developed and became more saturated, a fundamental shift occurred in the dynamics of business competition. Simply manufacturing superior products was no longer sufficient to ensure market dominance. Businesses became increasingly aware that differentiation required more than just outstanding product features and functionality. This transformation heralded the migration from the product-centric model, a remnant of the industrial revolution, to a more customer-centric era, placing consumers at the heart of business operations: "customer is the king".

Life centricity

The last two decades have seen an explosion of digital platforms with the access to internet increasing. The internet revolution coupled with smartphone penetration means every household across the global has an average of 3.6 devices/connections. Needless to say, habits today are completely different from the early 2000s, but what the internet has provided is "democracy of access": i.e., access to information, access to entertainment, access to products and services transcending boundaries. This has put the consumer in the driver's seat. Organisations with a high growth momentum need to move beyond product centricity and consumer centricity to life centricity.

Life centricity is at the heart of innovation. Businesses today need to take a broader view that allows them to see customers in their full lives and adapt to their ever-changing needs and priorities. Businesses hesitate to adopt a consumer-centric approach, mainly due to cost and time implications. An average innovation project anchored on a design thinking approach takes about a year from start to finish, and life-centric sounds even more thorough. Therefore, it is more time intensive and with the rapidly changing environment, needs might actually change by the time the project is completed.

Joining forces: Keeping the human front and centred using GenAI to support life centricity

Our life-centric framework

The key life-centric plays to drive growth are:

- Utilise insight to gain a profound understanding of people;
- Go beyond the norms through ideation to broaden your canvas for value creation;
- Use creativity to transcend industry norms;
- Design and incubate a delightful experience continuum;
- Drive impact by building a fluid operation.

Start right

Gain a profound understanding of people, from seeing people as buyers with static personas, attitudes and behaviours, to seeing people as multidimensional, through dynamic data and lifeforce monitors that are constantly evolving. The combination of human and machine intelligence is allowing us to understand—more deeply than ever before—people and the forces that affect them. Today, to see people merely as static buyers of products, unaffected by the chaotic life forces that surround them, leaves immense opportunities for value creation on the table. People play multiple roles in their lives: parent, citizen, friend, student or activist, to name a few. Most people no longer identify with a single title; it is just as important to one's personality to be a mother, wife and professional, as well as an individual. With digital capabilities at our fingertips, we have the ability to not only access data at scale, but also to allow us to immerse in the lives of our consumers (without even leaving our chairs). We've heard about digital twins, GenAI concept validation tools, focus groups without consumers, etc., being able to replace the way we currently do research.

GenAI has enhanced our capability even further by aiding in:

- The analysis of millions of data points in a matter of seconds;
- Reinterpretation of the same data sets through different lenses based on business needs, different consumer segments, retail buyers, etc.;
- NLP integration of different data sources;
- Testing outputs by selecting the data source.

Over the last year, we've seen so many articles, business cases, etc., that show the power of GenAI and its impact on productivity. For example: *AI is Starting to Threaten White-Collar Jobs, Few Industries are Immune* in the *Wall Street Journal*; *The AI Revolution Will Change Work. Nobody Agrees How* in the *New York Times*; and *AI is Outrageous and Wonderful* in *The Washington Post*. However, what does this really mean for us and our day-to-day jobs?

- Will it really replace us?
- Will it help us be better at our jobs?
- Will it result in significant saving of cost and time?
- Will it help us identify routes which we missed as humans?
- Where and how will we find the most effective use?

The game

- Players: Human versus PacMachine.
- The game: Identify the winning ideas—i.e., ideas generated by humans versus ideas generated by GenAI.
- Levels of the game:
 1. Analysis of historical data.
 2. Analysis of current consumer data: immersions, big data (ratings and reviews, social media listening data), demand spaces, etc.

3. Generation of insights, innovation territories and benefit spaces.
4. Generation of ideas and/or concepts.
5. Identification of winning ideas.

At each level of the game, we compared results from the human-only process to the Gen AI, uncovering similarities and differences between the two.

Level design: The GenAI playground

Rapid GenAI experiment and optimisation

Building from the design thinking behaviours of experimentation and agility, we set out to create a minimally-viable GenAI tool that could mimic our human-centred, front end innovation process. We started with a closed-environment Azure Playground. We fed the model thousands of data points including:

- All of our past qualitative research and synthesis decks from the past five years;
- Materials on the R&D pipeline, including new technologies, material innovation and new designs;
- Transcripts from 1:1 insight interviews with consumers and experts, and in-home immersions;
- Ratings and reviews, source data from multiple countries and websites;
- Quantitative data including demand spaces and segmentation;
- A comprehensive idea bank consisting of past concepts and test results.

In about three weeks, we had an initial playground that allowed us to query single sources of data and generate newness. We found this playground to be extremely helpful in learning—both how to prompt and how to uncover new benefit spaces and ideas. However, it didn't quite meet our expectations in terms of dynamic innovation. When we think about how we, humans, approach innovation we think about the connection of multiple, disparate points of information coming together to inspire a new idea. We believe in the words of David Lynch, that: "Ideas are like fish. If you want to catch little fish, you can stay in the shallow water. But if you want to catch the big fish, you've got to go deeper. Down deep, the fish are more powerful and more pure".

We realised that pulling from one data source at a time limited the ability for GenAI to be truly generative. It gave us a lot of ideas, but not the big, disruptive ideas we were looking for. We then moved to a custom-built playground that would allow us to look across multiple files and data sources to generate newness. Customising and fine tuning the playground is time consuming, but a prerequisite to achieve and go beyond the end goal. This is when the real learning started. Not only was GenAI able to combine disparate data sources including market-specific learning, it was able to create ideas that we hadn't thought about before. It is the power of GenAI to look across millions of data points to come up with new insight, benefit spaces and concepts in a matter of minutes that really shocked and awed us.

Gaming strategy

Input strategy: Garbage in still means garbage out

While ChatGPT can be incredibly useful for any marketer or insights lead on any challenge, an LLM that mimics our end-to-end innovation process provides significantly more value. Our GenAI innovation accelerator model required a rigorous approach to programming, and a significant amount of work—both from the technical team and the insights team. The upside is that once the foundation of the model is laid and the model is trained, utilising the same model across future innovation projects will be a much easier lift. To be successful with Gen AI, you must be input obsessed. Similar to the scrutiny of a screener, discussion guides and output deck, inputting into the GenAI model requires the knowledge of a market research and insights professional. It is this group that understands source material the best. It is also this group that can flow across departments and teams to collate a cross-category, multidisciplinary sources of knowledge.

Just like in traditional market research, not every input holds the same value. Garbage in means garbage out. We found that raw data is the gold standard. Unsynthesised verbatims allow the machine to flex its muscles and generate net new learning. Once we, humans, start adding subjectivity to the data source, it loses some of its value. The more synthesised decks you put in, the more you get re-synthesised materials, just spun a new way. When possible, researchers should limit the human interpretation of files and focus on collecting the data itself. Raw data also limits bias. While machine learning models will someday overcome biased data sets, it is currently difficult to do so. The more we can eliminate bias going in, the more we eliminate bias coming out.

Prompting strategy

Ensuring the right prompts are being asked with the right data source

Most of us are beginners in GenAI, and use it primarily as a search tool. When we started using GenAI to help us synthesise existing research, we did a lot of “conversational searches”. We would ask a question like “what are the top five needs moms have in Brazil when it comes to diapering?” and wait for the response. The LLM would find content relevant to the given question and write a response. The generated answer was not a verbatim from the knowledge base, but was strongly rooted in previous research. As we got more familiar with prompting, our approach to prompts evolved. Since LLMs have no long-term memory, it was important to create a prompt framework that allowed us to layer prompts and build on previous GenAI output. A prompt framework offers a systematic way to construct prompts, ensuring that they are clear, focused and effective in eliciting the desired response from AI models.

We explored three different prompt frameworks:

1. Co-Star, which was best for getting precise, targeted information:
 - C - Context: setting the scene for your request;
 - O - Objective: spelling out what you want to get back;
 - S - Style: the desired writing style to align the AI’s response;
 - T - Tone: the tone that the AI should take;
 - A - Audience: the intended audience of the AI’s response;
 - R - Response: the format you want the response, such as a table or number of characters.

2. RTF, which was best for generating new ideas:
 - R - Role: the role that AI should assume;
 - T - Task: the job you're asking AI to do;
 - F - Format: the format the response should be in.
3. RODES, which worked for when we had learning, such as prioritisation criteria and a clear output:
 - R - Role: the role that AI should assume;
 - O - Objective: what you want the AI to accomplish;
 - D - Details: any context / constraints that the AI needs to consider for generating a good output;
 - E - Examples: examples that the AI can use as a model for its answer, such as style, tone or structure;
 - S - Sense check: asking the AI to confirm its understanding of the objective and guidelines.

For the innovation process, we identified some design principles for prompt engineering:

- Split complex tasks into simpler subtasks, which allows us to ensure the building blocks are accurate and reflect the category and consumer learning we know to be true;
- Ask the model if it missed anything, which allows us to uncover missed information;
- Specify the desired length of the output, or even better give it an example. Layer your prompt with best-in-class examples or specifics like the number of words, sentences, style of writing, etc.;
- Ask the model to adopt a persona. Leverage a loose persona to help the model ideate differently.

Achievements

The output: Digging through output to uncover gems (sometime valuable, sometimes rocks)

The output from a design thinking process that only uses GenAI is not vastly different from what you get from a human-led process. Yes, we got 10 times the amount of ideas because the machine can think of endless product ideas, but there were less than 20 really interesting new ideas that humans had not thought of. Despite the fact that all of the prompts we asked were focused on physical product innovation, about 33% of the ideas GenAI came up with would fall under commercial/promise innovation (innovations that change everything but the product). A lot of these ideas traditionally fall to a marketing and communications team. This was an unexpected win as the commercial tactics were strong and pushed us (humans) to come up with product ideas that could build on what GenAI unearthed.

Gen AI is also very repetitive when it comes to ideas, which makes sense, as it generates hundreds or thousands of ideas on the same reference material. Even if you prompt it to think about a different benefit space or insight, many of the same ideas come up. The GenAI benefit statements and concepts used similar language and analogies, making them feel a bit repetitive. A lot of prompting is needed to get them to a strong place, making the driver (human) indispensable.

Winning tactics

Repeated play at each level (iteration) helped us understand the playground (environment) better and upskill our game moves (prompts). GenAI is unshackled by convention. It pushes the traditional boundaries in pursuit of the best idea. What we might think of as a silly or small idea might become the winning idea out of GenAI.

- People are still the most important: The closer GenAI is to the consumer, the better it can replicate them. Spend the time getting raw data and verbatims; it will make a difference in the output.
- Agility means staying ahead of the curve: In a rapidly changing world, faster holds inherent value. In a time when consumer expectations change at a drop of a hat and CPG companies face new, more agile entrants, shortening of the FEI process by up to 50% may lead to significant growth.
- Processing big data at scale: Go beyond the usual sources including trends and foresight, as well as looking for related worlds (analogous brands outside your category) can help the model create more innovative solutions.
- Behaviours eat process for breakfast: We need to apply the same behaviours we apply to design thinking to the GenAI process. Go broad, ask risky questions and push your prompts to go beyond the standard areas of exploration.
- Expect an “arc of believing”: It takes time to get AI to work for you and obtain the output you envision. It's a challenging road ahead—expect a learning curve and don't get frustrated.
- GenAI isn't a magic wand, but it is your new sidekick: Collaborate with AI. Use it like you would any other tool at your disposal. Trust your gut—don't blindly follow AI.
- There are no real GenAI experts in product innovation: We're all in the early stages and are learning together. We are collectively shaping the future.
- Impact won't be even across the process: There are no-brainers where the impact is huge (i.e., synthesis) and places where we don't know the impact yet (i.e., prioritisation of ideas). Focus your use on where GenAI can add the most value.
- GenAI accelerates and complements/supplements the innovation process, but doesn't do our role. GenAI is our new superpower, but that doesn't mean we'll be out of a job soon. People are still the most critical part of the ideation process.

The boss level

We are still in the process of testing the concepts generated by the teams (humans) versus the concepts generated by GenAI to identify which ones will win with consumers, although that is not the litmus test. It's important to identify the uses of GenAI and use it as a partner to augment what we as humans cannot process and come up with in, in record time and at a nominal cost. As said by Elon Musk: “Generative artificial intelligence is the most powerful tool for creativity that has ever been created. It has the potential to unleash a new era of human innovation”. Therefore, GenAI should be used as a tool to help us do our work both more effectively and more efficiently. We created PacMachine: we will need to first train it then navigate it, recrafting strategies along the way as we understand the environment better, to conquer levels and use superpowers occasionally to boost up, skip levels and attain goals unimagined. This is all while

becoming the top scorer so our names are forever on the machine. We humans will remain the art and intel in artificial intelligence.

End of game

Because we couldn't submit a paper on GenAI without asking GenAI to do the work for us, this is what it came up with for a suitable closure:

In a rapidly evolving landscape of technology and innovation, the integration of Generative AI brings unprecedented possibilities to the forefront of market research and product innovation. This paper has provided a glimpse into the potential of GenAI to transform traditional approaches, allowing us to gain profound consumer insights, generate disruptive ideas, and optimise the innovation process like never before. As we continue to explore the boundaries and potential of this exciting technology, it is clear that the collaboration between human expertise and artificial intelligence holds the key to unlocking a future of limitless creativity, agility and market leadership. The journey has just begun, and with each step, we uncover new frontiers, leaving us eagerly anticipating the next wave of possibilities.

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When GenAI Meets Gen Z

Using generative AI to decode the Gen Z mind for
game changing innovation

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Introduction

Brands are successful when they can effectively convert business strategy into ideas that speak to their consumers. The ultimate prize is to be able to create game-changing concepts that capture the consumer's imagination and bridge the gap between consumer needs of the future and a brand's strategic imperatives. What could add outstanding value to the pursuit of this goal is "decoding the consumer's mind" rapidly and at scale, but time and cost are of essence. In a world where consumer preferences change at the speed of the internet, traditional research is too slow or costly to conduct at scale. Enter generative AI (GenAI) and large language models (LLMs), which offer a uniquely positioned solution to speedily create game changing ideas that resonate with consumers. This paper lays out a battle-tested, exciting new way of translating a business' vision and values into propositions that resonate with consumers.

Business context

The Indian origin Tata Group is a true global conglomerate with over USD 150 billion in revenue. Now, in its 155th year of existence, it has spawned and sustained businesses and brands as diverse as India's most loved salt and four-wheeled electric vehicles. With the length, breadth and depth of our experience, we naturally understand that continued brand success is not a given; it is even harder to achieve at inflection points like when a new generation is gaining economic prominence, or technology is truly disrupting the status quo. Leveraging machine learning and GenAI to understand the world's largest Gen Z market with precision and nuance is a cherished goal for marketers. That is what we set out to do when we applied the power of supercharged computing and reinforcement learning, to decode the mindset of the youth of the world's most populous democracy. With burgeoning computing capabilities having exponentially enhanced the scope to interpret narratives of the world's first generation of digital natives, we embarked on an adventure to convert strategy to consumer speak, and consumer speak into striking ideas across a broad range of categories.

Establishing the intersection: Connecting brand dimensions and strategic imperatives to consumer perspective

Too often, a brand's dimensions and/or attributes and strategic imperatives, while sharply defined in the board room, need to retain their essence in order to resonate with consumers. Our next step was to break down each of these brand dimensions and strategic imperatives into terms related to them, and then, using machine learning algorithms, trawl the social web content that Gen Z was engaging with or creating, connected to these terms.

Brand dimensions

When the TATA Group was established over 155 years ago, its founder, Jamsetji Tata, built his enterprise keeping the community at its heart. Over the years, as the group expanded its businesses and operations and went global, this pioneering concept that was built into the group's DNA, engendered an unwavering sense of trust in the TATA brand amongst its stakeholders. Since its inception, the House of TATA has become synonymous with three key dimensions emblematic of the group's values:

1. Pioneering
2. Community
3. Trust

Naturally, we focused our study on these key brand dimensions.

Strategic imperatives

For a group as large and diverse as TATA, apart from its brand dimensions there are a number of imperatives that are deemed key to the future of our varied businesses. Amongst others, those defined by the group's leadership are:

1. Planet resilience: signalling a focus on sustainability;
2. Digital leadership: signalling an impetus to integrate cutting technology across business processes and touchpoints;
3. Platform economy: signalling the emerging and predominant mode of how brands serve consumers.

This exercise of connecting brand dimensions and strategic imperatives to the consumer perspective on these topics enabled us to identify what Gen Z was talking about, their attitudes and beliefs and the ideas they empathised with. The use of machine learning also helped to analyse the entire universe of conversation (including user generated content), clustering similar conversations to define their volume (how many people were talking about a sub-theme) and their rate of change or momentum (whether conversations on the sub-themes were growing or fading over time). We have defined the key narratives we identified around each brand dimension and strategic imperative which, in turn, throw light on how Gen Z engages with brands and what it expects from them in the future.

Methodology: How we did, what we did

A new generation has taken over the influencing landscape. In India, Gen Z (the ones born between 1997 and 2012) constitute a sizeable population of about 375 million; half of them are active participants in the workforce. It is a generation that has digressed in many ways from how Millennials or previous generations viewed life and value systems. To decode their mindset and understand their motivations, we mined a plethora of data sources to ensure the broadest view of consumer speak on key strategic themes. We analysed a broad cross-section of publicly available Gen Z conversations including user generated content, instead of a sub-sample. This helped us achieve:

- Qualitative analysis of social media posts, and;
- Quantitative sizing and measuring the growth of specific thematic interests.

Qualitative analysis of social media posts

Social media extraction: For a generation that Google predates, their lives are veritably lived online. We engaged Quilt.AI to employ a large number of keywords related to Gen Z and extract targeted Gen Z bios from various social media platforms they inhabit, e.g., X/Twitter, Instagram, Reddit, Youtube, Moj and Sharechat. This exercise was undertaken to identify key narratives that define Gen Z's understandings of Tata Group's priority dimensions. **Online discourse analysis:** The identified Gen Z posts were qualitatively analysed to understand how young consumers talk about issues dear to them, engage with brands and products and use those to manifest their individuality.

Quantitative sizing and measuring growth in interest

Volume sizing: The narratives, represented by keywords, were sized using search volume data from Google gleaned over the past year. To do this, we identified a list of 551 topical keywords for each narrative and pulled the results with those specific words present in them. We then analysed over 5 million unique searches made between February 2021 to January 2022 to calculate size and growth numbers.

Measuring growth in interest / searches: Narratives identified in the qualitative research were also cross-checked quantitatively using search volume data. The rate of change ("ROC") in these volumes across time was calculated to establish whether there has been a shift in perception or increasing interest in a certain narrative.

This allowed us to identify what was pre-occupying Gen Z the most, both in terms of emphasis, i.e., the volume of conversation, and urgency, i.e., the momentum of the conversation around a given theme.

Leading dimensions in online discourse: Our search data shows that the highest volumes of keywords that Gen Z consumers are using relate to the platform economy (size: 52.3%; ROC: -11.2%) and planet resilience (size: 17.6%; ROC: 33%).

The bygone conclusion for the former is the fact that Gen Z, a generation that has lived their entire lives in the internet era, were pushed to further their online reliance during India's extended COVID-19 lockdown. Relying on platforms and digital spaces to safely resume consumer behaviours thus became imperative. In the second instance, recent ecological reports (such as the ones published by the Intergovernmental Panel on Climate Change) and extreme climate events urged consumers to get informed on the state of the climate crisis. The rest of this paper deconstructs how we harnessed computational power and human ideation to create compelling propositions for in-market success. By uncovering consumer narratives related to our vision and values amongst the world's largest cohort of Gen Z consumers, we set the stage for other brands to emulate the ability to serve the consumers and communities they are a part of.

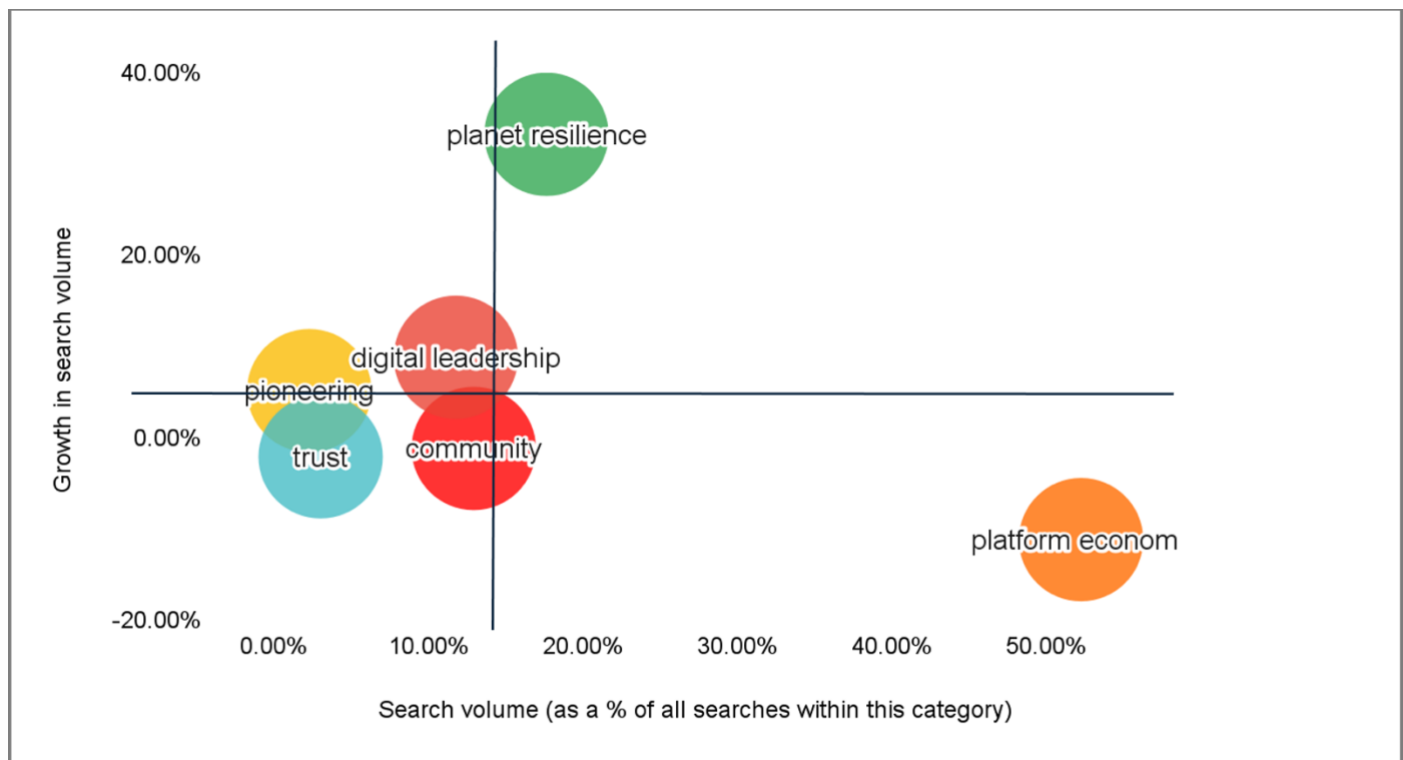


Figure 1. Size + ROC of Tata's 6 priority dimensions.

Generational insights: Marking the generational shift for business and brands

Studying Gen Z in depth and with clarity is a strategic necessity for brands. In part, it is to understand the marked difference between them and Millennials: on every key psycho-social and socio-economic dimension, they signal a departure from their predecessors. As we trawled social media and applied targeted keywords, the picture that emerged of Gen Zs, especially when it came to attitudes towards lifestyle and social progress, showed us a generation that appreciates focused, planned and measured progress. This is in contrast to the Millennials' easygoing ways, and their hope for dramatic positive transformation.

The differences were evident in other aspects of living and beliefs as well. As a generation that existed before internet connectivity took over our lives and changed the way we interact, Millennials switch in and out of social media. Gen Z, on the other hand, has grown up with social media as a primary means of connection and communication, but now they crave real world connections where family is central to their existence. Equally, the youthful, fun-loving stance of Millennials appears at odds to the health-conscious Gen Z's preference for tee-totalling. Similarly, on matters of gender, sexuality and mental health, the views of the two generations are divergent: Gen Z's openness about gender, sexuality and mental health stands apart from the Millennial's reticence towards discussing sexuality or mental health.

Gen Z		Millennials
More focused plans and mindful about efforts	Rigour	Relaxed attitude to life
Measured thoughts on incremental progress	Future Plans	Dramatic images of an upgraded future
Craves for a real-world connect	Social Media	Keeps switching in and out of social media
Central to living	Family	Important, but not more than friends
Low-key and grounded, shunning alcohol	Lifestyle	Wants to have fun and take risks
Worried about future health issues & low energy	Ageing	Feels young and wants to stay young in future
Open about gender and sexuality	Attitude	Open about sex but not necessarily sexuality
Explores issues and voices them openly	Mental Health	Talks about stress but doesn't often use the language of mental health

Figure 2. Gen Z, Millennial or Gen X?

Entering the Gen Z world: Ambition, affluence and assertiveness

To study the Gen Z world is to acknowledge the onset of a different era of consumption—one that is marked by changes in behaviour and preference that merit consideration if brands are to appeal to them. With an estimated population of 375 million in India alone, 50% of whom are already a part of the workforce, Gen Z's economic might and influence will soon dictate the course of the world's most populous nation. While 60% of them feel financially secure, nearly a third (~35%) claim to indulge in a side hustle, typically as social media influencers, indicating an economically savvy cohort with purchasing power and the ability to make independent financial decisions. This combination of an entire generation's ambition, affluence and assertiveness, at a time when India itself is economically ascending, creates the conditions for one of the largest waves of consumption-oriented growth that brands across the world have witnessed in recent times.

A sweep of secondary research reaffirms these traits. Famously afflicted with an "attention deficit", this is a generation to whom the smartphone is a bodily extension, making a glut of knowledge available at their fingertips. The result is a bevy of emerging consumers who are commercially savvy and natural content creators. While their lives online in spaces like Discord, Reddit, Twitch and Wickr are shrouded from their elders, the universe of information that they glean from these sources allows them to influence older generations' buying decisions. Thus, if we understand the ideas and ideologies that Gen Z holds dear, we get a peek into the secret passageways of household purchase trends and influences. As a brand, decoding Gen Z's perspective and how it overlaps with our own strategic imperatives allows us to convert these imperatives into appealing ideas for this exciting new generation. What enhances this ideation in terms of speed, appeal and scope is the use of GenAI. This leads to a novel way to identify the intersection of an organisation's strategic intent and its consumer's perspectives on that intent, with GenAI augmenting human creativity to swiftly create novel ideas that cater to consumer preferences in our areas of focus.

This leads to a new schematic for integrating strategic priorities with consumer perspective, and using GenAI as a force multiplier to human ingenuity.

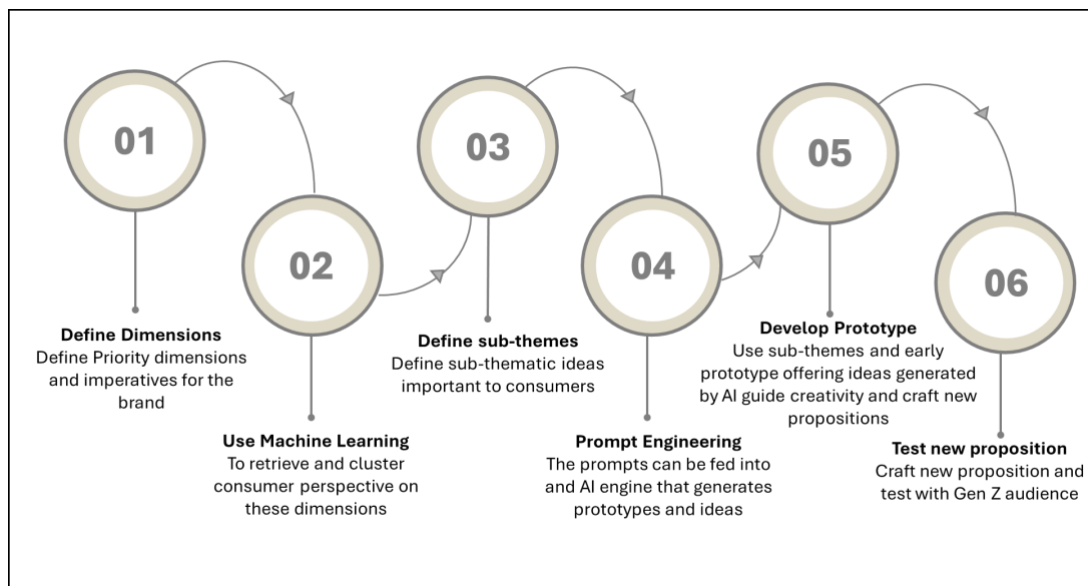


Figure 3. The strategic schema for GenAI integration with Gen Z.

Decoding what Gen Z thinks: Brand dimensions

Brand dimension 1: Pioneering

As the generation known for their unconventionality, finding ways to reimagine and improve the world takes up considerable space in Gen Z's everyday lives. Here are the dominant narratives that define how Gen Z consumers talk about the brand dimension of pioneering.

Out with the old

Due to their preference for modernity, technological innovation is important to retain these users' attention. They want sustainable models that offer them something new rather than repurposed tech (referred to as "old") under the guise of pioneering.

The app is very dull and boring now, but got few features like background colours can be edited and all, but maybe soon they will upgrade more, since they keep changing and experimenting."

Staying present amidst pressure

Gen Z's reputation for their new, innovate ways of thinking can get in the way of their desire to live authentically. Feeling overwhelmed by the expectation to reimagine the world, they resist pressure by trying to stay true to themselves.

Srsly tho, we're all under so much pressure to achieve what we think we have to achieve to succeed in life that we forget to stop & fall in love with all that's around us & that life's a journey not a competition. take a breath, you got this #societalpressure #parentalpressure #relatable

Aspirational innovators

These consumers know what they want, and they're creating new ways to go after it. Unlike any generation we've seen before, these consumers are eager to find new solutions to replace outdated models.

Life has no limitations except the ones you make #thinkaboutyou #mojiindia #bedifferent" #motivation #hustle #outsidetheboxthinking #technopreneurs

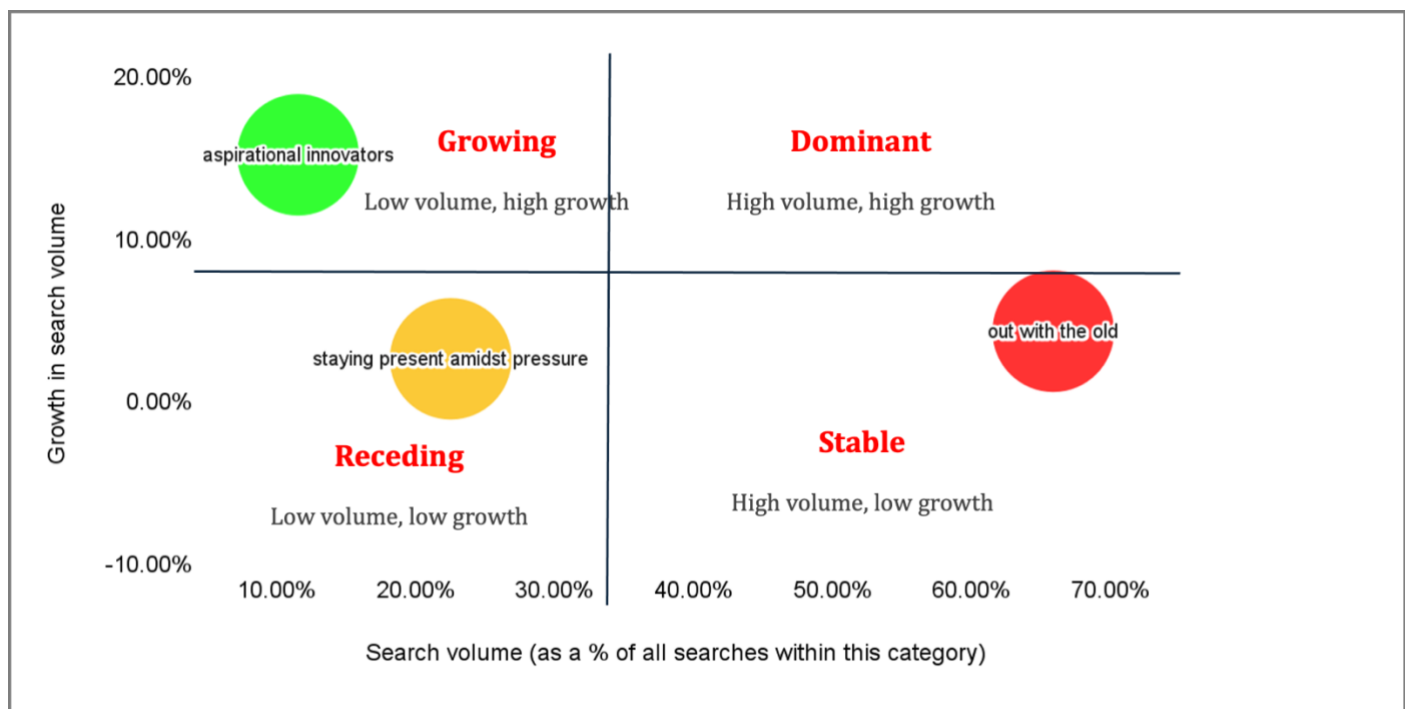


Figure 3. Pioneering: Narratives being interpreted by Gen Z.

Brand dimension 2: Community

While Gen Zs in India revere community as a positive and necessary social, familial and political tool, they suffer periods of pronounced struggle to ascertain or access it in reality, making it an evasive (and well sought out) dimension. Here are the dominant narratives that define how Gen Z consumers are talking about.

Driving collective action

Community is viewed as a sociopolitical tool for mobilising efforts or mutual aid, providing marginalised demographics with the means of belonging and resistance in a world of adversity.

Misogyny has taught us soooo much that we, women, ourselves start believing in this shit and even worse try to pass on the same to future generations! Sisterhood is the strongest bond we can create. Come girl, if I don't stand for you and you don't for me, then who will? #feminismchennai #feministsofindia #endmisogyny #foracause #socialgood #makeadifference

Detoxing digital reliance

Community, in this case, is viewed as something that can only be found in the real world and cannot be recreated online. Proponents of this narrative enact ritualistic social media detoxes to enhance focus on in-person relationships.

Taking this amount of time off social media had also made me connect with people around me more than I had previously. I was more productive in my free time and engaged more sincerely in face-to-face interactions. #switchoffline #digitaldetoxholiday #mentalhealthmatters

Online communities of interest

Given their generational reliance on technology, which the COVID-19 enforced social distancing enhanced, community is best found in virtual spaces for Gen Z. Here, “online friends” or virtual circles are prioritised and preferred over real-life relationships.

*That random stranger you met online! And now is a big part of your life?!
 #onlinefriends #virtualhug #onlinebff*

Platform-induced loneliness

Social media allows users to present a curated version of themselves and their experiences, leaving Gen Z users feeling isolated and without community. They seek out authenticity in virtual spaces to counter their loneliness.

I want to meet online friends but I can't bring filters with me :((#greenscreen #itsoknottobeok #authentic #mentalhealth

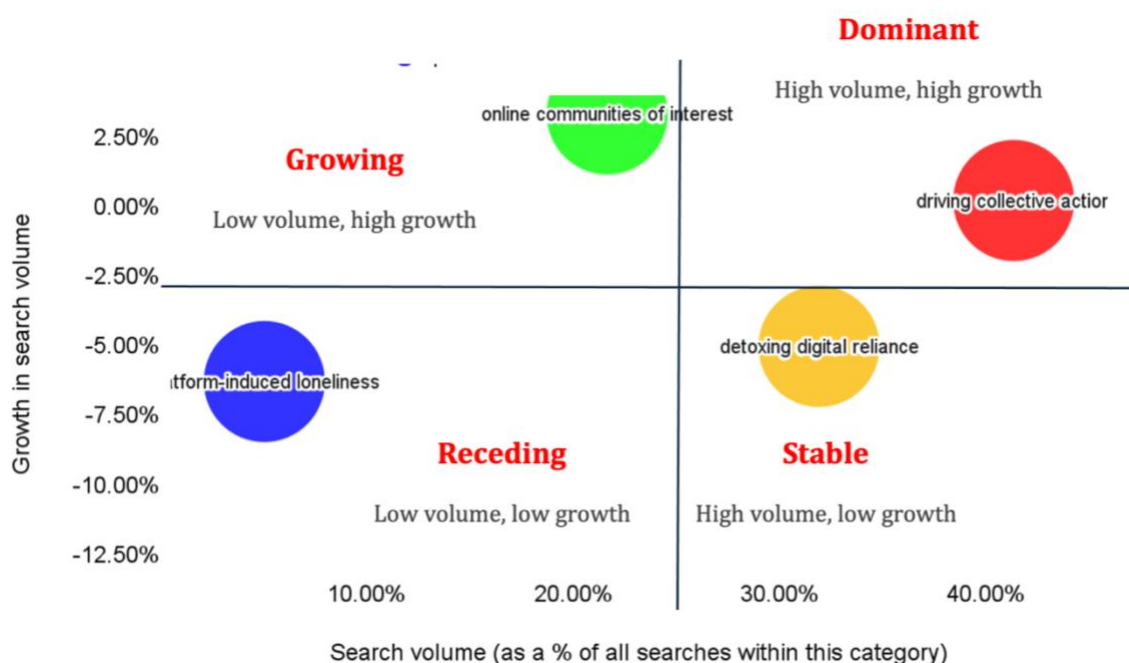


Figure 4. Community: Narratives being interpreted by Gen Z.

Brand dimension 3: Trust

Gen Zs have been described by researchers as exhibiting an unprecedented “vacuum of trust”. This means that there has never been a greater opportunity for brands to renew trust in a consumer demographic like now. Here are the dominant narratives that define how Gen Z consumers are talking about trust.

Care over convenience

At a time when COVID-19 has deeply impacted a generation, trusting a company has taken on a whole new meaning: these consumers want to be reassured that brands are prioritising health measures over profit, efficiency or convenience.

One of the major reasons of increasing no. of COVID-19 cases in this country is "Don't tell anyone that someone in the house has Corona". Don't trust people and wear a mask for your own safety. #coronavirus #safetyfirst #trustscience

Transparency over size

While for other generations, brand recognition is based on entity size, Gen Z consumers need more in order to fully trust a product. They want companies to be sincere and straightforward about their methods.

Small & niche influencers have: 1. established expertise in their community; 2. accommodating affordability for brands; 3. quicker availability and audience trust. Don't get carried away by the large followings. bigger isn't always better. #transparentbrands #honestyisthebestpolicy #smallbusiness #solidarity

Earned not given

One cannot assume trust from this demographic; the natural state of the Gen Z consumer is to be distrustful of brands. Thus, trust is viewed as something to be earned as opposed to being freely given.

I got trust issues bcz people got lying issues. 🙄🙄 #instagood #instadaily #india #instamood #influencer#protectyourself #trustissues #earnit

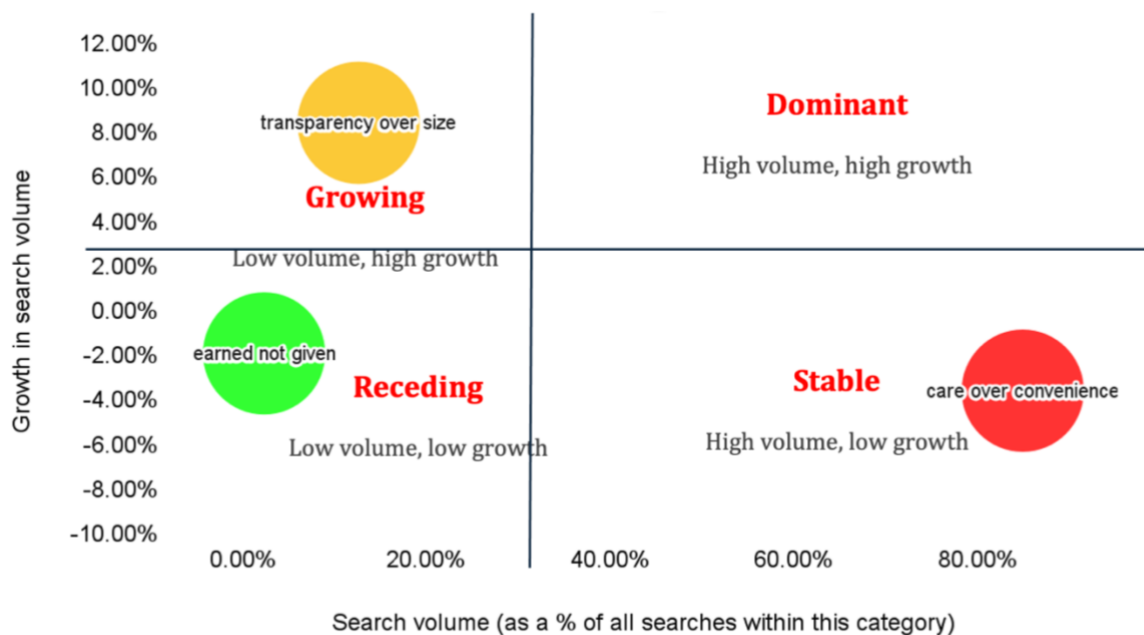


Figure 5. Trust: Narratives being interpreted by Gen Z.

Decoding what Gen Z thinks: Strategic imperatives

Strategic imperative 1: Planet resilience

In India, environmentalism and planet restoration were foremost in a Gen Z consumer's mind. From viral displays of climate solidarity (#farmersprotest) to localised incidents of environmental destruction (#uttarakhandfire), Gen Z social media users in India are voicing their concern over the climate crisis and its effects on their future. Here are the dominant narratives that define how Gen Z consumers are talking about.

Planet resilience: Opportunity for change

Gen Z consumers want to disrupt the climate crisis through environmental discourse and action. They organise around shared efforts or goals to make sustainability a reality.

School protest for climate week 94. #ClimateCrisis #ClimateJustice. Wishing everyone a new year filled with real climate action and reasonable climate targets! 🌍💚 #swachhbharat #climateactivist #climatewoke

Making sustainability practical

These Zs want sustainability to be available to the masses. They believe change can only be possible once everyone has the tools to participate.

We all know we should reduce the use of plastic to avoid pollution & landfill but are any viable alternative options available? Like, we know how many girls/women use the silicon diva cup? Why not period panty or biodegradable pads are not getting produce on a larger scale? And making it accessible to the masses. #sustainablefashion #ecoconsciousbrands #sustainability #fastfashion

Positive climate association

Apocalyptic environmentalism is seen as a barrier to climate action. Gen Zs choose to celebrate the transformative power of their consumer choices to effect positive eco change.

"What makes you happy?" The fact that I'm a part of a global campaign to save soil that has potential to change the face of climate change and various ecological and economical issues. #ConsciousPlanet #SaveSoil #climatecrisis #optimism #environmentalism

Fearing the future

This generation is experiencing anxiety and burnout around the environmental crisis. They are sceptical about the validity and effectuality of sustainable missions.

The world really is ending, world war scares, an uncontrollable virus, climate change, and above all, an entire gender refuses to comprehend the concept of body autonomy. #climatechange #ecoanxiety #apocalypticenvironmentalism

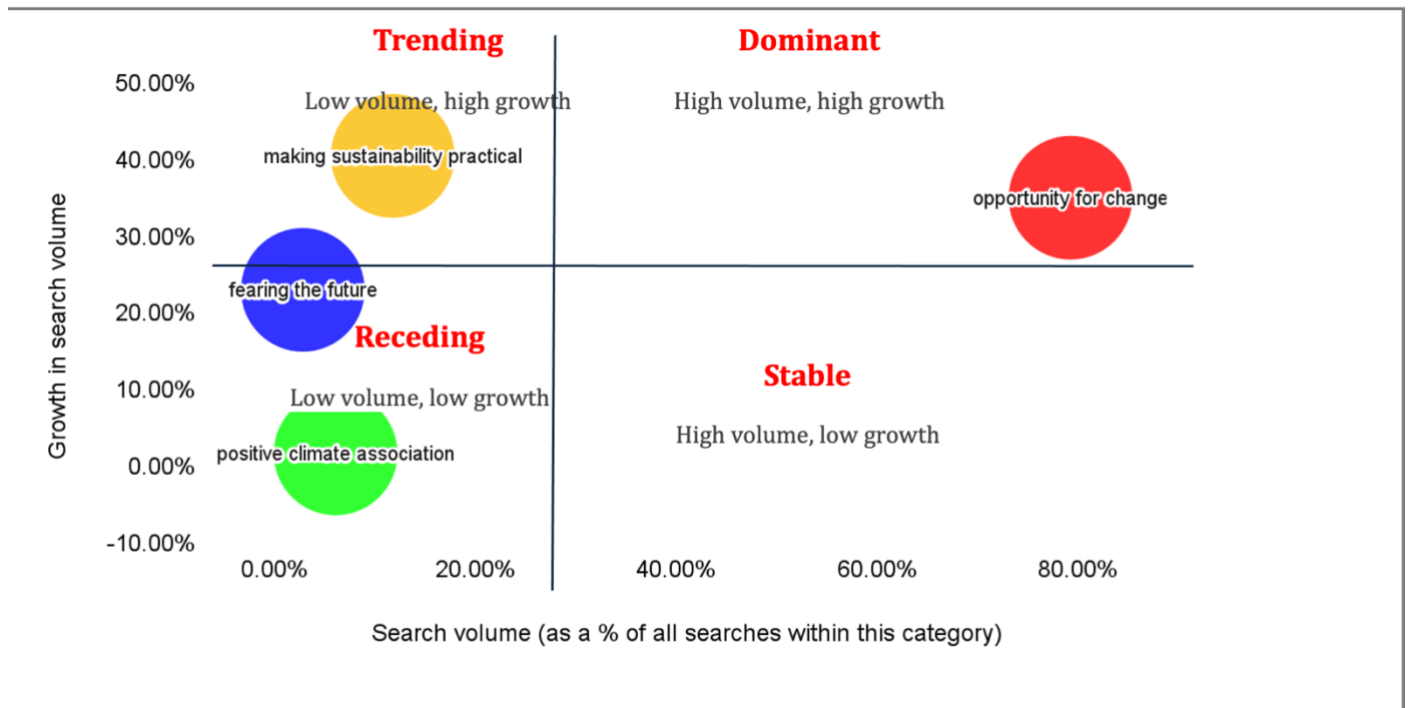


Figure 6. Planet Resilience: Narratives being interpreted by Gen Z.

Strategic imperative 2: Digital leadership

“Netizens” of a technologically connected world are looking for inspiration and leadership in digital spaces to inspire their innovative generation. Here are the dominant narratives that define how Gen Z consumers talk about digital leadership.

Transformative tech

These consumers celebrate companies that have both means and motivation to transform the technological world. They value leaders who, like Gen Zs themselves, think unconventionally and imaginatively. They want digital companies and CEOs to not only reintroduce technology, but reinvent it altogether.

*A piece of tech that blew my mind after so long is Oculus Quest 2, it's something else 🤖
 #techtransformation #futuristic #virtualreality*

Responsible leadership

What was earlier considered to be the most prized attributes of digital leaders have been redefined by Gen Z. According to them, digital companies should care about the consumer experience through transparent, ethical and responsible practices. Responsibility to these consumers means a myriad of things, most of which concern how a digital company impacts people: Zs look for leaders who are, for instance, addressing gender inequity, food insecurity or the COVID-19 crisis.

not sure what are we trying to achieve with all this futuristic building; how about using tech to address poverty & sickness & quality SDGs than create towers which try to represent capitalist supremacy???
 #techforacause #responsibletech #techforgood

Inspired by Indian leadership

India has become a leader in technological innovation. Therefore, Indian Gen Zs feel a sense of collective accomplishment through their country's ascendance as a digital leader. They look forward to keeping the torch of their form of digital leadership burning bright.

Only when people are healthy, different types of ideas and innovations will come into their minds, these ideas will make India strong at the world level, the day is not far when the youth of India will show the way to the whole world.

#indiapower #proudtobeindian #indianceo

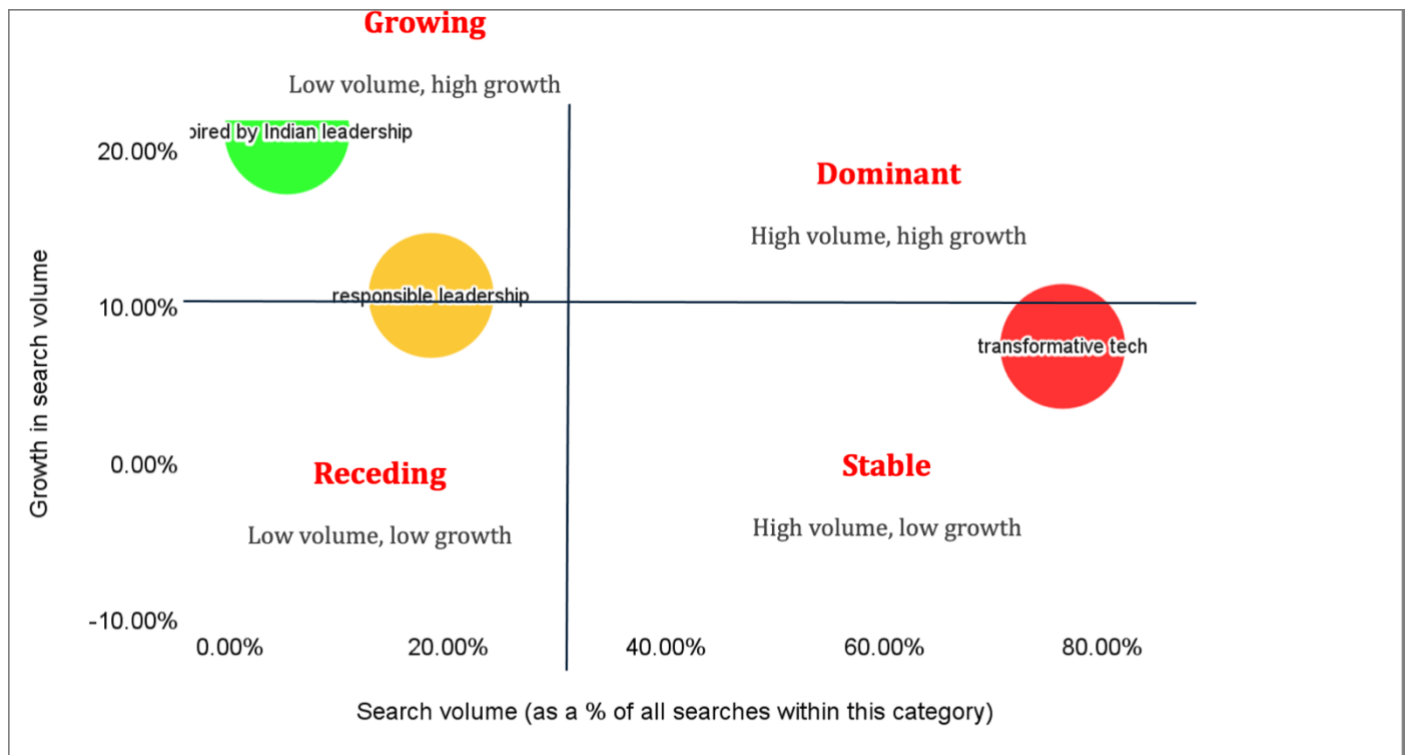


Figure 7. Digital leadership: Narratives being interpreted by Gen Z.

Strategic imperative 3: Platform economy

More than any other age group, Gen Z relies on the platform economy to navigate their lives—socially, financially and professionally. The dominant narratives that define how Gen Z consumers talk about the platform economy are described below.

Financial opportunity

Gen Z, as a generation, are anxious about gaining financial security. Their fears are rooted in multiple extraneous factors—many of them are still students, job markets are increasingly competitive and they face economic downturns. In this scenario, platform economies provide the scope for Gen Z to establish themselves financially.

Twitter help me. I'm looking for a flexible jobs or temporary position is because I am a full-time degree student in my final year. I will resign around end of May or end of June to pursue my teaching practical. Leave me job recommendations or DM me if your are hiring. #extraincome #gigopportunities #wfh #workfromanywhere #onlineearning

Hyper convenience

In an increasingly isolated world, platforms that bring users or services together (like dating apps and food delivery services) make Gen Z feel connected without compromising affordability or access.

Working from Kabini for a change. Beautiful and serene riverfront with hills on the horizon, birds chirping. Great place for deep thinking. #workfromanywhere is the real freedom at work #workingwhiletraveling #remotehacks #datingapps

Privacy vulnerability

Gen Zs are apprehensive of data breaches and leaks. Transactional platforms make this generation of consumers feel like their data, finances or personal information may be compromised, culminating in platform hesitancy. Thus, they exhibit a need for privacy.

Most people would anytime prefer Apple phones for their reliability and #privacy and not anything made by #Facebook. The scandals in the past few years hitting Facebook or Meta are way too serious and are a big threat to democracy and humanity. Meta has lost the trust of people. #cybersecurity #dataprivacy #trustedapps

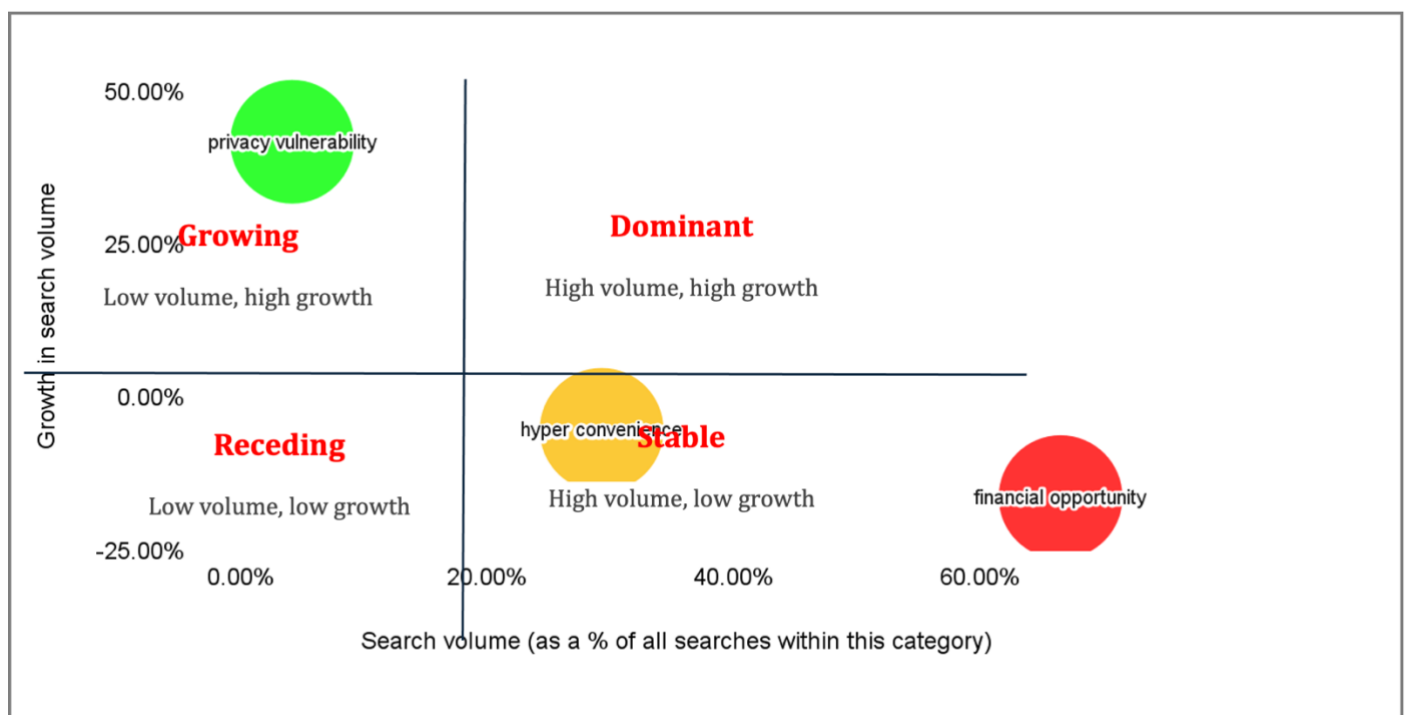


Figure 8. Platform Economy: Narratives being interpreted by Gen Z.

Linking perspectives to prompts: Engineering prototype innovation to inspire real offerings for Gen Z

The uncovering of key perspectives on critical aspects like brand dimensions and strategic imperatives provided immense and previously unknown insights into Gen Z's worldview on these subjects. Perspectives are useful, but they only truly serve the customer when they can be reinterpreted as offerings that serve their latent and unmet needs. It was this thought that triggered the prospect of using GenAI to rapidly create ideas for innovation across various "idea spaces" i.e., "white" spaces (or areas that haven't been explored)

across industries or sectors. These “prototype innovations” were then used to spur creative thinking by the marketing and brand teams across 16 different categories to generate ideas for Gen Z that were jumpstarted by GenAI, but built upon and fine-tuned by humans.

GenAI output on prototype ideas to inspire human creativity

Narratives / sub-narratives	Prototype idea spaces			
Pioneering				
1.1 Aspirational innovators	Fashion: virtual designer assistant	Financial services: financing robots	E-commerce: virtual product creation	Fashion: AR fashion marketplace
1.2 Out with the old	Fashion: AR designer dressing room	Financial services: virtual banking assistant	E-commerce: virtual personal shopper	Fashion: immersive AR fashion space
Trust				
2.1 Care over convenience	Fashion: health-conscious clothing line	Financial services: bank rewards for better health	Travel & Hospitality: virtual travel platform	Travel & Hospitality: amenities box for hotel covid stays
2.2 Transparency over size	Travel & Hospitality: resource extraction car report	Automobile: recyclable car	Travel & Hospitality: employment for local community members	Health & Wellness: site-wide ingredient panel
Community				
3.1 Driving collective action	Financial services: investing in local initiatives, providing funding to social impact groups			
3.2 Detoxing digital reliance	Travel & Hospitality: hotel wellness retreats, device lock boxes, immersive nature experiences			
Planet Resilience				
4.1 Opportunity for change	Automobile: solar-powered e-bikes	Financial services: sustainable crypto	E-commerce: underprivileged organic platform	Financial services: plant-powered financing
4.2 Making sustainability practical	Fashion:	Financial services:	E-commerce: green delivery vehicles	Health & Wellness:

	versatile piece for slow fashion	advanced eco + tech investing		DIY skincare bottle
4.3 Fearing for the future	Fashion: wearable solar panels	Financial services: climate initiative fund	E-commerce: AI-based eco recs	Fashion: DIY repurposing app
Digital leadership				
5.1 Transformative tech	Financial services: banking simulator for young users	Health & Wellness: smart headphones	Travel & Hospitality: space simulator pod	Fashion: smart + intuitive product guide
5.2 Responsible leadership	Fashion: customisable clothing for different genders/bodies	Financial services: ATMs for a social cause	Health & Wellness: serene themed rooms for mental health	E-commerce: platform selling ethical brands only
5.3 Inspired by Indian leadership	Fashion: Indian fashion mentorship	Financial services: Indian financial advising app	Travel & Hospitality: planning app by/for Indians	Travel & hospitality: travel app for Indians abroad
Platform economy				
6.1 Financial opportunity	Fashion: fashion sharing platform	Financial services: bank growing service	Automobile: rideshare car loan platform	Fashion: fashion styling monetiser
6.2 Privacy vulnerability	Travel & Hospitality: secure digital travel wallet	Automobile: data disclosure software	Health & Wellness: voice protected wearable	Financial Services: breach pay-back programme

Table 1. Grid of “Idea Spaces” based on narratives.

These proto-innovations were used to stimulate category-specific offerings and proposition by each brand through intensive ideation. By workshopping it with multifunctional teams across a broad swathe of companies, the stimulus provided by the ideas from the GenAI engine triggered new ideas and approaches that could be pragmatically implemented. Below you can find a full list of companies that attended the GenAI-Gen Z workshop:

1. Air India [Aviation]

2. Air Asia [Aviation]
3. Tata Starbucks [Retail, Coffeehouse]
4. Big Basket [Retail, Online grocery]
5. Croma [Retail, Electronics]
6. Trent [Retail, Apparel]
7. Tata Steel [Steel and Alloys]
8. Tata Motors [Automobiles]
9. Tanishq, Mia [Jewellery]
10. Inzpera [Pharmaceuticals]
11. Tata 1MG [Online pharmacy, On-call diagnostics]
12. Tata ClassEdge [Education]
13. Tata Digital/ Neu [Super app, unifying platform for all Tata brands]
14. Tata Play [DTH service provider]
15. Tata Play Fiber [Fiber network provider]
16. Tata AIA [Life Insurance]
17. Tata Asset Management [Investment Solutions/ Financial Planning]
18. Tata Capital [NBFC]

In the following section, we have delved into an array of compelling case studies undertaken by group companies, showcasing the efforts they took to develop innovative strategies that lead to visible transformative impact. These case studies illustrate how the diverse entities of TATA Group combine learnings and insights from recent trends with their unique expertise and resources to drive meaningful change. From comprehending key insights to developing new concepts based on Gen Z's perspectives, each case study showcases the approach our group companies have used to deliver value to stakeholders and create a lasting impact in the marketplace.

Case study 1: Starbucks' tie-up with Netflix for the launch of *The Archies* film

Idea:

The partnership centred around Starbucks' warm and welcoming service philosophy and to strengthen its positioning as the perfect place to celebrate friendship and togetherness, especially during the festive Christmas season. This premise was brought to life with a fun, high-energy campaign having elements of *The Archies* film star cast and theme, alongside a special edition range of beverages inspired by Archie, Veronica and Betty (key characters in the *Archies* film).

Impact:

The following metrics saw an increment:

- PR value 9.12 million covering 35 key publications;
- Brand films reach 62.5 million (highest ever organic reach);
- Reels views 90 million (highest ever organic view);
- India level ADT (average daily transaction numbers +7% (base of Oct + Nov - avg);
- In-store activated stores versus non-activated stores +4% (base of Oct + Nov - avg);

- Unique customer addition +0.4 lakhs (highest in FY 2024 60% of consumers were Gen Z).

STARBUCKS + NETFLIX : INSTORE BRANDING – BOB + SELFIE CORNER + PHOTOBOOTH – SELECT 41 STORES



BOB + SELFIE CORNER

PHOTOBOOTH

STARBUCKS + NETFLIX – THE ARCHIES | INFLUENCER OUTREACH – REACHED OUT TO OVER 30+ INFLUENCERS PAN INDIA || **1.64 MN VIEWS, 50 K LIKES, 2.5 K SHARES**

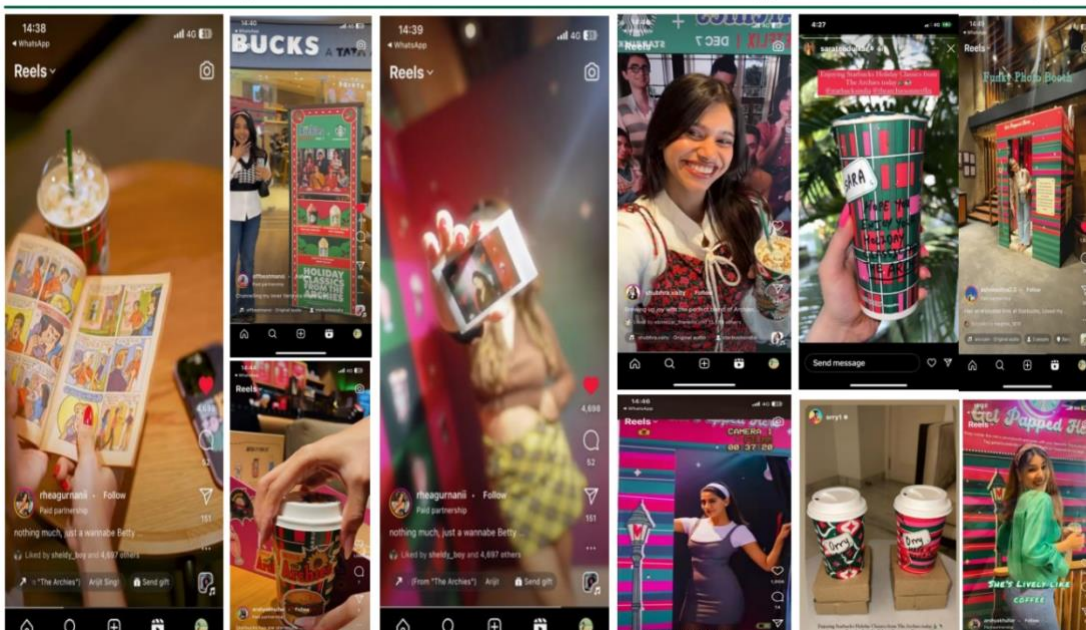


Figure 9. Starbucks' tie-up with Netflix for the launch of The Archies film.

Case study 2: Big Basket's *Green Report 2023*

Big Basket is one of the country's largest e-commerce grocery players.

Idea:

On *World Environment Day* (5th June 2023), Big Basket comprehensively showcased all of its green initiatives to its customers in a *Green Report 2023*. The report was published through all internal channels as well as through social media.

Impact:

- The following metrics saw an increment (reach/views):

- Total impressions 1,6333,572;
- Total reads/clicks 15,17,960;
- Emailer reach delivered 38,13,308;
- Emailer reach opened 11,68,100;
- WhatsApp reach delivered-3,09,866;
- WhatsApp reach opened 1,72,335;
- Push delivered 1,20,41,125;
- Push opened 1,41,969;
- In-store delivered 1,69,273;
- In-store opened 1,35,556.



Figure 10. Big Basket: Promoting green initiatives on WhatsApp.

Case study 3: Westside's "Summer Bloom" campaign

Westside is one of India's largest fashion retailers.

Idea:

The film “Summer Bloom” successfully attracted a fresh audience and a younger target group by intertwining art with fashion, embodying the essence of culture, expression and spring trends. Featuring younger faces made it relatable to the target demographic, ensuring resonance and engagement.

Impact:

Westside's Bloom campaign garnered a total of:

- 10 million video views;
- Over 50,000 engagement;
- Reach of 85L;
- Over 7,000 followers.

Therefore, the “Summer Bloom” videos exceeded one million views.



Figure 11. Westside: “Summer Bloom” campaign.

Case study 4: Croma’s “Uphaar” (Gift) campaign

Croma is one of India’s largest consumer durable and technology retailers; “Uphaar” is the Hindi word for gift.

Idea:

- Create intrigue through teasers and fake launch of mithai (Indian sweets) brand by Croma;
- Showcase product and give free samples. Send “Uphaar” gift boxes to influencers for unboxing, creating buzz and anticipation;
- Film people's reactions as they open the "Uphaar mithai dabba" to discover electronics inside;
- Promote deals and offers while communicating the concept with the tagline: "Mithai Ke Budget Mein Gadgets" (electronics for the price of sweets);
- Mediums used: Print, OOH, store activation and social media.

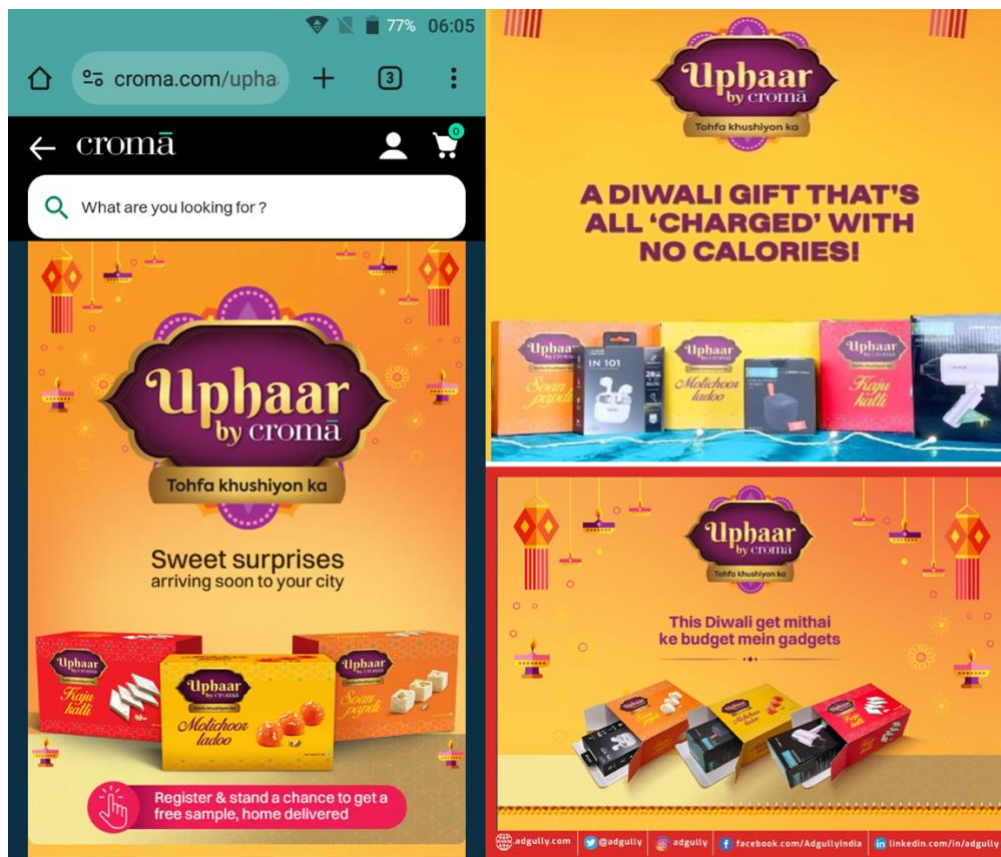


Figure 12. Croma: “Uphaar” campaign.

Case study 5: Titan Eyeplus campaign for sunglasses “NecessaryNotAccessory”

Titan Eyeplus is one of the country’s largest eyewear retailers.

Idea:

Fastrack targeted consumers in a different way: they have segmented purchase by occasion and offered reasons to consider sunglasses. The brand campaign “NecessaryNotAccessory” brings attention to the functional aspects of sunglasses, which is the necessity of having sunglasses to protect your eyes from the sun as well as protect yourself from any obstacles. Through multi-concept films, the campaign showcased different situations that could have been avoided if only one would have been wearing the right kind of sunglasses (or referred to as “wraps” in Gen Z lingo).

Impact:

In the first half of the financial year 2024 (April 2023 to March 2024), Fastrack sunglasses bounced back and grew 45% over pre-COVID-19 sales, and 26% over the last year compared to a de-growth in financial year 2020 (April 2019 to March 2020) triggered by stagnating category growth.

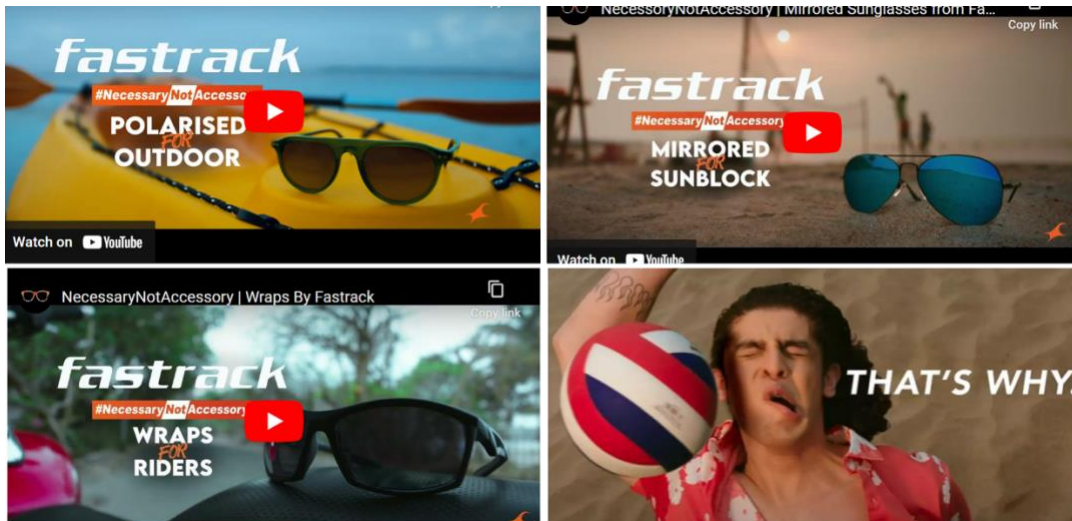


Figure 13. Titan Eyeplus' campaign for sunglasses.

Conclusion

This new process combines multiple methodologies. By leveraging the power of machine learning, it gathers insights across the universe of unfiltered consumer conversations, rather than mere samples. The processing of the findings into narratives surrounding a brand's strategic imperatives and brand intent, creates a unique and previously difficult intersection between two key determinants of business success: consumer perspectives and organisational priorities. The advent of GenAI, and its ability to ingest language that can computationally generate uncommon product and service ideas, acts as a catalyst to bolster human creativity. Propelled by this novel and disruptive technology, the ability to effectively serve this future generation of consumers is suddenly an exciting and ever-present reality.

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TikTok's Exploration into the Future of Intentional Discovery

Understanding the evolution of consumer discovery behaviours and what this means for brands

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TikTok's Exploration into the Future of Intentional Discovery

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Alejandro Garcia Medina

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(In collaboration with Material LLC)

Introduction

Think about the last time you discovered a product or a brand. Now, compare that experience to discovering a product or brand 10, 15 or even 20 years ago. The consumer journey has dramatically evolved, adapting to new platforms and spaces. Today's landscape of consumer discovery is characterised by a multifaceted journey that reflects the complexities of the modern digital era. In this paper, we explore new discovery expectations and behaviours as well as the impact on brands. Additionally, we uncover how TikTok has redefined what it means to be a source of discovery in today's discovery ecosystem.

Prior research has revealed that ecommerce and retail journeys have evolved with social and video platforms, with TikTok particularly being a driving force behind this change. As we continued to monitor these shifting behaviours, we noticed that the role of discovery was expanding and we sought to uncover what this meant in an ever-changing digital landscape. The shift, we argue, can be attributed to entertainment, education and inspiration delivered via digestible short-form videos from sources that consumer trust. This format is proving more powerful than more traditional formats, like text or still images. Increasing use of this format has altered the way brands can reach consumers, and encourages them to think of new ways to join the conversation. We're confident these findings 1) reveal fundamental changes in the ways users discover content and information; and 2) give inspiration to all brands, on or off TikTok, on how they can more effectively reach consumers wherever they are on their consumer journeys.

Methodology

To explore human behaviours and attitudes related to discovery, we leveraged a global quantitative study containing a 20-minute online survey across seven markets in four different regions (see Table 1 for a breakdown of markets and sample numbers). Respondents surveyed were:

1. Between 18 and 65 years old;
2. Active members of the digital landscape*;

3. Made a qualifying discovery on at least one platform**.

Qualified respondents were randomly allocated to a platform where they indicated they had a discovery outcome and led through their discovery journey, gathering their actions and behaviours. Additionally, we gathered their preferences and expectations of discovery in general, and performed a comparative analysis of different platforms based on their responses. While the study focused on both organic and intentional discovery, the following report focuses mainly on those who actively searched for what they discovered on a platform.

	TOTAL	US	Canada	Mexico	Germany	KSA / UAE	Turkey	UK	Brazil	Japan	Indonesia
Base size	7,500	750	750	750	750	750	750	750	750	750	750

Table 1. Markets and sample sizes.

*An “active member of the digital landscape” means the respondent has used TikTok, at least one other social/video platform and at least one traditional search platform in the past 30 days. However, note that sampling demographics were distributed to populations that reflect the census-representative demographics of each market, and thus we can make claims related to the broader population at large when sizing the influence of online discovery journeys.

** A “qualifying discovery” in this research is when a platform visit led to the respondent to:

- Learn something new about a product/service/idea/entertainment, etc.;
- Be inspired to do or try something;
- To make a purchase or subscribe to a service.

Additionally, we explored additional actions that could have taken place after that visit to a platform (e.g., if it led to them visiting a different site, having a conversation with someone or conducting additional research).

How has the discovery journey changed?

The discovery journey has evolved significantly in the last 50 years. First, consumers heavily relied on newspapers, radio and television. Then came the broader internet, with search engine capabilities and platforms. More recently, social media and entertainment platforms have become the latest developments in this discovery space. As consumers immerse themselves in this ever-evolving marketplace, the process of brand and product discovery becomes a dynamic exploration of innovation and relevance. Our study reveals two important changes in the discovery journey. First, users' discovery preferences have evolved, favouring short-form video content, shaped by entertainment, authenticity and personalisation. Second, the discovery of products and brands has become supercharged through different types of sources. Namely, with the introduction of TikTok, users have several touchpoints and ways of discovering. While traditional search

engines remain a popular choice among users, our research validates claims that users increasingly prefer alternative methods for searching (Huang, 2022). Over half of internet users (55%) prefer researching products on video and social media platforms versus traditional search platforms (Material, 2023). One of the main reasons for this shift is the rise in preference for short-form video content over traditional content formats. Two-out-of-three internet users prefer short-form video content over long-form video content. This significant change reflects the new expectations of users for search results.

Traditionally, discovery is placed at the beginning of the purchase journey. However, as this research demonstrates, discovery has evolved on TikTok, branching off to additional touchpoints, informing more consideration and driving more action. For example, we found users may start with the intention of searching for the best paint type to paint a wall in their home, and then discover which tools they need to paint, fuelling more discovery and action. Discovery on TikTok is maximised through various complementary ways: either through:

- Passive discovery: TikTok users are 3.7 times more likely to watch what is suggested on their home screens (aka: “For You” page) compared to video streaming platforms (Marketcast, 2022a);
- Through recommended searches inviting users to explore more about their desired search results;
- Actively searching on the platform.

On the latter, we found that TikTok is increasingly used as a search engine, with two in three discoveries made on TikTok being intentional, meaning the user actively searched for what they wanted to discover. These three complementary routes to discovery come together to maximise a users' experience. Moreover, we found that in this new era of discovery, the transitional space between organic discovery and intentional discovery plays a key role in the consumer journey. First, 45% of TikTok users are more likely to continue their search for products and brands on the platform once discovered on TikTok. Further, TikTok exposes users to new, unforeseen discoveries; one in three users discovered something while on TikTok that they did not initially come to the platform to find. This phenomenon is two times more likely to occur on TikTok versus traditional search platforms. Lastly, the impact of TikTok on intentional discovery is palpable. Even off-platform discoveries draw users to TikTok for further exploration, with one in three users coming to TikTok to search for more information following their discovery on other platforms.

Why, then, is TikTok such a force when it comes to the new era of discovery? As we explore in the next section, users are looking for video-focused, easy to navigate and relatable and authentic search results for their journey.

What are users' new discovery expectations?

Users' preferences have evolved. After analysing the primary reasons users visit TikTok to search over other platforms, we found the platform has created an experience whereby users turn to the platform because of the simpler and more targeted search experience it provides, as well as because of the dynamic and entertaining way content is presented, maximising their search journey.

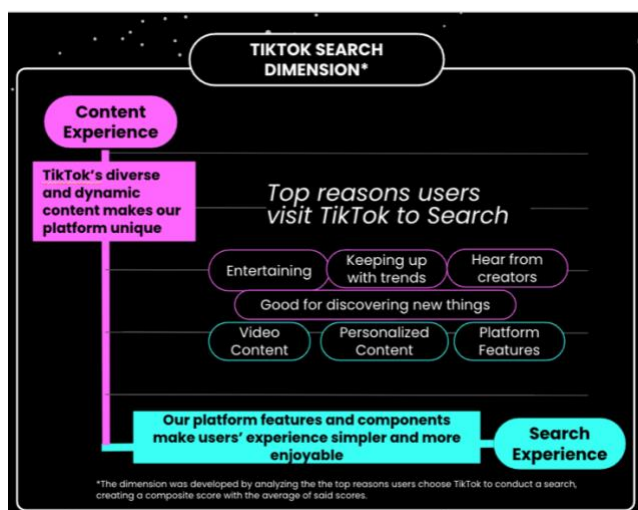


Figure 1. The search experience.

We developed a composite score to help us assess TikTok's strengths and key differentiators, and in return highlight new consumer behaviours when it comes to discovery and search. We have organised them into two main categories, within what we call the "search dimension" (see Figure 1)—highlighting the main changes in search behaviours we have explored so far. First, we focus on the user's "search experience" on the x-axis; TikTok's appeal lies in its ability to streamline the search process, with one in three users saying "it is easy to find" what they were searching for. The search experience consists of features designed to enhance a users' search experience, serving personalised content to the user all through video format that captivates attention. As a result, users find themselves effortlessly searching on the platform.

TikTok's enhanced search features offer a unique experience to users, with 30% of users choosing the platform because of its features. While the platform contains traditional elements of search (such as the search bar and search suggestions), additional complementary touchpoints (such as the search suggestions at the top of the comments section of a video, or highlighted key words in a comment) allow for a cascading search effect, streamlining a user's search experience. The personalisation of content is at the core of TikTok, connecting with users' authentic interests and wants. The "For You" page makes entertainment and discovery effortless, with almost one in three discoveries happening within the home screen. Moreover, the content not only speaks to users' passions, but accurately suggests new topics that are related to their communities or interests. Users are 1.8 times more likely to find topics on TikTok that they did not know they liked, versus traditional social media platforms (Marketcast, 2022a). Lastly, as mentioned above, consumers prefer short-form video content, a core element of the TikTok experience, with 40% of users searching on TikTok because they wanted to watch video content related to their searches.

For the second element of the search dimension, we focus on the platform's "content experience", located on the y-axis in the graph. Entertainment and creativity are at the forefront of discovery journeys today, with users expecting an engaging and effortless experience. What sets TikTok apart for users, however, is not just the abundance of content, but the way the content is presented. Users describe the search results as

dynamic and entertaining, on trend and presented by authentic people on the platform. Four in five users describe TikTok as either very or extremely entertaining, 1.5 times higher than traditional social media. This entertaining factor translates to a user's search experience, emerging as the primary reason for users to search on TikTok, as voiced by 41% of respondents—3.2 times higher than a traditional search engine or video platforms. Two main ingredients shape users' entertainment when it comes to searching: trending content and creators. First, trends on TikTok drive culture, with 71% of users believing TikTok communities have the power to create changes in culture (Flamingo, 2021). Furthermore, trending content is a key player in the discovery process on TikTok, with 1 in 2 users having discovered a product through a trending hashtag, topic, or sound (Material, 2021). Additionally, internet users are 1.9 times more likely to search on TikTok because they want to keep up with trends than on a traditional search platform.

Second, the users and communities of TikTok are what sets the platform apart. Their passion and creativity fuel the content in our platform. Furthermore, users transform into creators of videos that ignite inspiration in others, serving as a valuable source for discovery: one in three users report creators having introduced them to new products and brands (Material, 2022). In fact, internet users are 1.4 times more likely to search on TikTok because they want to hear from creators than on social media platforms. Additionally, and more importantly, creators have the power to add trust and authenticity, helping brands to connect with users (Edelman Data and Intelligence, 2022).

In summary, our research has identified evolving consumer behaviours, emphasising two main aspects: search experience and content experience. Platforms like TikTok enhance search with personalised video content and new features, like search suggestions and the “For You” page, making discovery easy and engaging. Additionally, TikTok's diverse and dynamic content experience, driven by authentic creators and trending content, changes the search experience as a unique blend of entertainment and social media. This shift towards more interactive and visually captivating search experiences reflects broader changes in digital search behaviour.

Exploring users' search journeys

Additionally, through our analysis, we have identified that the overall objective of a discovery journey matters, i.e., the purpose of a user's search. Three main search outcomes emerge for users on TikTok, each covering a specific set of questions in a user's mind: users search for inspiration; to learn; or to research (see Figure 2). More interestingly, they exist simultaneously, with users oscillating back and forth in the trifecta of outcomes. Then, the new era of discovery and search platform will need to provide search results for all three outcomes, fulfilling users' new discovery expectations.

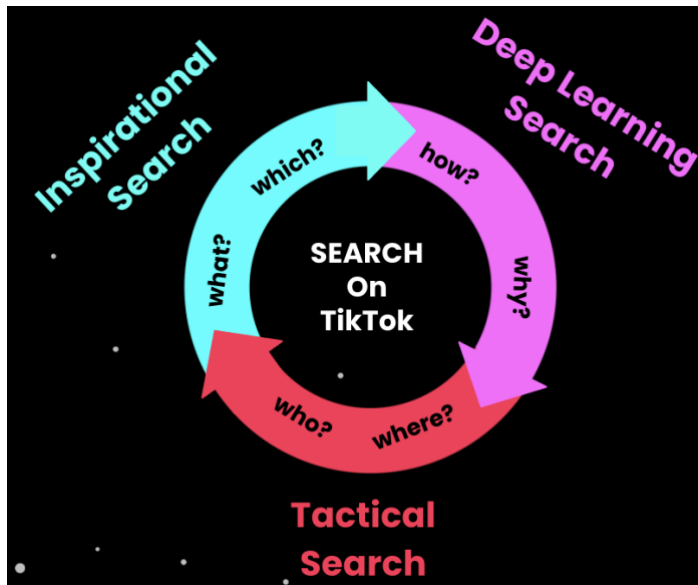


Figure 2. TikTok search outcome journeys.

First, users turn to TikTok to seek inspiration that enriches their daily lives. With its diverse array of content ranging from DIY tutorials to motivational snippets, TikTok serves as a fountain of ideas and creativity, with five-out-of-seven TikTok users searching for inspiration for things to do, places to travel, tips, etc. on the platform. Moreover, the impact of this inspiration transcends the boundaries of the platform itself. Whether it's trying out a new recipe, adopting a new life hack, or embarking on a trip abroad, 91% of users take off-platform actions relating to their discovery. Lastly, we found that the inspiration outcome is particularly important for users aged 18 to 34, which noted TikTok as their top platform to find inspiration. Second, TikTok has evolved into a central hub where individuals converge to learn and explore diverse topics. 68% of TikTok users searched and found valuable information about a topic on TikTok. Users engage in a myriad of learning experiences, spanning from practical skills to academic insights. Whether it's mastering a new technique and/or process, learning about a new product or getting general information about a topic, TikTok serves as an invaluable resource for personal growth and enrichment. Moreover, in line with TikTok's power grounded in communities and interests, we find users are increasingly searching for information about or related to specific hobbies—1.8 times more than in traditional search platforms.

In the last observed search outcome, TikTok is where users are seeking to conduct research on brands and products, with more than three in five users actively researching for such in our platform. However, a user's discovery journey does not end there; TikTok has become a place where users not only search for products or brands for inspiration, learning or research, but also with the intention of purchasing. We found that 68% of TikTok users, who have purchased something or subscribed to something, actively searched for what they purchased at the beginning of their discovery journey. Moreover, users seek more than just products, with users being 2.6 times more likely to purchase an experience (i.e., either in traveling, activities, restaurant packages, etc.) on TikTok than on a social media platform, and 2.2 times more likely than on a traditional search platform. By understanding and targeting the trifecta of outcomes of a search journey, brands can

maximise their discoverability in a users' search results. As the next section of this paper exposes, taking a holistic approach on TikTok and on other platforms can enhance a brand's search visibility.

How can brands successfully activate in the new era of discovery?

The discovery journey has evolved to include social media or entertainment platforms at the forefront. Brands now have the opportunity to lean into users' new behaviour patterns and further connect with them on these new discovery platforms. In return, brands can expand their consumer base and raise their brand metrics. Also, when the activation is done correctly, the discoverability of products can have an impact on lower funnel metrics. Specifically, as validated by our study, the new era of discovery offers a unique opportunity to help in the discovery of brands and products. Our recommended creative strategy to enhance a brand's search visibility on our platform is twofold: 1) Utilise creative characteristics proven to drive effectiveness on TikTok; and 2) lean into the powerful community through organic presence.

First, while the power of TikTok's key characteristics is maximised on TikTok, they also play an important role in connecting with users in other platforms. As is aforementioned, users are preferring to search for products via short-form video content; as such, brands can create such content to align of a user's preferred search results. For example, of TikTok users who have taken an action off-platform as a result of TikTok, three in four agreed that a creator showing a product is more useful than reading a review (Marketcast, 2022b). Additionally, the way the content is delivered matters. Creators provide authenticity and reliability to search content, with 55% of social/video platform users perceiving TikTok creators as reliable (Hotspex, 2021). Users want to hear from familiar faces, close to their circles of trust. Moreover, trends on TikTok have the power of expanding off-platform. Then, brands can remix TikTok trends in their content, providing the entertainment element users are now looking for in their search results. For instance, our previous research found an increase of 14% in watch time when brands remix a trend in their own content (Lumen, 2021). Lastly, curiosity and learning were at the top of the list of characteristics users utilised to describe the video that attracted them to that piece of content. Using intriguing hooks and engaging storytelling are powerful tools to grab users' attention, with successful hooks increasing purchase intent by 43% (Metrixlab, 2023). Impactful hooks on TikTok include the use of sounds, trends and creators at the beginning—all native TikTok elements, which can be used outside of the platform.

Second, our research found the importance of engaging with users through both paid and organic presence in different ways (e.g., posting organic content on their account, hosting livestreams, engaging in the comments for other videos). Our study found that users are more likely to search for brand business accounts on TikTok versus any other platform. Additionally, 28% of users say they discovered what they were searching for through the comment section, and almost one in four through a live stream. Then, having a consistent organic presence online is key to increasing exposure to your audience. Engaging with your audience is paramount in awareness. We recommend that brands act as active participants online, not only creating

content, but also engaging with users' content, commenting, stitching, duetting and participating in trends and moments.

In short, the evolution of the discovery journey now prominently features social media and entertainment platforms, offering brands a valuable opportunity to connect with consumers in innovative ways. By embracing these new discovery platforms, brands can expand their reach and enhance their brand metrics, impacting lower funnel metrics positively. TikTok's native features, such as short-form video content and creator-driven authenticity, are essential in engaging users across various platforms. Additionally, maintaining an active, engaging presence through organic content and interactions can significantly enhance brand discoverability and user connection.

Conclusion

To conclude, social media and entertainment platforms have disrupted the traditional way of searching, where text results and traditional search engines used to be the only option. The future of intentional discovery is marked by a streamlined experience, with personalised and authentic results, delivered through short-form video content. Particularly, TikTok has become a new go-to discovery platform, changing the landscape by making a user's search experience simple and dynamic. Further, users trust the creators delivering the information, creating a sense of authenticity and connection. We also found that users search on the platform with three goals in mind: to feel inspired, to learn or to research, all happening simultaneously. Brands have a significant opportunity to capitalise on these new behaviours and preferences to elevate the discovery and consideration of their products. By aligning with the dynamic nature of platforms like TikTok, brands can enhance their visibility and relevance, effectively engaging with users who are actively seeking inspiration, learning and exploration. Through strategic utilisation of these platforms by using creators and trending content, brands can foster meaningful connections with their audience, ultimately driving awareness, loyalty and sales.

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Breaking Down Barriers

A new approach to quantifying the impact of barrier removal on customer acquisition

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Breaking Down Barriers

A new approach to quantifying the impact of barrier removal on customer acquisition

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Learn a novel approach to driving customer acquisition and retention using a specific structured assessment of barriers. In partnership with Material, this approach helped Instacart shift its targeting strategy and brand focus to shape a new brand promise, serving as the cornerstone for 2024 business implementation.

The challenge

Most of us are familiar with the market research question, “How do we remove barriers to usage?” This base question can take many forms for businesses; we may ask ourselves: “How do we find more customers?”, “How do we get our customers to place more orders?” or “How do we get customers to spend more money with us?” The question can even pop up in our personal lives, asking ourselves questions like, “How can I convince myself to go to the gym more often?” Though the question can manifest itself in multiple ways, at its heart, we are trying to understand how to remove whatever is preventing us from getting what we want. Given this question shows up time and time again, as market researchers we have developed many tried-and-true ways of translating the question into a research programme. Though we have many options available to us, these research approaches often don’t translate as efficiently as we’d like into actual behavioural change. In our case, we took a step back to think through which known strategies would be helpful and where there was room for innovation to achieve broader research impact. Instacart came to Material asking:

- What was standing in the way of consumers signing up for Instacart, and;
- What was preventing past and current customers from using Instacart with more regularity.

To attempt to answer these questions, we started thinking through the pros and cons of known approaches. We could simply ask respondents on an unaided basis what was preventing them from using Instacart. The beauty of this approach is that we minimise the risk of limiting the scope of barriers reported back to us, as can happen with closed-ended lists. We face a familiar limitation though; people often aren’t aware of what’s truly standing in the way of their behaviour. People will tell us what they know to be true off the top of their heads, but most are not able to double-click into what ultimately prevents them from becoming active customers. Acknowledging these limitations, we thought about asking a closed-ended question as well. We could start with the unbiased open-ended question, then prompt respondents with a list of barriers to select from. We could ask for respondents to select everything standing in the way of them using Instacart, then from that narrowed list ask them to prioritise what their top barriers were. While this aided approach may allow respondents to more easily access a broader list of barriers, we would still be limited to a more surface-level understanding of barriers, without knowing how those barriers might interact with one another.

To get a more nuanced understanding of barriers, we could also have respondents rate a long list of barriers and then run a TURF (total unduplicated reach and frequency) analysis to narrow down the list to a subset of barriers applicable to a maximal number of respondents. While this would identify the combination of barriers that apply to the greatest number of prospective customers, unfortunately it is agnostic about which specific barriers would need to be overcome for a given prospect to change their behaviour. In our case, we could understand the current reality for potential Instacart customers, but not the heart of the matter: i.e., how to change that reality. There is a key distinction here, between the mere perception of a barrier and the belief that solving that barrier would lead to a change in behaviour. Two people could perceive there to be the same five things preventing them from behaving a certain way, but differ in the specific things that would need to be solved to get them to behave differently. For example, of five perceived barriers, person A might require three critical barriers to be solved to get them to try Instacart, while person B might only require one out of those same five barriers to be solved and a person C might not ever convert even if all five were solved.

Stepping outside of the quantitative options, we also considered a qualitative approach, in which we could deep-dive with respondents about the impact of removing barriers on using Instacart. This could help us address some of the limitations in the quantitative approaches discussed above, but then again there is always the nagging question of whether or not results are scalable. Considering the limitations of the above techniques, as well as other traditional types of survey questions, one might be tempted to then turn toward more complex, sophisticated methods—perhaps ones that includes buzzwords like "machine learning", "Bayesian networks" or the ultimate "AI". Of course, we're not at all opposed to considering such techniques. The data scientist among us has a wealth of experience utilising such techniques for the kinds of business problems and analytic objectives they are suited for. While we are open to using advanced techniques when they are appropriate, we do not operate with the mental algorithm of "complex = better". There are a great number of instances where utilising such techniques is incredibly fruitful, but there are just as many instances, if not more, where simple and elegant methods get the job done even better, whether off-the-shelf or custom-crafted. Complexity for complexity's sake is often just over-engineering, and runs the risk of misrepresenting the true context of the questions asked and the available solutions.

The solution

Given that we've discounted the above techniques as insufficient solutions, we went back to the drawing board to come up with a new, refined approach. To help Instacart understand how to increase and engage its customer base, our research programme married several of the approaches we mentioned, and then attempted to go one step further. From the approaches mentioned above, we asked about barriers to using Instacart on an unaided and aided basis and pressure tested our findings in qualitative research. What was unique was the way we structured our questions and how we analysed the resulting data.

In our multi-phase approach, we started in Phase 1 by asking a representative sample to provide, on an unaided basis, up to three barriers to using Instacart or to using Instacart more often. We then took this information and coded it into a comprehensive list of barriers—42 barriers to be exact. In Phase 2, we first brainstormed internally to come up with a realistic solution to each of the 42 barriers raised. In the next

survey, we recreated the decision-making process someone might go through in a conversation; we asked respondents to select reasons for not using Instacart and then asked how likely they would be to use Instacart if our proposed solutions to their barriers were applied. This exercise was repeated up to three times to capture the combination of barriers it would be necessary to remove to create active Instacart customers. At the end of these two phases, we had the data to understand what proportion of the sample would convert to active users, the unique combination of barriers it would be necessary to remove for this group, as well as the size of the group who simply would not be convertible. From there, our Phase 3 was a qualitative exercise where respondents were asked to chronicle their experience with their typical grocery shopping, and then asked to switch to Instacart and discuss that experience.

Our goal was ultimately to understand not only the most common barriers to using Instacart, but also which barriers and which combinations of barriers would have the greatest impact if removed. Much of this research was exploratory, but there were also several broad and specific hypotheses we were hoping to validate or invalidate. Some examples of these include:

- Hypothesis 1: While many consumers will have a single major barrier to using Instacart, most will also have secondary barriers than need to be addressed, too, in order to convert;
- Hypothesis 2: There are barriers that are relatively lower-incidence with greater power for conversion than some of the higher-incidence barriers;
- Hypothesis 3: The most impactful barriers vary based on relationship to Instacart (e.g., non-users, lapsed, low frequency users, etc.).

We'll now dive into the specific steps taken in more detail. Please note all findings referenced are for illustrative purposes and do not represent actual data points.

Phase 1: Open-ended barriers

Our goals in Phase 1 were to:

1. Identify all possible barriers to using Instacart, and;
2. To size the addressable audience, including various subgroups.

In service of these goals, we utilised an omnibus survey to reach a representative sample of 2,000 US adults. Respondents were asked questions to qualify them into our subgroups of interest, as well as their top three unaided barriers to using Instacart. As mentioned previously, open-ended responses were coded into a list of 42 distinct barriers. This phase also allowed us to size subgroups and identify which unaided barriers were more prominent amongst the different subgroups.

Phase 2: Looping barrier removal

In Phase 2, our goals were to:

1. Identify which of the barriers or combinations of barriers uncovered in Phase 1 were most likely to convert people into active Instacart users when removed;
2. Understand the potential size of audience converted based on removing combinations of barriers, and;
3. Prioritise subgroups and identify which barriers to focus on removing for each subgroup.

We sampled 10,000 respondents across four different subgroups: low-frequency users from Instacart's database, past users who lapsed, one-time users who lapsed and people who had never used Instacart. The decision-making exercise started with respondents selecting the top general reason why they don't use Instacart or why they don't use more often (e.g., pricing, convenience). Given we identified 42 barriers to prompt respondents with, we reduced the mental burden by starting with asking about general categories of barriers, then asked a second question about the subset of barriers that fell under the umbrella of this first general reason. With the first specific barrier identified, we then proposed a hypothetical solution to that barrier and asked likelihood to use Instacart, assuming the solution was applied. This follow-up question allowed us to assess the actual impact of barriers rather than just the incidence. If respondents said they were likely to use Instacart in the future if the hypothetical solution were applied, they were done with the exercise. If respondents were still not likely to use Instacart, they then repeated the previous steps. They were asked the next general reason why they wouldn't use Instacart, including another reason from the same category selected previously. Then they again selected their specific barrier, were prompted with a hypothetical solution and decided if they would be likely to use Instacart if both hypothetical solutions were applied. If they were likely to use Instacart in the future with both hypothetical solutions applied, they were done with the exercise, but if they were still unlikely to use, they repeated the exercise one last time. If respondents were not likely to use Instacart at the end of this third loop, we determined they were unlikely to become active users. Lastly, we asked respondents a handful of additional questions for classification and colour (e.g., believability of the solutions proposed, interest in potential new service offerings, etc.).

Though there was complexity in the analysis of this data due to the number of barriers assessed and the number of possible barrier combinations, the actual calculations run were fairly simple. The primary output was an Excel-based tool that summarised a variety of analyses, including the incidence of each barrier among subgroups as well as the conversion resulting from removing each individual barrier. We defined conversion as respondents stating they were likely to use Instacart in the future. For an example with hypothetical data, see the first row of data in Figure 1. If 75% of non-users cited Barrier A, and 80% of those with Barrier A said they would be likely to use Instacart in the future if the solution to Barrier A were applied, this equates to 60% conversion from removal of Barrier A. This was essentially the same thing as a complex set of data tables, but with formatting and automation applied to make it less painful to interpret. This portion of the tool not only showed the conversion associated with any individual barrier, but also each pairing of two barriers. Referring to the second table in Figure A to continue our example, removing Barrier A alone creates 60% conversion, but removing in combination with Barrier B creates 72% conversion and removing in combination with Barrier C creates 64% conversion.

	Barrier Incidence	Likely to Use Instacart if Barrier Removed	Conversion
Barrier A	75%	80%	60%
Barrier B	71%	70%	50%
Barrier C	44%	90%	40%

	Barrier A Conversion	Barrier B Conversion	Barrier C Conversion
Barrier A	60%	72%	64%
Barrier B	72%	50%	61%
Barrier C	64%	61%	40%

Figure 1.

The tool also showed the conversion resulting from removing any combination of barriers, both in absolute as well as the incremental conversion resulting from removing each barrier. A user of the tool could select any subset of the 42 barriers and the tool would automatically scan through all selected barriers to identify which barrier creates the greatest conversion on its own, then which barrier creates the greatest incremental conversion when added to the first barrier—and so on until all the selected barriers were removed. In other words, if we selected a set of barriers with high incidence, we could see:

- 1. Which singular barrier would create the greatest conversion alone;
- 2. Which barrier would create the greatest incremental conversion when removed in combination with the first barrier, and;
- 3. The total conversion resulting from removing all selected barriers.

For a simplified example, see the hypothetical data in Figure 2. Here we see high incidence rates associated with the top three barriers: 75% experienced Barrier A, 71% experienced Barrier B, and 44% experienced Barrier C. Conversion rates are high as well, though lower than barrier incidence. Barrier A created the highest conversion by itself at 60%. The combination of removing Barrier B in addition to Barrier A created a net of 72% conversion, 12% incremental conversion over Barrier B alone. Lastly, removing Barrier C as well created a net of 77% conversion, 5% incremental conversion over the combination of Barriers A and B.

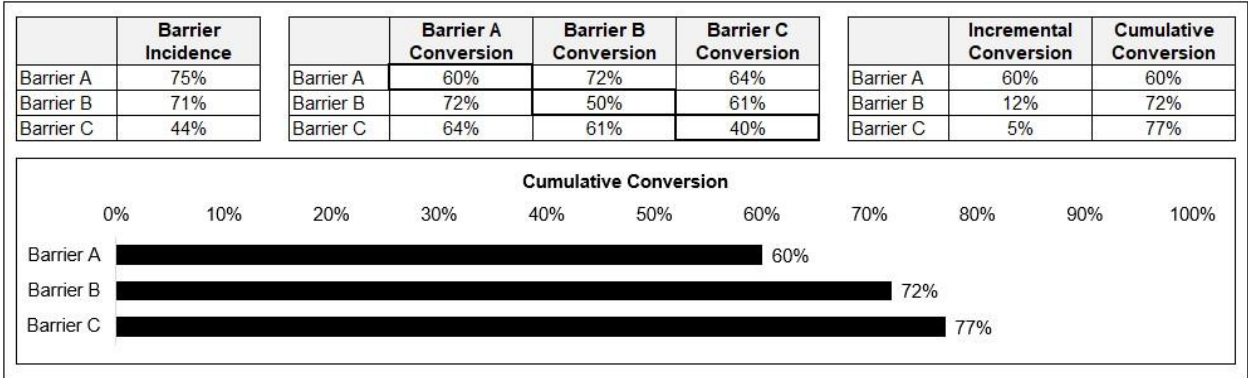


Figure 2.

While specific results are proprietary and confidential, in combination with the sizing from Phase 1, Phase 2 yielded answers about audience sizing, the opportunity for efforts with new subgroups and potential ways in with these subgroups. There was support for the notion that barrier incidence doesn’t translate directly into customer acquisition when barriers are removed. Some barriers were more powerful, so engrained in customers that the idea of removing said barrier felt implausible at best. Other barriers were a bit lighter-weight, with the potential for Instacart to remove them and find new customers to serve.

Discussion

This partnership between Material and Instacart has already had impact across multiple areas of Instacart’s business. On the audience development side it was the cornerstone of 2024 planning, transforming the way the business thinks about audience demographics and how to prioritise groups based on need. The research also uncovered untapped opportunities with regional subgroups, leading to a new workstream focused on

some of these groups. For marketing, this workstream is helping form the new brand promise for Instacart and shaping the upcoming creative narrative. The research has also been repeated amongst Canadian audiences to help inform strategy in that market as well. At this point, you may be thinking to yourself: “Sure this sounds like a solid research programme, but what’s so special about it?” The main thing that sets this research apart is that it attempts to go one step further than a typical barrier study. By attempting to understand if barrier removal would actually trigger greater engagement with Instacart, findings were more actionable for Instacart and suggestions were more convincing. Of course, we know consumers often overstate their likelihood of taking action, but even if results are overstated, this is a step in the right direction. By asking about barriers in a realistic context—asking about specific solutions to barriers rather than abstract likelihood, to use and looping through multiple iterations of the exercise—we are excited about getting closer to the truth than we’ve been able to do previously. We look forward to further honing this methodology and finding ways to apply it to future business needs.

One of the things we find particularly exciting about this methodology is that while it is a new approach to answering an age-old question, it still sits comfortably in a standard survey framework. At its core, the bulk of this research programme is simply a quantitative survey with a very thorough assessment of all data points in comparison to each other. Applying this methodology does not eat up a ton of resources; there is no need to develop a new way of interacting with respondents or to invest in new software. While emerging technologies are exciting, if they aren’t within budget they aren’t a promising option. The barrier removal loop also doesn’t take up a vast amount of survey real-estate. It can fit nicely in a 10-minute survey, sandwiched between demographic questions and questions aimed at providing additional colour. We know we get more reliable data when we aren’t placing a tremendous mental burden on our respondents, so we will always advocate for shorter surveys when possible.

In closing, we’ve found it energising to realise that there is still room for innovation within the bounds of familiar frameworks. By pushing ourselves to think of new ways to design actionable research, thinking about the tools we have on hand in new ways, we’ve seen the potential for our data to have a major impact within a business. At Instacart, we have a vital piece of research to inform upcoming campaigns, and at Material we have a new approach to explore and apply in additional contexts.

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From Shelf to Sip: Uncovering a Winning Consumer Journey for Suntory Global Spirits' -196 Hard Seltzer

Staying a step ahead in highly competitive product categories takes insights that span the complete consumer journey

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Introduction

To capture consumer attention in the competitive ready-to-drink (RTD) alcoholic beverage space, products must stand out on the shelf and catch the consumer's eye. However, that's just the tip of the iceberg in this burgeoning category: in order to deeply understand how to gain product loyalty, we must also understand how consumers experience the product post-purchase. Following the purchase to consumption journey is particularly important in this rapidly growing beverage sector, which is now valued globally at USD\$30 billion—up a staggering 10 times growth in just five years (USD\$3 billion in 2018).

Suntory Global Spirits is a world leader in premium spirits with a mission of inspiring human connections. This prominent multinational corporation produces a wide range of alcoholic beverages. Originally founded in the US, it now operates as a subsidiary under the umbrella of Suntory, headquartered in Osaka, Japan. Suntory Global Spirits is the third-largest producer of distilled beverages globally. AMC Global was the company's market research partner for the -196 study. AMC strategically partners with brands to help optimise products, determine successful packaging and messaging and deeply understand purchaser and shopper perspectives. AMC Global specialises in product launch studies, such as the -196 study, and a full suite of their proprietary insights tools was used to gather insights for Suntory Global Spirits at multiple stages.

The -196 product launch

-196 (pronounced “minus one nine six”) is a vodka seltzer brand that originated in Japan. Using proprietary technology, whole fruit is frozen at -196°C, crushed and then infused into vodka which is combined with seltzer water to create ultimate flavour. In May 2023, Suntory Global Spirits launched -196 to the US in select markets, marking its inaugural entry into the country. Previously available in Japan and Australia, this expansion represented a significant milestone for the brand. The company knew it needed comprehensive consumer insights to ensure the successful expansion of its -196 lemon vodka seltzer into the US. The initial rollout targeted key regions including Ohio (specifically Columbus, Cleveland and Cincinnati), Greater Los Angeles and Chicagoland. Although Honolulu was initially considered, it was excluded from the initial test phase due to distribution constraints.

Study objectives

The research project with Suntory Global Spirits for the -196 vodka seltzer brand aimed to provide valuable insights into the consumer shopping experience, examining aspects like findability, shelf placement and brand breakthrough. It also looked at the overall product experience for -196, including taste perceptions and in-home usage occasions.

The primary objectives of this study included confirming the product's appeal in the US market—particularly among the target demographic of ages 22 to 29, and identifying any potential issues that might facilitate a sales lag like in-store challenges of findability, shelf placement, packaging appeal and merchandising issues. The research worked with consumers to uncover more information about the impact of -196's taste perceptions and available flavours. Some of the questions the study set out to answer included:

- How do consumers engage with category products at shelf?
- What reactions do consumers have to -196 at shelf?
- What is the consumer reaction to the -196 product after consumption, including flavour?
- What are some usage occasions for -196?

Study methodology

A mobile-directed shop approach was used to understand in-store at that first moment of exposure and to gather product reactions once consumers purchase and use the product at home. First, AMC Global and Suntory Global Spirits recruited consumers to go to a specified local grocery or liquor store to shop the aisle for RTD cocktails. They were then asked to take photos while in aisle to determine what catches their eye at the shelf and assess if they notice -196 organically. Next, the consumers were asked to find -196, without showing them a product image. This was to gauge how easily they were able to locate the product. If the consumer was unable to find -196 by the name and description alone, the study ~~moderator~~ aided them with a photo of the product to help them locate it. Consumers then answered questions about their in-aisle experience while still in the store prior to completing their shopping trip and checking out. They qualitatively responded about what stood out, which brands were in their consideration set and initial reactions to -196. Then, the study participants bought -196 to take home with them. As a final step, consumers were sent a follow-up survey, which they completed at home after they had a chance to try -196. Reactions to the product proposition, liquid liking, ingredients and re-purchase interest were gathered.

The sample of n=160 consumers were within the following criteria:

- Age 22+;
- Live in an area where -196 is sold;
- Have purchased an RTD alcoholic beverage in the past three months;
- Open to lemon-flavoured and vodka-based RTD seltzers;
- Standard past participation and security screens;
- To partake in the at-home usage phase, respondents had to be open to purchasing and trying the product.

Findings

How do consumers engage with category products at shelf?

Aligning with the first stage of the methodology, determining reaction at shelf was an important part of the insights. Not surprisingly, hard seltzer category products that have attractive packaging and/or interesting flavours capture attention at shelf. The consumers in the study also found that familiar and trusted brands stood out to them in this category. Some of their open-end responses included: “I liked the colourful but nice packaging of these products. They made me think of summer. The packages looked inviting and like they would taste good”.

As far as getting noticed in a crowded space on shelf, -196 was noticed organically by a few shoppers due to the packaging’s stark contrast among the more colourful offerings as well as the lemon flavour/taste. The Japanese writing on the product was noticed by consumers in a positive way, and a point of differentiation to have a hard seltzer that comes from Japan. Consumers found this exotic and intriguing. “It looks very refreshing and on top of that the Japanese writing really stands out to me. Overall, I really like the packaging”.

Some were not able to find -196 even with written direction, and needed to see a photo of the packaging in order to pinpoint -196. Purchaser feedback indicates that occasionally poor shelf placement likely had an impact on findability. Those who found it easily give credit to the prominent logo, location of the product in store and packaging design.



Figure 1.

What reactions do consumers have to -196 at shelf?

When consumers found -196 either organically or with instruction, more than half (59%) of the study participants indicated they would buy -196 based on their initial reactions at shelf. Interested buyers find the product appealing, particularly the lemon flavour. “Refreshing, lemon flavour. It definitely makes me want to try it. It looks different than many of the cans! I also noticed the ‘premium vodka’ and ‘natural flavours’ labels, which is always a plus. The description on the back also increased my interest as it ‘explains’ how it's made”.

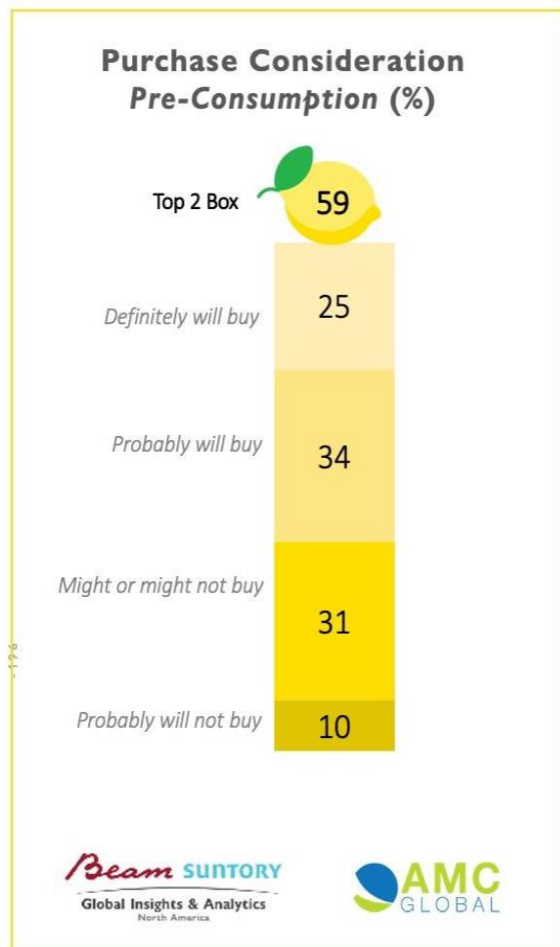


Figure 2.

Other claims also were appealing. For example, the description “made with whole fruit” came up organically among the study participants as a top compeller and differentiator. Only one-in-five shoppers noticed any in-store advertising for -196. However, when advertising was noticed, interest in purchasing piqued considerably.

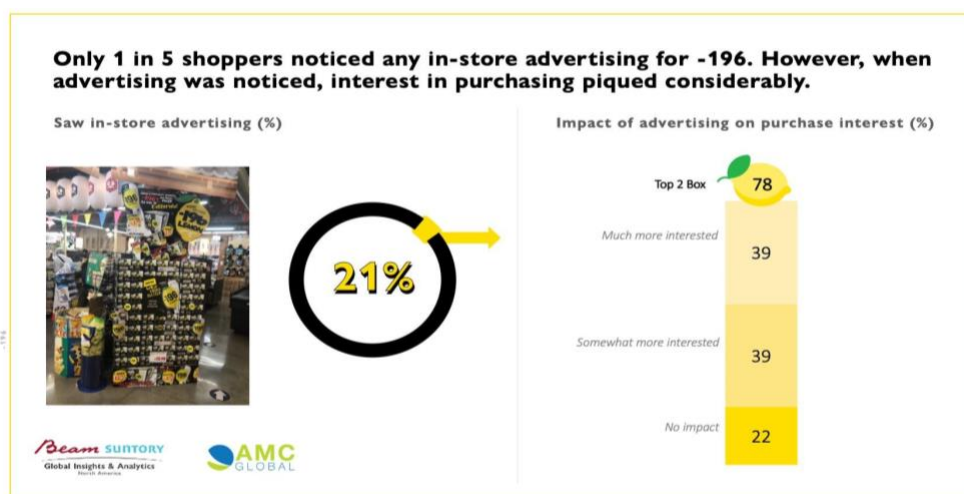


Figure 3.

The study uncovered that three-quarters of purchasers find the packaging appealing. However, consumers also reported that the colour scheme is polarising. There is no doubt the black and white box is recognised as a differentiator (see Figure 2 for colour scheme).

What is the consumer reaction to the -196 product after consumption, including flavour? After purchasing -196 and taking it home to try, the findings indicate that -196 is a home run on a refreshing, real lemon taste with 80% reporting that they “like extremely well” or “like very well”. Consumer verbatim feedback included: “I was surprised at how flavourful it was. It had a much better flavour than other canned seltzer or canned vodka sodas I've tried. Nice lemon taste without being too sweet”. After consumption, the study also explored the likelihood of repeat purchase. Positive purchase interest in -196 increased substantially after trial, going from the original 59% who reported they definitely or probably would buy pre-consumption, to 76% reporting that they had positive purchase interest after trying the product.

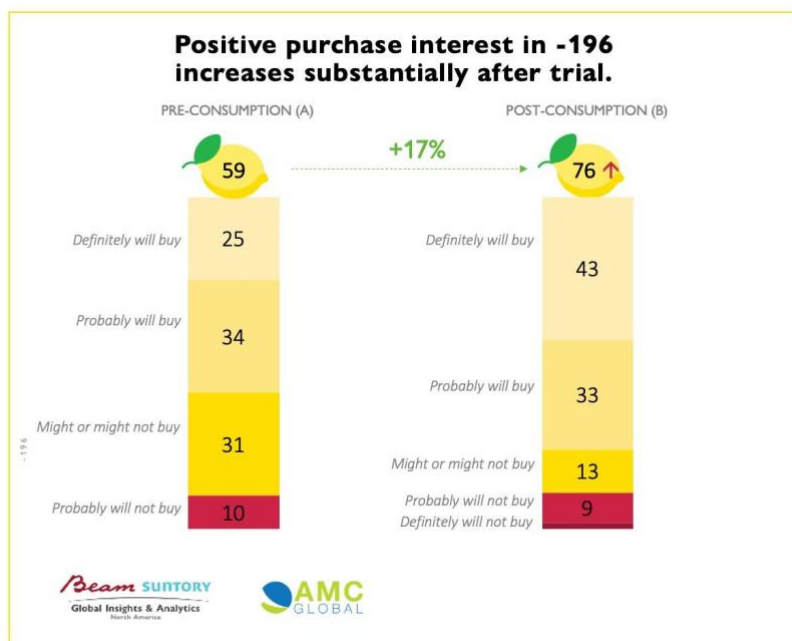


Figure 4.

What are some usage occasions for -196?

After product trial, the study asked consumers about usage occasions. The feedback indicated that -196 is not often associated with going out and partying. Instead, it is viewed as a drink to help unwind in the evening, perhaps after a long day or just as a treat when relaxing. When asked about what emotional state would coincide with -196 consumption, 68% said “Relaxing and taking time to unwind”, 63% said “Having me time” and 61% said “Just enjoying the moment with no worries.”

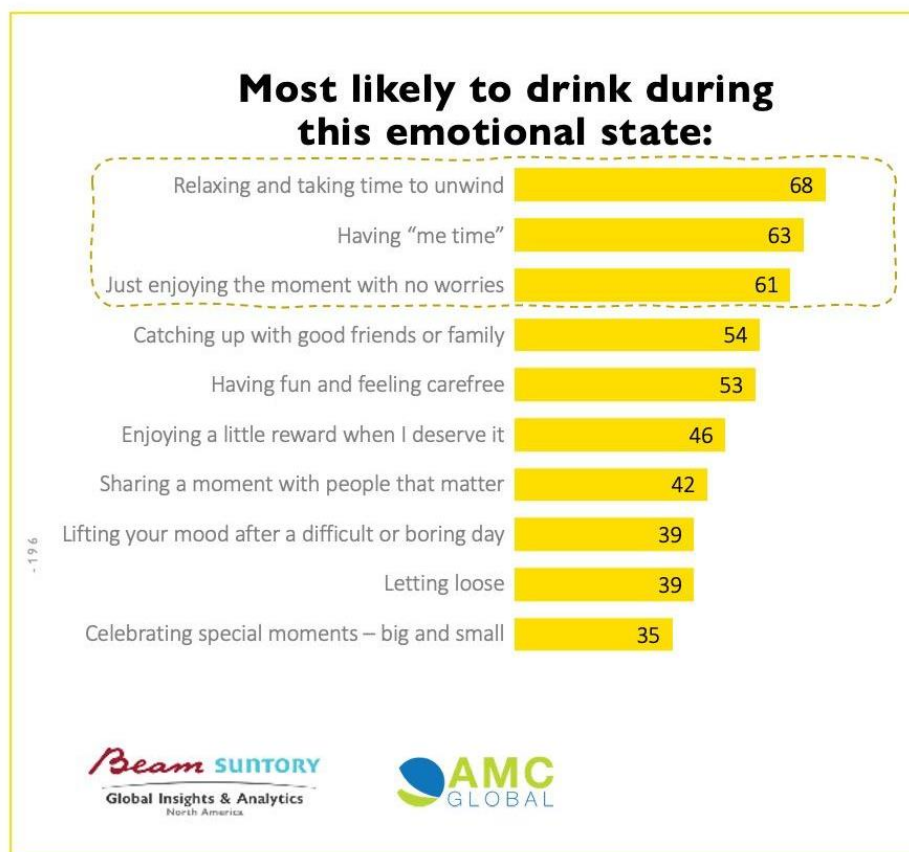


Figure 5.

Results from the actionable insights

From the insights generated from this consumer-based study, Suntory Global Spirits was able to validate a need for some packaging updates, as well as an understanding that their current flavour offering was appealing. The feedback at the shelf gave context for where and how to place -196 in retail. The study also helped the company understand competitive context for consumers of hard seltzer, by delivering into what they buy and why they buy it in this vertical. The insights also informed product positioning, messaging and communications for -196, on points like including "whole fruit" and playing up the Japanese wording on the packaging.

In summary

The taste of Suntory Global Spirits' -196 vodka seltzer really is what stood out as a key differentiator in this study. The strong packaging colours also were a differentiating factor, but the product will need support, advertising and prime placement in store to help drive consumer consideration. This collaborative research between AMC Global and Suntory Global Spirits has helped pave the way for the successful national launch of -196 vodka seltzer in the competitive US market. By exploring the entire consumer journey, from shopping to consumption, through AMC Global's proprietary market research approaches, vital insights were uncovered for the company. Consumer input confirmed -196's appeal, identified potential sales issues and revealed consumer preferences regarding taste and usage occasions. Results showed strong interest in -196's refreshing lemon flavour and its association with relaxation. This research provides Suntory Global Spirits with essential knowledge to make informed decisions in the beverage market.

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Voicing the New Global Immigrant Realities

Empowered insights for an underserved market

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Voicing the New Global Immigrant Realities

Empowered insights for an underserved market

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The problem

Underserved consumers

Brands are not connecting with the fastest growing group of consumers in Canada and the US who are foreign-born and less understood or celebrated.

The approach

Generation1.ca's community of immigrant stories and narratives; secondary research and primary survey research; extensive study and experience with immigrant integration since the inception of Generation1.ca; book excerpts from upcoming book; brand stories and examples.

Recommendations

What brands and institutions must do to meet an underserved consumer group across North America from arrival to total integration, to foster belonging and pre-empt churn. How and where to connect with multicultural immigrants at their most authentic and complete selves.

The future

How does the future of this consumer and citizen group impact planning for brands and public services today? A culture of ongoing tracking, in-depth research, community storytelling and collaboration with platforms like Generation1.ca, that involves truly understanding the pulse of new arrivals and citizens through the pipeline is essential for healthy economies and thriving diaspora communities in the new world order.

Who are North America's immigrants? A background

The US is home to the world's largest population of immigrants per capita, with just under 15% of Americans being immigrants and this is projected to grow to 18% by 2050 (Budiman, 2020). While the share of immigrants to the US has declined over time, and the US Hispanic population have already been outpaced by Asian immigrants with Asian immigrants projected to outpace Hispanic immigrants by 2065, immigrants' contributions to the economy via consumer and citizen spending continue to grow at an unmatched pace even as a quarter of the US population constitutes "unauthorised immigrants" creating chasms across

economics, education and household income levels. Simultaneously, the fastest growing demographic in Canada today is immigrants, constituting a quarter of the Canadian population today (Statistics Canada, 2016). A majority of this group is admitted based on their economic contributions whether as professionals, international students, entrepreneurs, investors or other skilled workers. The top source countries for immigrants to Canada today are India, Philippines, China, Syria, Nigeria, the United States, Pakistan, France, Iran and the UK, and the top three groups of racialised immigrants today in Canada are South Asian, Chinese and Black immigrants, with projections of Black immigrants overtaking Chinese immigrants by 2041 (Statistics Canada, 2022). How future demographics pan out in Canada and the US will rely on the motivations of economic class immigrants to move to Canada as well as other opportunities, like family reunification policies, refugee policies and active immigrant recruitment approaches at the federal level in terms of how and where to source tomorrow's immigrants.

Today, economic class immigrants constitute 60% of immigrants in Canada. People are migrating to Canada because of the economic opportunities, peace and/or political stability, ease of doing business as well as proximity to the US among other reasons including asylum, with refugees constituting between 12 to 15% of the immigrant population in Canada (Statistics Canada, 2022). Thus, each year 1.5 million migrate to Canada and the US (the size of Montreal), 40% of residents across the US and Canada are non-white, 2 million international students are currently studying in Canada and the US and USD 300 billion is the buying power of non-white Canadians alone. In 2020 in the US, Asian Indians accounted for 29% of US Asian buying power, or USD \$381 billion; Hispanic buying power hit USD \$1.9 trillion (larger than the GDP of Italy, and slightly smaller than the GDP of France); and the buying power of African Americans rose to USD \$1.6 trillion, or 9% of the nation's total buying power (Melancon, 2021). Racially minoritised groups in the US are going to be a highly diverse group by 2065, with no single dominant ethnicity represented in its demographic composition.

Why unlock immigrant capital? For today and the future

Immigrant capital is the cultural and economic value immigrants bring to North American society. What is significant to note is all of Canada's population growth will be driven entirely by immigrants by 2040, compared to just the 71 percent of population growth that immigration currently drives. If immigrants currently represent just a quarter of the Canadian population, by 2040 they will come to represent a third of the Canadian population according to projections by Statistics Canada. With this explosion of diversity happening in Canada and the US, there is an unmet opportunity for brands to actually connect, pursue and elevate these culturally significant groups. Immigrants are filling labour market shortages, balancing out the low fertility rates that exist without them and are strong reserves for an otherwise aging population as immigrants tend to skew younger, ethnically and racially diverse, highly educated, technologically fluent and diverse-skilled across North America. The memory of the City of Toronto becoming a majority visible-minority region, where over 50% of its population identifies as non-white in colour, is still young; it was 2017 and the 2016 census results had just been announced. Ethnic differences are important to note because immigration has been

responsible for most, if not all, of this diversity in North American society. Yet, social cohesion is a known problem as more and more diversity grows with examples to be cited across Europe and North America.

Honing in on Canada, 41% of white Canadian-born citizens (still the majority of Canada's population) support bringing in "fewer immigrants", with only 17% supporting "more immigrants" (Global News), reflecting their perceived economic and social threats from new immigrants. Arguably, ideas on immigration and diversity in Europe are a lot different from North America with far more percentages of Europeans (than North Americans) preferring populations that are more homogeneous for cultural preservation and/or identity.

What can brands and governments do?

Public and private institutions need to take note of the implications of the growing global immigrant diversity in North America. The source countries for immigrants have markedly shifted in past decades with more shifts coming (including population decline, immigrant attrition and citizen churn!). Brands need to aid the newcomer immigrant journey and find the role they should play in both the short-term and the long-term to grow and foster healthy immigrant communities that are happy citizens and customers (Dandapani, 2023a). In 2020, Generation1.ca's *Brands We Hate* study aimed to understand the attitudes and opinions of newcomers who experienced discrimination from brands, and whether this translated to brand abandonment or customer churn. Between 35% and 65% of those who experienced racist or discriminatory behaviour from a brand stopped purchasing from the brands completely, with greater recency correlating with stronger churn—an evidence of the consequences of brands that failed to meet newcomers where they are in their citizen and customer journey.

The sense of belonging to a new country or continent is weaker among recent immigrants than among longer-term immigrants, and also among racialised groups, those discriminated against and those with less socio-economic mobility—defined as the ability to contribute economically and secure material well-being (Stick et al., 2023). Understanding the trends and drivers for citizen satisfaction and retention will help serve immigrant newcomers better as brands and governments. However, the biggest place to achieve understanding is in learning people's motivations to immigrate to get a clearer picture of how to serve them better. This paper aims to provide a deeper understanding of immigrants today and tomorrow, and how we can attract and serve them better in our brand journeys.

Why are people migrating?

By 2040, the world's population will increase by another billion, and 98% of this will be because of low- and middle-income countries (LMIC), even as global fertility rates decline. Several LMICs—including Bangladesh, India, Nigeria and the Philippines—are likely to see their own emigration rates increase during the next decade, because rising incomes will provide more people with the means to seek better lives abroad. The Organization for Economic Co-operation and Development (OECD), is an international organisation that works to improve public policies and standards around the world and is represented by a consortium of 38 member countries who currently host a majority of the world's international migrants, because these countries offer

strong social safety nets and high living standards (DNI, 2021). However, emigration will in the longer run also decline as the local economies improve—in the countries where emigration is currently higher—affording citizens the opportunity to do more in their own countries and thrive more affordably. “Quality of life” plays a major role in migration choices, and countries that provide reliable healthcare, social security benefits and civil liberties protections are likely to remain attractive migrant destinations, according to the OECD and academic research. Ironically, it can also be argued that the quality of life appears to be on the decline in Western countries with rising costs of living, inflation, rising unemployment, growing income inequalities, low social cohesion, poor immigrant integration and lack of trust and belonging, etc. If brands and public institutions really want to succeed in the future, they need to tap more into immigrant needs, desires and visions to build off their narratives and succeed.

What are the new global immigrant realities?

Immigrant newcomers in North America, contrary to popular misconceptions, play a significant role not only in the continent’s population growth, but also economic growth—both from the labour market perspective and as consumers positing opportunities for immigrants and their host countries. We need to, however, understand immigrants’ core values and motivations to reach and serve them better as brands and public institutions. Below we explore seven immigrant realities and how these could translate to mindset actions for brand and/or institution approaches with serving this underserved market of consumers and citizens better.

Immigrants care about values and ethics, less about symbols of nationality

At a time where there is a shift in geopolitical power with global superpowers of the past decade looking different from today’s superpowers and those projected in 2050 (World Population Review, 2024), immigrants bring their cultural capital when they move to Canada or the US—or anywhere else. They don’t particularly care about “becoming Canadian” or “American”, and/or erasing their past identities, so much as doing business or building homes in Canada or the US, their economic harbour. These shifts make concepts of the American or the Canadian dream almost obsolete, as today’s immigrants hold deep roots to their home countries, diasporas, values and cultures and, generally, exhibit an openness for other cultures more than the general population they moved into. If you empower them and meet their purpose, you can belong in and enhance their lives. As we move into highly diverse and multicultural immigrant-rich futures, it is no surprise that old symbols of national identity (e.g., RCMP, CBC—Parkin, 2022) have been outpaced by newer ideas of pride, openness, diversity, equity and sustainability.

Action: Be purpose-led in attempting to resonate with your underserved immigrant group, going beyond stereotypes and into true insights.

Immigrants backlash when they don’t feel welcomed

Countries that have appeared to act more restrictive and less welcoming in their policies, whether it was the UK, Australia, the UAE and more recently Canada, have seen the direct impact of negative and/or restrictive visa policies with some of their major customer groups. As more of white and/or longer established Canadians

favour fewer immigrants coming to the country (whether for economic reasons like unaffordable housing, unemployment or for cultural reasons), the impact is directly seen in the decreased number of people applying to immigrate to Canada. The IRCC saw a drop of 73% to just 16,400 immigration applications in December (Punwasi, 2024). It was the third consecutive month to report an annual drop, with less extreme declines observed in November (-30%) and October (-25%). September (+6%) also managed to log very weak growth considering Canada's targets and the growth that preceded. Some reasons why people are not choosing to migrate to Canada include high costs of living, no guarantees of securing employment particularly as well as the difficulties racialised immigrants face in opportunities in Canada during their initial years of arrival.

Action: Ensure the voice of the multicultural immigrant is well represented throughout your brand strategy and lines of business. For public services, the voice of this new or future citizen is critical; universities and colleges for example, often benefit from having local offices in source countries of top foreign students (and future immigrants).

Immigrants have significant spending power

In Canada, New Canadian consumers are the single most important source of economic growth for brands and retailers. 98% of population growth in Canada is driven by immigration, worth an estimated incremental annual spend of CAD 1.55 billion on food. In addition, New Canadians embrace bulk and value, favouring Mass & Club stores and prefer branded over private label due to quality perception differences (Numerator, 2023). Similarly, South Asian Canadians not born in Canada shop up to 21% more for Diwali than other shopping events like Cyber Monday, Mother's or Father's Day, back to school, Valentine's Day or Amazon Prime Day (Vivintel, 2023). Moreover, one in three Chinese consumers in Canada agree "I buy luxury brands to feel different from the rest of society", and 40% of Chinese Consumers in Canada "prefer to drive a luxury vehicle". Chinese Canadians have strong spending power, preferring luxury brands and/or vehicles (Singer, 2024). "Invisible wealth" is a concept not uncommon in some Asian societies, where certain groups come from strong intergenerational traditions of wealth saving and are in the habit of not flaunting their wealth in material ways that tend to be more common in the West.

Action: Learn what luxury really means to different immigrants and their values.

Immigrants are super-educated achievers and entrepreneurs

On average, newcomers have higher education levels than the average Canadian (Singer, 2024). A steady inflow of highly educated immigrants has helped Canada rank as the top G7 country with the highest working age (58%) educationally-qualified population (Statistics Canada, 2023). Only a third of white Canadians aged 25 to 64 hold a Bachelor's degree versus 48% of racialised Canadians. Among people of South Asian descent, 37% in 2006 had a Bachelor's degree versus 55% in 2021. Globally and in North America, national identity and belonging are perceived as more strongly tied to the ability of residents or citizens to speak the official language of the nation rather than their place of birth, and educated immigrants generally fare well on these abilities (Huang, Clancy & Austin, 2024). "Academic streaming" is a practice that segregates foreign

students from domestic on the basis of their perceived academic abilities (linguistic or mathematical), often lower than they actually are, which is hurtful to their integration and academic outcomes. Moreover, digital fluency and adoption are higher in countries where acceptance of tech and knowledge of it is higher, especially among immigrants from BRIC countries—and not just because they are younger. Business ownership, entrepreneurship and self-employment is higher among immigrants than the Canadian-born (Picot & Ostrovsky, 2021), and the same can be said of the US and at scale, where immigrants to the US are 80% more likely than US born citizens to start their own businesses (Dizikes, 2022).

Action: Tell stories that reflect their realities of heroic and arduous journeys of resilience across your creatives, product lines, employees and client relationships.

Immigrants are multilingual and love their languages

45% of South Asians new to Canada (i.e., less than five years) and 53% of Chinese Canadians not born in Canada agree with the statement: “I pay more attention to advertising that is in my own ethnic language” (Dawson, 2021). Non-white news sources reach over six-out-of-10 South Asian adults with reach highest among those newer to Canada (i.e., less than five years) at 75%. Moreover, over 2.5 million Canadians do not speak English or French, with Mandarin (spoken by 325,000) and Punjabi (297,000) being the top two languages spoken by non-English speakers, and German being the second to least and Tamil being the least spoken by 51,000 (Norris, 2022). Moreover, Chinese newcomers consume content uniquely, via 100% racially and ethnically diverse and/or non-white social platforms like WeChat, Weibo, Douyin and Little Red book. South Asians are heavy users of WhatsApp, Orkut and similar social media.

Action: Advertise on immigrants’ preferred platforms, and languages they love to grow incremental reach above mainstream media.

Immigrants are urban and cosmopolitan

Most of today’s immigrants settle in the major metropolitan areas of four provinces: Ontario, Quebec, British Colombia and Alberta; specifically, they move to the cities Toronto, Vancouver, Montreal and Calgary (Statista, 2024). Atlantic Canada and Eastern Canada (including Quebec) have high rates of immigrant churn (60% of immigrant business people and/or entrepreneurs) once they are able to move to the rest of Canada. Moreover, half of all immigrants (not just businesspeople), leave Atlantic Canada for another region.

Action: Find more immigrants in the cities, for example, with more out-of-home (OOH) marketing opportunities.

Immigrants follow diverse religions and practices

By 2031, 14% of Canadians will be non-Christian; half of whom will be Muslim. Islam is the fastest growing religion in Canada owing to increasing migration from Muslim nations. Islam-practicing women have more children on average than the non-Muslim woman, lending themselves as unique ideal immigrants to pursue

at a time of declining fertility in most regions, especially in North America. Atheism is also on the rise in Canada and will have grown from 17% in 2006 to 20% by 2031, a lot of which is also owed to Chinese newcomers who are unlikely to bring a formal religion with them to Canada (Stewart, 2022). In the 1970s, Chinese immigrants were predominantly from Hong Kong, versus today where the majority of them arrive from the mainland.

Action: Understand the nuances in multicultural marketing to immigrants with diverse religious beliefs.

Where and how to connect with hard-to-reach immigrants: Key principles

Immigrants are underserved as they face higher levels of mental and emotional cognitive overload, and are increasingly hard-to-reach because of their busy lives with multiple obligations and responsibilities as they settle into a new country. Therefore, how do we connect with these underserved consumers in meaningful ways, in order to drive high relevancy and conversion to purchase?

Where to find immigrants

Meet these underserved consumers in their “moments of truth”, whether that means their favourite community store, restaurant, bar, sporting event, festival, family gathering or some other place where they are their authentic full selves. Sometimes, it is better to engage with them through their favourite communities and influencers. Generation1.ca, NativeImmigrant.com, Professional Immigrants Network, Canoo, Respondent.io and InterNations are well-known resources and communities to harness. The prime case study or approach referenced for this paper is Generation1.ca, an award-winning platform and storytelling community that places North America’s immigrants at the forefront of data and insights innovation globally. With its newcomer-first perspective, we empower immigrants to enable them to shine with their rich narratives as global citizens. It was founded by the lead author of this paper, Arundati Dandapani, as an opportunity to improve community connections and career success for newcomers as an association and industry participant that prioritises immigrant inclusion, equity, diverse hiring and professional development. We do so by offering new immigrants the social capital (new connections) and bridging capital (connections and resources that help them advance in their careers and lives) that are sorely missing links between new arrivals and their success in their new societies in Canada and the US, no matter how accomplished and well-qualified they might have been in their source countries and past lives.

Key principles to consider when reaching immigrants

Jobs to be done (JTBD)

Learn and uncover true JTBD for multicultural consumers as they are often different. For instance, Procter & Gamble Canada saw a large size of prize to close the gap for the deodorant category among Chinese Canadians. However, it was not an issue of tweaking the messaging and/or content or changing marketing mediums, the true barrier to greater category purchases is the fact that most East Asians, and almost all Koreans, possess a gene that makes them sweat less, making body odour and deodorants less important.

Another example is the dishwasher: penetration rate of dishwashing machines in China is 3% to 5% compared to 50% to 70% in “Western” countries. If you open a dishwasher in an Asian household in North America, you’ll see it’s often used as a drying rack and to store pots and pans (which, by the way, is also what the oven is used for in many Asian households in Canada and the US). Nonetheless, it is dangerous to assume that what works on a national level for the general population would equally work for all multicultural groups.

Different values

Learn about their cultural values and how that may impact their purchasing behaviour. For instance, Asian households tend to have multigenerational households and often buy intimate gifts.

Brand attachment and animosity

Do not assume that your brand’s share of mental availability will be equivalent to your share of shelf. Learn what brands are popular from their home countries and why. For instance, many North American brands do not exist in China. Also, in China, not many toothpaste brands focus on “whitening” as they do in North America. Convincing Chinese immigrants why a new benefit is important to them is harder than marketing an existing product that already covers their top needs. For certain immigrants, understand how concepts like consumer animosity (antagonism to brands from certain countries), ethnocentrism (preference for brands from one’s own country) and xenocentrism (preference for foreign brands) might impact their purchase behaviours in the short- and long-term (Dandapani, 2020).

Speak their preferred ad language

While most South Asian Canadians understand and read English, almost half would pay more attention to ads in their own language (Dawson, 2021). There’s plenty of truth in the ancient adage from an Akbar-Birbal fable that our language of comfort is the first language we curse in! Among Chinese Canadians, 40% speak Cantonese and 60% speak Mandarin. It is critical to speak immigrants’ preferred languages in marketing efforts, as they may not see nor react to an ad at all if it is purely in English.

Major marketing occasions and/or holidays

Immigrants have unique holidays and/or spending occasions, such as Diwali, Lunar New Year and Singles Day, which are high spend occasions that outperform many North American holidays. Marketing during these events with relevant themes and/or products are highly appreciated and accepted by underserved consumers. For instance, Singles Day originated in China and is on November 11th, a day honouring people who are not in a romantic relationship, celebrated especially by shopping (Lavin, 2022). It is the largest shopping day in the world, bigger than Amazon’s Prime Day and Black Friday combined. This has been Alibaba’s flagship shopping day since they launched it in 2009, and it has consistently racked up strong sales figures through its marketing efforts.

Custom messaging for newcomers

Multicultural immigrants share and consume content differently. Below are a few suggestions on how best to reach them:

- **Social media influencers:** Target and advertise on multicultural and/or immigrant-owned YouTube channels with lower CPMs and higher resonance. For instance, there are YouTube channels introducing prospective international students on what to purchase as well as what not to bring from home when moving to Canada, in order to simplify their packing and/or moving process. However, this reaches consumers at the first point of market entry, before they even land in their new country. Multicultural consumers like immigrants often follow influencers and content that is more tailored to their unique upbringing, experiences and preferences. Target and advertise with underserved consumer influencers to build trust in a word-of-mouth fashion. Lily Singh, although a child of immigrants, still brings some of the struggles racialised immigrants feel in society, as they go about breaking barriers through her Instagram posts.
- **Entertainment cultures:** There is more importance on OTT versus linear TV, as diverse global immigrants are tuning into new forms of content and storytelling that appeal to their new values and preferences. The de-escalation of superstars, particularly from Bollywood, has been one of the major disruptive forces marking the rise of the common man, and an interest in stories around regular everyday people versus iconic heroes of the past. There are so many brave stories and documentaries by immigrants (and smugglers) on YouTube, TikTok and other platforms (Turkewitz, 2023). *Dunki* is a recent heart-wrenching film seen by one of us upon visiting the homeland after a gap of a decade since moving alone to Canada (Dandapani, 2023b). Every immigrant journey might be different, but the unifying thread of varying degrees of unrelenting obstacles (e.g., racism, discrimination), longing, ambition, peace and home are themes brands should learn more about.
- **Data sovereignty values:** Similar to Indigenous peoples, diverse newcomers hail from cultures that are more community-oriented than others with varied values about ownership and group identity. Being familiar with these sensitivities and nuances within cultures can improve your brand's penetration and receptivity with estranged audiences.

How to conduct research with an underserved market?

Immigrant newcomers are underserved because their economic and cultural significance is not fully understood by brands and public institutions serving them—for the reasons detailed above. Overall, understanding how to apply etic and emic approaches to effectively blend objective measurable behaviours with more subjective cultural, historical and dynamic aspects of behaviour—e.g., values, preferences, aspirations influencing citizens and consumers—is key to serving them better. A few examples of how to do research with immigrants using both etic and emic approaches to truly understanding them better are:

- **Stick with the basics:** There is no need to learn an entirely new research method to connect with underserved consumers. Applying research fundamentals to underserved consumers will provide foundational learnings in order to understand who these consumers are, what role your products play in their lives and how best to connect with them.

- Language preferences: When conducting live, qualitative research with diverse groups, do not limit recruitment to those who can speak English fluently.; for example, invest in a translator for Chinese consumers and other underserved consumers as needed. As a reminder, fluency in a language does not equate to comfort in that language—people are much more open and expressive in their preferred language.

More than just statistics, learn about culturally significant lives

If you're ready to level up, here are some ideas to inspire you to flex your research muscles in researching underserved immigrants:

- In-home in-depth interviews: Many research teams have stepped away from conducting in-home interviews since COVID-19, but re-consider this type of research for multicultural groups like immigrants. You might see the stack of luxury skincare products a son purchases for his mother whenever he travels for work, while his mother wishes he would spend more frugally; you might see the three air purifiers a family is so excited to have impulse-purchased from Costco; or you might see the latest Dyson vacuum from Costco that the family happily splurged on as their first ever Dyson purchase. These learnings show gifting behaviour, openness to new product trial and lower price sensitivity with impulse purchases.
- Step outside of the office: Instead of a stuffy office in a mysterious building that consumers have to find their way to, meet for a coffee to connect or have dinner at a restaurant to create a more casual, comfortable setting in order to learn more about their lives. This creates a more natural conversation often leading to deeper insights, as people tend to share and be more expressive the more comfortable they feel.
- Engage in games, festivals, hobbies, role-play and gatherings that help bring out their full selves: Ever thought about hosting a kabaddi (mix between rugby and wrestling) or a Jianzi match for Indian or Chinese newcomers, and similarly culturally familiar games or occasions (e.g., Zumba dance) based on which immigrant and/or cultural group you are researching. Games foster camaraderie, create understanding and break the ice on contentious issues where brands can differentiate by building personal bonds that keep them returning to your brand with their full selves. These settings offer immense rich potential to identify inter-group communication patterns, instincts and behaviours that might not be so apparent outside of a game. Moreover, interviews between game breaks about certain topics like their connections to the game and/or occasion as well as each other can really get participants passionate and excited about delivering authentic and inspired insights.
- Participate in immigrant integration and empowerment activities, like career fairs, citizenship ceremonies, which are important milestones in the move to North America. This eases immigrants' transitions to their new countries with rewards, joy and lifelong relationships, paved with unexpected gifts and incentives along the way to help them own their narratives and wear their pluralities proudly.

Looking to the future of immigrant capital: What next?

It takes at least a generation to settle in with the norm as each new wave of immigrants comes in to mark their conquest, contributing economically, socially, biologically, culturally and more to their new ecologies and homelands. 21st century immigration to North America was a response to post-colonial narratives of sorts, starting with the dotcom boom for talent at the onset of Y2K, offering a good dose of subversion for those moving to the “free world” post-globalisation. However, what is the future of immigration going to look like, and are we going to attract, target and grow immigrant economies at the pace and scale with which brands and public institutions can keep up? In a world of long-term population decline and low female fertility globally, rising education levels, greater access to technology and an unprecedented pace of change, the new world order will rely on extensive ears to the ground about how cultures and individuals move, change and migrate to new worlds, in addition to what citizens and consumers need to thrive, but importantly feel valued and cherished.

Leveraging community stories, digital preservation and cross-cultural knowledge exchange remain key to building stronger connections with the underserved immigrant market. Platforms such as Transforming Immigrant Digital Equity (TIDE), Canadian Immigrant, Upwardly Global and Human Squad, as well as this paper’s prime case study, Generation1.ca, demonstrate the power of edtech in empowering multicultural newcomers. Generation1.ca stands out as a unique contemporary mosaic, connecting top community narratives, resources and authentic interactions that challenge businesses and organisations to rethink their approaches to demographics, customers and citizens. As we strive for a more inclusive and multicultural workforce and society, it is essential to ask: what is your business or organisation doing to foster trust, inclusivity and better serve immigrants and multicultural talent now, as well as into the future?

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Using AI for Innovating Brand Strategy

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Introduction

Measuring and understanding brands is a very difficult challenge in marketing. Brand research is typically done using surveys. The common method is to show respondents a series of brand statements (e.g., is a brand I trust, reliable, etc.) and the respondent is then asked to evaluate various brands on these statements. Next, such data is analysed with the goal of finding out if and where the brand has perceptual advantages, and how in general it fares against competitors. The idea, quite often, is to find a perceptual dimension that the brand can credibly claim and eventually own (being seen as uniquely the best).

New conceptual ideas and empirical findings have challenged this approach

The Ehrenberg-Bass Institute challenged the importance of brands needing to be unique and showed that mental availability of the brand is more essential. This means that a brand should focus on the number of distinct associations that evoke the brand (Romaniuk, 2023; Vriens, Chen & Schomaker, 2019). Vriens, Chen and Schomaker (2019) developed a brand density metric by using one open-ended survey question: “What comes to mind when you think of brand X”. From the open unstructured responses, they extracted the number of distinct associations and the degree to which these associations are inter-connected. The concept of associations that are part of a connected memory network in the human brain was conceptualised in the spreading activation theory of memory. Evidence that such distinct associations and their interconnectedness exists has been shown in neuro-scientific brain research. From these two components, the number of distinct associations and their inter-connectedness Vriens, Chen and Schomaker derived a brand density metric, which empirically shows not only does the number of associations matter but also how strongly these associations are inter-connected. They find that the number of distinct associations is highly correlated with the brand’s market share, as well as if inter-connectedness is considered this correlation is even stronger.

The Ehrenberg-Bass Institute also has found that the more overlap in associations a brand has with the category, the more loyal its customers are (Romaniuk, 2023). Their methodology is based on using closed questions: they use a set of pre-defined attributes upon which brands are being evaluated. Then they show a series of category entry points (in essence category associations); they measure what category entry points brand are being associated with. The degree to which the brands’ associations overlap with the category entry points is then correlated with stated willingness to switch brands. The more association with the category the lower the propensity to switch brands (i.e., the more brand loyal). Lastly, it has also been shown that the best way to capture brand associations and their interconnections is via open-ended questions (Vriens, Chen & Schomaker, 2019). The basic question we have used for this is “What comes to your mind when you think of brand X”. The open-ended responses are textually analysed, and a set of distinct associations and their inter-connections is extracted. It is important to note that in the aforementioned study

by Vriens, Chen and Schomaker, brand associations were captured using an open-ended question but also via showing respondents a set of pre-defined attributes for which they would be asked to evaluate brands on. Their brand density metric can be calculated using the open-ended approach and the closed-survey question approach. Only when derived from open-ended questions did they find a high correlation with market share.

In the Romaniuk (2023) approach identifying what brands are associated with, category entry points can be seen “as need-driven (or association-driven) mental availability”. However, because of the closed form survey question methodology, we typically will encounter halo effects. For example, big brands will be associated with everything regardless of whether these brands are seen as being relevant for every specific need. This too can be done using open-ended questions. However, in a survey that would mean that we quickly get more than 10 or so open-ended questions and that practically just doesn’t work very well. Thus, we have:

1. brand associations and how they are inter-connected;
2. the category’s association and the degree of overlap with the brands’ associations;
3. association-driven mental availability;
4. pain points and emotions associated with the brand and the category.

A new brand strategy approach

Capturing brand and category associations leads to novel ways to grow the brand and enables the brand team to explore a wider space for a brand to grow into, as well as uncover new pathways to reinforce how the brand settles in consumer minds. Based on the elements we outlined in the introduction, we defined four new steps to grow the brand, as shown in Figure 1, below.

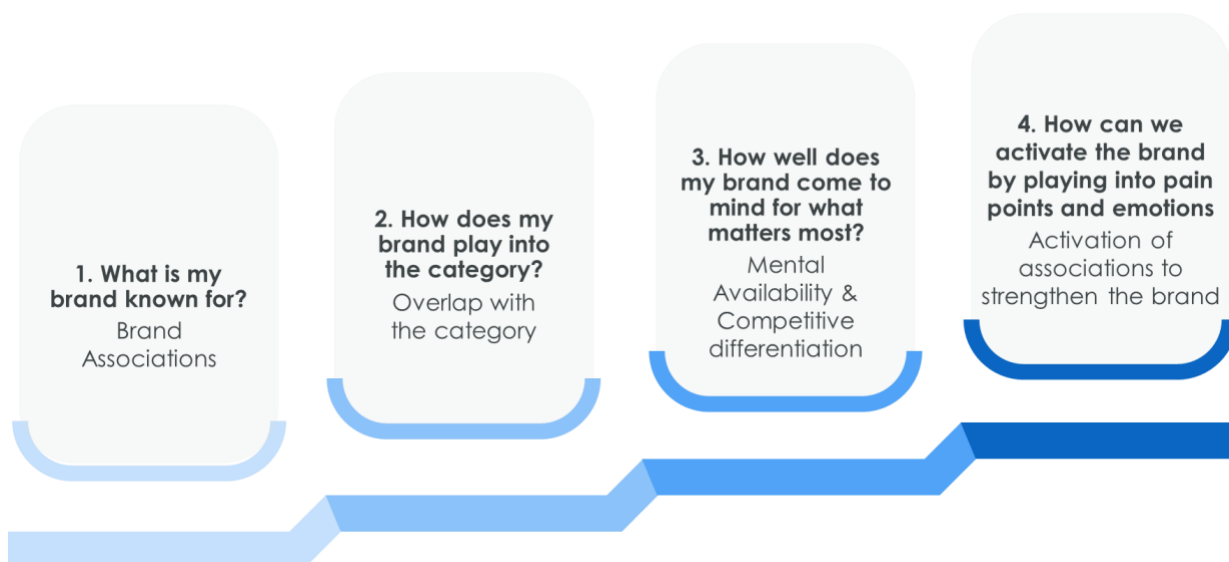


Figure 1. The four elements of a new brand growth strategy.

Step 1

In step 1, we elicit the associations of the brands and we visualise those associations that have the strongest connections (see Table 1 for an example of top associations). From this data we also calculate a brand density metric that is a measure of the brand’s overall strength.

Brand associations for brand x (sales tool category)	Category associations (sales tools category)
Lead generation	Lead generation
Ability to help sales	CRM
Customer data	Sales analytics
Cold calling	Email marketing
Trustworthy	Sales automation

Table 1. A simplified example of brand and category associations.

Step 2

In step 2, we elicit the associations of the category (see also Table 1 for an example). By comparing the top associations of the brand with the top associations of the category, we get insight into how relevant the brand is for the category, and it clearly identifies new opportunities for growing the brand (see Figure 2 below).



Figure 2. Overlap between a brand and the category.

Step 3

In step 3, we assess how strongly the brands in the category are evoked by the category's top associations. We can do this in two ways. A simple way would be to ask what brands come to mind when thinking about a specific association. For example, in the sales tools category we could ask what brands come to mind when thinking about lead generation. This gives valuable insights on whom we are competing with, and how strongly exactly on which customer needs. These insights can help sharpen the initial brand growth strategy from steps 1 and 2 by narrowing the focus on those elements where we can reasonably believe to play strongly; i.e., avoid or carefully assess areas where there is much strong competition.

Step 4

In step 4, we identify the brands and category pain points and emotions. For example, in our case study, we identified that there was a general lack of features and an overall strong level of frustration. Both of these elements can be added to the initial brand strategy developed after steps 1 and 2.

Using AI

Capturing all these pieces via surveys can be very challenging. Regardless of whether we used closed-ended brand ratings or open-ended questions, survey real estate will limit the number of brands and the number of questions we can ask. This is time-consuming and can be very expensive especially with B2B audiences. As an alternative to surveys, researchers have scraped data from online sources and have had success with this. For example, studies by Netzer et al. (2012) and Vriens, Chen and Vidden (2019) have shown that perceptual maps generated from consumer generated online content can yield those similar to that which can be derived from survey data. However, scraping such data and then analysing it is also time consuming, expensive and cannot be done for specific personas (e.g., “I want to see my brand result for an IT manager who works for an enterprise company and is responsible for cloud infrastructure”).

With the introduction of large language models (e.g., ChatGPT) efforts have begun to try to replicate survey results, where the aim is to replicate results at the aggregate or even persona level. (e.g., Brand, Israeli & Ngwe, 2023). Large Language Models (LLMs) such as ChatGPT can be used to generate synthetic data (see Vriens, Verhulst & Vidden, 2023). Applying LLMs in such a way is a novel approach with tremendous potential. The authors have developed a methodology for simulating both open- and closed-end survey questions to analyse brand and category associations using the ChatGPT framework. This has several benefits. First, once the prompting scenarios have been developed and tested, we can generate results very fast and inexpensively. Second, we are not limited in terms of the number of brands and number of questions included. Also, if anything emerges that raises further questions, we can easily add follow-up questions. Third, as a result partially of the previous two benefits, we have found that the generated brand insights are richer than those from surveys.

We employ two main approaches for synthetic data generation via LLMs: data generated at the aggregate survey level and data generated at the individual respondent level. The aggregate survey level aims to capture a high-level summary of survey findings, in this case a list of brand or category associations. Iterating the aggregate approach many times generates a robust list of associations, which can be ranked in order of association mention. At the individual respondent level, open-ended responses to brand or category association survey questions are generated. Respondent-level synthetic data is then matched to the aggregate association list to generate association mention and co-mention findings.

There are many refinements and extensions of this LLM-driven approach to make it more powerful. For example, personas can be considered at the respondent level (e.g., a sales manager in the US, working for an enterprise organisation) to generate context specific data; open-end data can easily be summarised across personas or attributes; brand associations can be paired with category associations to quantify association overlap; and more. Further, target associations can be explored by competitor analysis or customer pain point assessment.

However, there is a substantial challenge with the above approach. To acquire realistic data, a complex set of prompts needs to be developed and careful LLM parameter tuning must be considered. Prompt writing and iterations are best completed in collaboration with key stakeholders with substantial domain expertise. We apply our AI approach to two of LinkedIn's brands and compare our results with survey results. We show that we can generate realistic results that are not per se identical to the survey results but are similar enough, and richer in terms of the brand insights it generates.

In sum, applying generative AI LLM models to generate strategic brand insights has three compelling benefits.

1. It is obviously faster and much less expensive than surveys.
2. We can—after the proper development of a prompting playbook—generate results that are similar to survey results at the persona level.
3. We are not limited to the number of brands, and if we discover pieces of insight that require follow up questioning, we can easily do so.
4. We can explore a wider space for a brand to grow into and uncover new pathways, which are harder to achieve with fixed sets of brand attribute statements.

Therefore, this approach can accelerate the creative process and offer a more well-rounded picture of tactical and strategic brand implications.

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Stuck in Neutral

Acknowledging the lack of true innovation is the key
to understanding consumers

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Stuck in Neutral

Acknowledging the lack of true innovation is the key to understanding consumers

Damian Loscher

This paper challenges our perceptions of innovation and invites researchers to view consumers through a new lens. It argues we are not living in an age of innovation and that a plateau has likely been reached. It introduces the concept of an innovation equation. Finally, it demonstrates how thinking differently about innovation can help decode market signals leading to a deeper understanding of markets and change.

An age of innovation?

We live in a golden age of innovation. To think otherwise is foolish and to say it out loud is madness. However, the first job of a researcher is to challenge. If researchers wanted to be popular, they would have gone into advertising. It is not clear to the author that this is a golden age of innovation. It appears that we are stuck in neutral, revving our innovation engine furiously, but going nowhere. We are in an age of marginal improvement, where we recycle old ideas, add more features and repackage to capture the zeitgeist. Scientific discoveries sit on shelves, patented, waiting for real-world applications. If we are in a golden age of innovation, the public has not noticed. Global opinion research from Ipsos points to fear and distrust of technology and change. The preference of consumers in most countries surveyed is to not move forward, preferring the life they see in the rearview mirror. How did we arrive at this point, and what does the future hold?

Defining innovation

To properly assess whether we are in a golden age of innovation, we must first agree what constitutes innovation from a consumer perspective. If innovation is measured in the power of the computer chip, the argument that we are not in a golden age of innovation is lost already. From 2,300 transistors per chip in 1971 to 2.6 trillion today, growth has been truly staggering and worthy of being described as “exponential”. While this engineering achievement is impressive, what it can do for consumers is ultimately what matters. Does computing power innovation allow consumers move up the hierarchy towards personal fulfilment? The answer lies in how we define innovation.

To help define innovation for the purposes of this paper, a well-known large language model (LLM) was asked: “Are innovations supposed to make our lives better, or do they just have to be new?” The irony of asking AI to define innovation for the purposes of this paper is not lost on the author. The AI model answered as follows:

Innovations are often designed with the goal of improving our lives in some way, whether through new technology, medical advancements or even social changes. The term "innovation" typically refers to

something new or improved that offers value or benefits. For example, advancements like the internet, smartphones and electric cars were all innovations that significantly altered how we live, work and interact. Thus, in essence, while the primary goal of innovation is often to improve human life, the outcomes may vary. The newness of an innovation is a fundamental aspect, but the ultimate aim is typically to provide some form of improvement or progress. However, not all innovations necessarily make our lives "better" in a universal sense. What counts as "better" can vary greatly depending on individual perspectives, societal values and cultural contexts. Also, there might be unintended consequences, such as privacy concerns with the increasing digitalisation of our lives, or environmental issues tied to certain industrial innovations.

According to this independent, infallible source, an innovation should “improve human life”, and we should watch out for “unintended consequences”. The true measure of innovation, you might say, is a positive outcome equation.

A golden age of innovation?

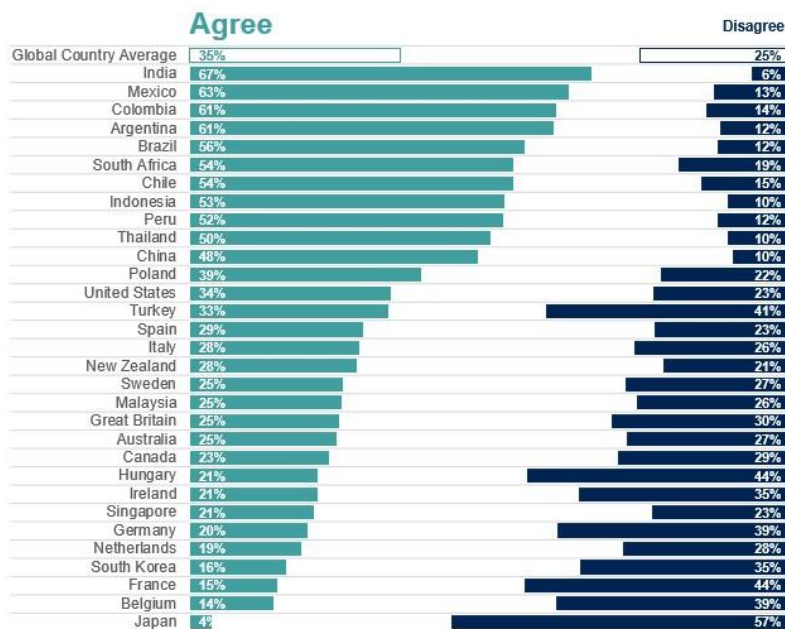
The author first began to question the orthodoxy of innovation when on vacation in 2023, in the south of France, staying on the edge of a small medieval village and enjoying as close to a perfect life as one could ever expect to achieve. Maybe it was on the walk to the café in the morning or while sipping a glass of wine in the evening when the questioning began: how can such a primitive existence be so satisfying? A forensic innovation audit of a typical day was to follow.

The day began with the sound of the cicadas (165 million years old) to wake you up in the morning and an ancient oak floor (farmhouse built 1810) to welcome your bare feet. Air conditioning (used in homes since 1929) helped with a good night's sleep and a shower (around since Roman times) kickstarted the day. A stroll to the café in the already hot sun necessitated sunglasses (invented 1752) and sunscreen (invented 1938). Coffee (arrived in France in 1669) and a *chocolatine* (from around 1830) was the first and finest meal of the day. And so the audit continued, with innovations from the past century making very little contribution to the author's perfect day. The smartphone obviously made an appearance in the audit, but the smartphone is now almost 20 years old—recent but not that recent, just like Netflix and Spotify, which have hardly changed at all in the past decade. If the only option had been to use a local payphone to make a call, or to read a newspaper to find out what was going on in the world, or read a book instead of streaming a movie or even listen to a record rather than a podcast (since vinyl is making a comeback)—it still would have been a perfect day. All things considered, the author was living the life of a modestly wealthy French farmer from about a century ago, and could not have been happier. The author was not alone in feeling he had climbed to the top of Maslow's pyramid; real estate prices in and around this remote village testified to the allure of this lifestyle—i.e., that this was the life to aspire to when money was no object. Had the past 100 years not contributed anything to a better life, except that more people can now afford things that were unaffordable in times past?

Not excited about the future

If we are in a golden age of innovation, it would be reasonable to expect the public to be optimistic about the future. Investment advertisements caution “past performance is no guarantee of future results” because

it is in our nature to expect more of the same. Yet the data suggests past performance has been underwhelming because public opinion is that the future is not that bright.



Ipsos Global Consumer Confidence Index – 24,220 participants across 31 countries, interviewed online 22 September – 6 October 2023

Online samples in Brazil, China, Chile, Colombia, Indonesia, Ireland, Malaysia, Mexico, New Zealand, Peru, Singapore, South Africa, Thailand, and Turkey tend to be more urban, educated, and/or affluent than the general population



Figure 1.

Ipsos data shows only a minority of global citizens expect life to better in five years' time than it is now; only 34% in the US, only 21% in Ireland and only 15% in France. Innovation is, of course, not the only driver of optimism, but this level of pessimism is, to say the least, inconsistent with a golden age of innovation.

The power of innovation

The history of innovation is about power, not in the social sense but the physical sense. Prior to the industrial revolution, to achieve a better quality of life usually required you to accumulate “manpower”, so the most comfortable in society had subjects and/or enslaved people. When we learned how to harness the energy of the natural world, everything changed. From the steam engine to electricity to the internal combustion engine, suddenly each one of us had the power of many. Furthermore, the technology to harness this power—the lightbulb, the washing machine, the fridge, the car—was revolutionary. Our ambition now, it seems, is not to give humans power but to take their power away. Through AI and robotics, innovation is focused on replacing people, not empowering them. We are not trying to make people better, we are trying to make better people. Not surprisingly, people are taking notice and anxiety is high.



Figure 2.

Ipsos Global Advisor data shows most people in most countries are anxious about AI. Most interesting of all is that developed countries are the most anxious: they are worried about AI taking their comfortable, office jobs away—and they should be. With true innovation, the benefits should not outweigh the consequences.

The argument will be made that AI and robotics will replace mundane tasks and ordinary workers, resulting in more time and less tedium, leading to upskilling opportunities and a higher standard of living. That argument has been made before, but the decline of the old industrial towns of mid-America and the north of England proves upskilling can only achieve so much. The argument that the rise of robotics and AI will lift all boats rings hollow with consumers.

If a tree falls in the woods

If innovation is to improve our lives, it needs to be noticed, accessible and impactful, like how advances in optics over many centuries changed our lives for the better. With the invention of the eyeglasses and their widespread adoption, the working life of a skilled tradesperson was extended dramatically. With microscopes we learned how diseases spread and how viruses grow. Nowadays, we can see even more: we are splitting atoms and splicing genes; we are putting telescopes into deep space to take pictures of what the universe looked like billions of light years ago. It is humbling to think about what scientists have been able to achieve. At the risk of being even more controversial, are cell gazing and star gazing only of fascination to those who engage in them? Are these explorations of marginal benefit to all of us (amazing images of the universe expanding) and of great benefit to a few of us (genetic mapping, fertility treatments, etc.)? Patents are not innovations. Knowledge is not impact. Leading edge is not accessible. While the best and the brightest try to solve the biggest mysteries of our time, the rest of us will get up every day, drop our kids off at daycare,

get stuck in traffic on the way to work, eat processed food, pick the kids up from daycare, eat more processed food, scroll, scroll some more and eventually fall asleep.

Considering the direction of travel for scientific discovery, there are other debates to be had about the innovation equation and if the outcomes will deliver more good than harm. What would happen if we were able to stop aging or if we discovered what came before the Big Bang—would the world be a better place? Who would get to stop aging first, and how happy would this make the rest of us? Moreover, could knowing how it all began blow our minds—i.e., would we get to choose between the blue pill or the red pill?

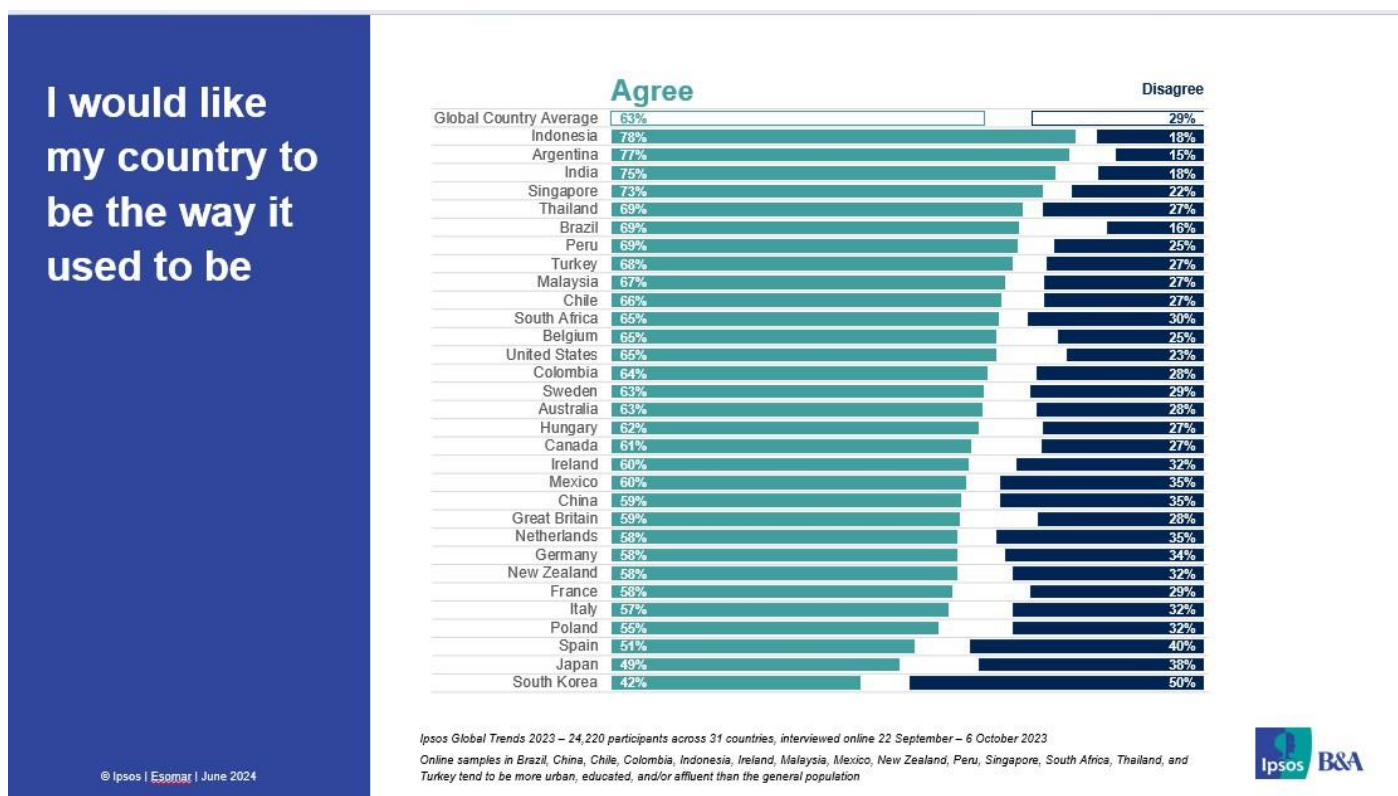


Figure 3.

Anxiety about the future of innovation would help explain why so many people want to reverse gear. Of the 25 countries surveyed by Ipsos, excepting Japan and South Korea, a majority in each country surveyed want their country to be the way it used to be.

The age of innovation, the age of information

What about the information technology revolution? Innovation has become synonymous with information technology, and the argument goes: we live in the age of information technology, so by extension we live in an age of innovation. For sure, the mobile phone was a practical, accessible innovation—to begin with at least. Being contactable made us more productive and made us feel more secure, more connected. Information technology changed how we live, but perhaps less than you might imagine in the last decade. The author’s latest smartphone purchase experience was reminiscent of a washing machine or microwave purchase: similar in size to expired item, works a bit faster, updated look, probably more features than will ever be used and more complicated as a result.

Therefore, what does the smartphone innovation equation look like today? Scrolling through social media feeds is not great for productivity. Do we participate in the internet society because of the fear of missing out as well as despite our security concerns and/or how it dilutes our human interactions?

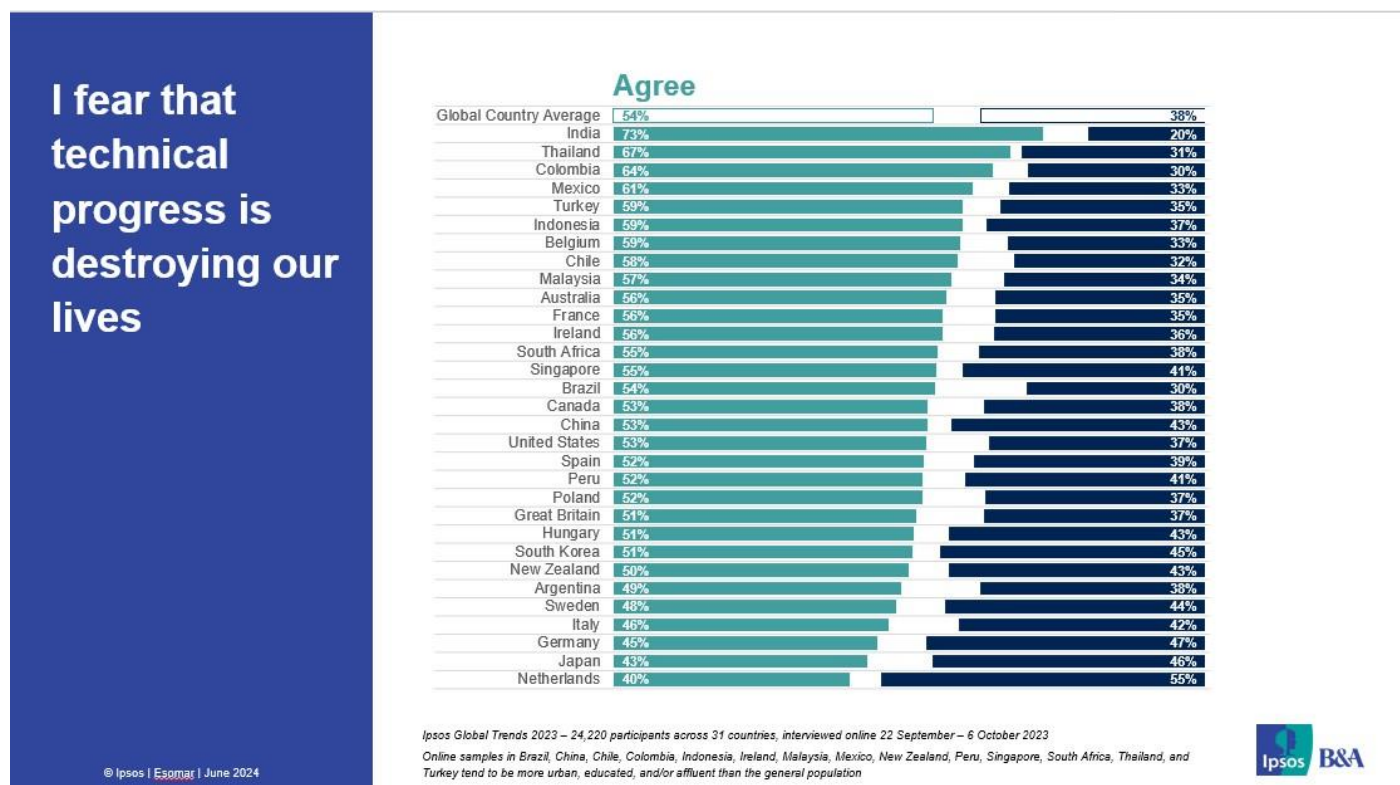


Figure 4.

Globally, the proportion of citizens who take a dim view of technical progress is staggering. Only in three countries surveyed (the Netherlands, Japan and Germany) do more people disagree than agree with the view that technical progress is destroying our lives.

The paradox of choice

An abundance on features and options can masquerade as innovation, when often it just leads to confusion and frustration. As researchers we are familiar with the paradox of choice, how less can be more. In this digital age, we have so much more choice and consumers are struggling to keep up because they are overwhelmed. There is nothing new about information overload—a concept from the 1960s—yet somewhere along the way we convinced ourselves that more information was a good thing, and to drown people in choice was even better. “Slow down” is the cry these days. Agreement with the statement that the world is changing too fast is universal: at 67%, the lowest level of agreement comes from one of the most progressive countries in the world, New Zealand (see Figure 5).

Be on the lookout for signals

If innovation has plateaued and consumers have noticed, we should see signs beyond the data presented in this paper. Ipsos calls these signals. Others of a certain vantage might call them disturbances in the

force? Signs that we are stuck in neutral abound. If you are struggling to innovate, shrink it. If you are struggling to innovate, shorten its lifespan and force the EU to introduce legislation that requires manufacturers to make products that can be repaired. If new medicines are only delivering marginal improvements, introduce real world evidence (RWE) as a new trading currency. Encourage governments to subsidise innovation. If your new product looks very much like the old, make it faster and give it added features. Consumers are seeking better lives in the absence of innovations making their lives better. They choose escapism, nostalgia, safety, art and nature. They also choose ayahuasca, Donald Trump, safe spaces, Burning Man and veganism.

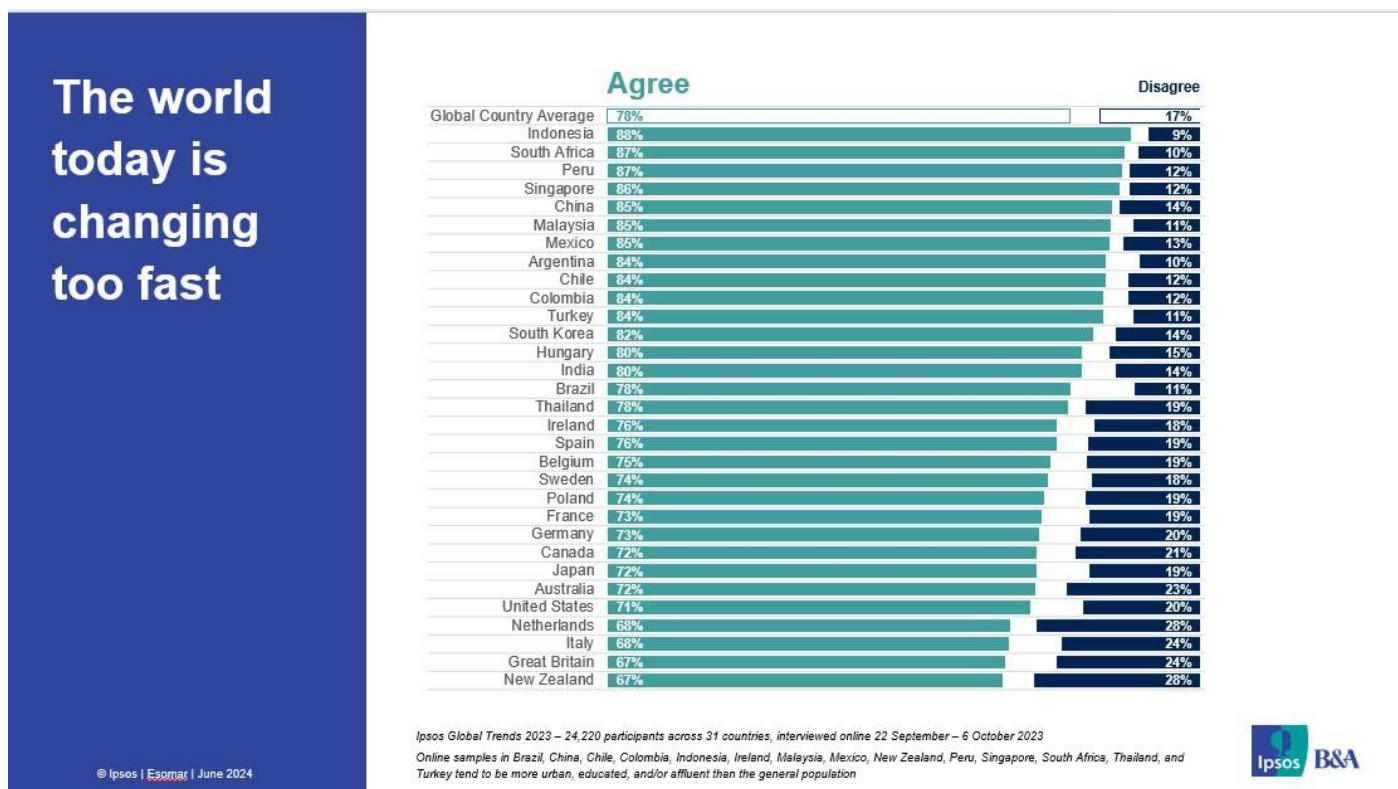


Figure 5.

So what?

It is the job of a researcher to help our clients understand the world around them and to help them make better decisions. If we look at innovation differently, through a new lens, it opens up the potential to understand consumers, trends and tastes in a deeper way. If innovation is not exciting consumers, it demands that we set the bar much higher in terms of the benefits, uniqueness and difference offered by innovations. Innovations must be obvious, relevant and substantially improve the life of the consumer. Is the innovation empowering and does it clearly deliver a net positive to the consumer? If consumers are anxious and cynical, empathy and honesty must be at the heart of every innovation. We should prioritise meaningful improvements in product functionality. Ultimately, view all innovations through the eyes of a cynical, anxious and overwhelmed consumer. We should invest in understanding the long-term implications and potential unintended consequences of our innovations.

When we talk about innovation, we default to product innovation when much innovation nowadays is services innovation. With services innovation, the equation dilemma is most apparent. Innovations that replace people

with technology may save costs, but always pretending they are to the benefit of the customer just deepens the perception that technology is not enhancing our lives. It is time to be unpopular.

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Is Reality a Hallucination?

Capturing the essence of the human mind with
generative AI

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Is Reality a Hallucination?

Capturing the essence of the human mind with generative AI

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Introduction

The human brain is truly a complex machine. Through rigorous testing and observation, scientists have begun to map neural connections and cognitive processes required to complete certain tasks. How humans respond to survey questions has been the subject of numerous studies over the past several decades. Market research is inextricably linked to the scientific fields of psychology and neuroscience. In this paper, we will discuss the cognitive processes that humans undertake when responding to market research study questions. We will then describe how artificial intelligence (AI) has been built to match this human behaviour. Finally, we will discuss how AI can be applied to create predictions with varying degrees of confidence. We will conclude with a discussion about appropriate hallucination tolerance for various AI use cases.

Understanding human responses

For decades, psychologists have studied how humans respond to questions, including in survey settings. Originally published in 1996, *Thinking About Answers* by Norman Bradburn and Seymour Sudman pulls together research and theory about how humans process questions and compose responses. Jon Krosnick of Ohio State University provides a brief summary of the book in the winter 1997 edition of *Public Opinion Quarterly*. In his review, Krosnick describes the four fundamental cognitive steps in composing a response: interpreting the question, retrieving information from memory, integrating that information into judgments and formatting those judgments into an expression (Krosnick, 1997). Interestingly, these four fundamental steps align almost identically to how a computer processes information, but unlike computers, humans have additional complicating factors that are tied to emotion and narrative formation. Research suggests that humans are able to more easily access memories associated with their current mood. In a 2016 article called *Why Narrating Changes Memory: A Contribution to an Integrative Model of Memory and Narrative Processes*, the authors cite “empirical evidence that memories congruent to one’s present mood are more likely to be retrieved than mood incongruent information” (Smorti & Fioretti, 2016). For market research studies, this means that participants may provide different answers to the same question from day-to-day.

From the aforementioned research, we can conclude that the brain actively constructs reality by combining sensory input with expectation and memory effects, based on context. This process of active construction is a form of hallucination. The brain inserts details that may not be “objectively” accurate or part of the original experience, but it is precisely this freedom of subjectivity that makes a human response authentic. The best

way for researchers to control for these human factors is by considering a large sample. This demonstrates an important methodological consideration when applying AI in market research: aggregated versus consolidated response. To illustrate the difference, assume you have a data set with 1,000 responses from 1,000 individuals. An aggregated response would query all 1,000 individuals with the same question and return a breakdown of responses, using natural language processing (NLP) to group them by theme. A consolidated response queries the data set as a whole, and comes up with a singular response that is representative of the group. Native AI uses both methodologies depending on whether the user is seeking a summary of responses or a breakdown.

For the purpose of this paper, we will focus on how the consolidated response method (aka “conversational state”) closely mirrors the cognitive processes of the human brain.

Building generative AI to replicate human cognitive processes

Present scientific consensus is that the human brain undertakes four main steps in generating responses to questions: interpreting the question, retrieving information from memory, integrating that information into judgments and formatting those judgements into an expression. This is almost identical to how AI algorithms respond to queries using the consolidated response methodology. The first step is interpreting the question; NLP is required to understand the user’s query. Similar to how humans interpret language, the software attempts to learn the user’s intended meaning, but unlike humans who can make judgments based on assumed intent, database retrieval is most effective when queries are formatted in a specific way. To maximise success, some AI applications like Native AI will conduct NLP to first learn what the user is attempting to say, and then suggest slight variations to the prompt that may be easier for a computer to understand.

The second cognitive step in answering a question is retrieving information from memory. While the aggregated response methodology treats each data point as distinct without the ability to influence each other, the consolidated response method will consider all data points at once, similar to a human with multiple relevant memories. To accomplish this in a near-real time chat environment, AI models may vectorise data. Think of this like a glossary so the algorithm can take a shortcut to the right information. When a query is submitted, the relevant information can be surfaced extremely rapidly, regardless of the size of the database. This, too, is similar to how memories are stored via associations in the human brain. In order to determine which responses are relevant to each query, Native AI uses a scoring system. This uses NLP once again to determine how closely the response matches the prompt. This is similar to how a human would consider multiple memories to draw upon before choosing the most appropriate one. Depending on the specificity of the question, a data set of 1,000 individual responses may contain anywhere from one to hundreds of relevant responses. When there are some responses with a significantly higher relevance score than others, it is easy to surface the best ones.

The third cognitive step is integrating recalled information into judgments. If a human has multiple conflicting sentiments about a question that is asked, they will likely introspect further to determine which sentiment is stronger. In the same way, the AI algorithm needs to look at the context surrounding the relevant information. This is the third instance NLP that occurs almost instantaneously after a query is submitted. After the

relevance scores are assigned, Native AI evaluates the two sentences prior to the identified data and two sentences after, in order to determine the strength and tone of the opinion. The algorithm then takes all of these weighted opinions into consideration before composing a response. This step also provides an opportunity for the AI model to learn about the consumers' use case and rationale. For example, a Native AI customer has a data set containing product reviews of an energy drink. In asking the digital twin audience, "what do you think of the energy?" there are many relevant quick responses, such as "it works great!" and "I feel more energy right away!" However, in looking at the two sentences prior to the direct statement as well as after, we learn things like, "I started noticing a difference after two weeks" and "it doesn't cause me to crash at night". These contextual statements are indeed quite important to capturing how and why they liked the effect of the product, which ultimately addresses the researcher's intent in asking the question.

The fourth and final cognitive step in responding to a question is formatting judgments into a response. When there is one or multiple responses within the data set that have a high relevance score for that particular query, it is easy for the algorithm to deliver a response. If none of the answers have a high relevance score, then things get interesting. A human would respond in one of two ways: some variation of "I don't have an opinion", or they may draw upon tangential memories to form a new opinion in the moment. When AI forms new opinions from contextual information, it is labelled "hallucination". Depending on the use case, researchers are either seeking a descriptive analysis of a data set, meaning they do not want to extrapolate beyond what is contained verbatim in the source data. However, if the researcher wants the AI to behave more like a human, this is an opportunity for the algorithm to create assumptions about the source audience based on contextual clues. These signals could include the tone and language of the audience, additional sentiments expressed in the data and self-identified traits such as their stated age or family status.

It is extremely important that researchers have control over this output. For this reason, Native AI developed a synthetic output slider that essentially determines how much or how little NLP can be applied in this fourth step. If the researcher is looking for a descriptive answer of what is contained within the data set, they would use the high fidelity setting. Under this setting, if the algorithm returns no data with a high relevance score the answer would be that there is not enough information to provide a response. If the researcher were seeking a predictive answer, this fourth NLP mechanism would dig deeper. Next, we will discuss this spectrum ranging from high fidelity to high creativity.

Varying degrees of prediction

To recap, the first three NLP stages are required regardless of the use case. The fourth NLP stage, formatting judgments into a response, is what will determine whether the AI is being applied to descriptive analytics, predictive analytics or plausible hypothesising. The Native AI synthetic output slider has three settings: high fidelity, high creativity and balanced. Regardless of the setting, the platform will start by looking for highly relevant answers. This gets interesting when there are no precise matches. When applying the high fidelity setting, the relevance score must be very high in order to return an answer, otherwise it will return that there is not enough information. On the balanced setting, the relevance threshold is slightly lower, allowing the algorithm to make inferences based on related answers. Using the high creativity setting, the application will come up with a plausible response even if there are no relevant answers contained within the data set.

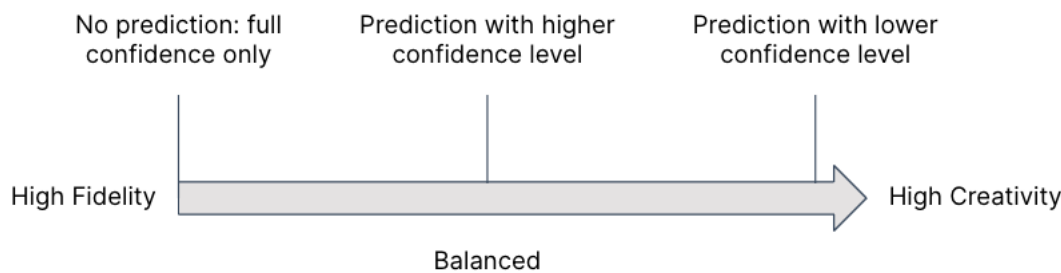


Figure 1.

Coming up with a plausible response in the absence of contextual clues means that the response relies entirely on the large language model training data. This cannot be reverse-engineered by the end user. While the response will still be based on real-world data, it may not be applicable to the research study audience. Therefore, high creativity should only be used for scenario building and interview simulation. Balanced is the appropriate setting for enhancing existing studies with predictive responses. High fidelity is the best setting for quickly retrieving information that is already contained within the data set.

Good versus bad hallucination

As the confidence spectrum indicates, there is some gray area with regards to what we call “hallucination”. The term is generally used to describe any invented information based on assumptions, whether they be accurate or inaccurate. However, this is an oversimplification of the several methodologies that may result in appropriate, logic-driven predictions. AI is an extraordinarily broad technology that has many applications. Some of these use cases, such as a search engine assistant or a customer service chatbot, require strict adherence to the source data. Any invention would be misinformation and have potentially devastating consequences. Because the term has been applied enough times to these universally-recognised dangers, the term itself has taken on a negative connotation. The term for this in linguistics is pejoration: the process by which a word develops a negative meaning over time. Thus, you will rarely hear the term hallucination applied in a positive way despite it being a spectrum.

We do not have a simple word to describe the cognitive processes that apply to answer formation, but we know that humans are susceptible to various forms of bias, in particular with regards to memory recall. While both humans and machines may process questions and answers similarly, we have a higher tolerance for human bias than machine bias. This is a good thing. After all, this technology is in service of better understanding human behaviour, not the other way around. Ultimately, market researchers must be intentional about their own comfort levels with hallucinations, ranging from high confidence predictions to low confidence predictions.

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Economics Beyond Numbers: In our research era

Why Taylor Swift could be the catalyst for journalists
using data to drive their stories

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Economics Beyond Numbers: In our research era

Why Taylor Swift could be the catalyst for journalists using data to drive their stories

Dan Fleetwood

Crystal Wiese

Introduction

What do Taylor Swift, an economist, a reporter and a market researcher all have in common? At first glance, it may seem like an unlikely quartet. However, in today's interconnected world, their paths intersect in unexpected ways. In this paper, we explore the convergence of music, economics, journalism and market research, using Taylor Swift's Eras Tour (May 2023 to December 2024) as a case study. The main themes will focus on utilising data points to make market research both exciting and accessible, enhancing human-centric stories with robust data, and exploring why journalists increasingly rely on market research data.

The backstory

Bringing market research to life has been a long-term goal for the industry, but rarely have we had an opportunity to bring it to the forefront of cultural relevance as we have with Taylor Swift's influence. Sure, there's the usual political polling that captures headlines every election cycle, and there's certainly no shortage of opinion polling and even product and/or brand sentiment research regularly conducted. However, when you combine market research with a cultural juggernaut named Taylor Swift, you tap into a new level of excitement and visibility. Her widespread appeal and dedicated fan base provide a unique context in which to explore broader market trends and consumer behaviour, making the insights gained particularly impactful and far-reaching.

In November 2022, *Bloomberg* reporter Augusta Saraiva coined the term "Swiftonomics" in a seminal article that discussed the economic impact of her concerts through the lens of ticket prices, and the willingness of fans to pony up hundreds if not thousands of dollars to see her. This was contextual given the timing—the lifting of COVID-19 restrictions, combined with pent up savings and newfound demand to get out of the house and return to normal. However, Saraiva's article missed something important: the ancillary spending related to the concerts including travel, meals and drinks, concert merchandise, costumes, friendship bracelets and many other accouterments related to the shows. We saw an opportunity to use research to inform the discussion of Swiftonomics with a much deeper data set drawn from actual concert-goers reporting actual

expenditures. Our research thesis was that the cumulative economic impact was significantly higher—perhaps exponentially higher—than the forecasts based merely on ticket sales.

What we found

Our first survey of more than 500 concert-goers included a range of questions, such as: demographics, where they bought their tickets, who they attended with, etc.; the “meat” of the survey focused on across-the-board expenditures. In addition to tickets, we ask how much fans spent on outfits, merchandise, food and drinks and travel. Based on the data, we created an average expenditure number, then multiplied it by the total seat capacity of all stadiums on the tour (assuming, naturally, that Swift would sell out every stadium, which she did). The final tally? Nearly USD 5 billion in economic impact. The survey revealed that, on average, concert-goers were spending just over USD 1,300 per show. Interestingly, a significant majority of 71% felt that it was worth the money. Furthermore, an overwhelming 91% of attendees would do it all over again, indicating a high level of satisfaction. These findings underscore the strong consumer sentiment around the Eras Tour and that, despite the seemingly high costs, the value and enjoyment make the experience worthwhile.

There were also a few other interesting points that jumped out of the data. Nearly 80% purchased their tickets either during the pre-sale or the first ticket sale. The concert was notably family-oriented, with significant numbers attending with parents (20%), children (31%) and siblings (20%). Socially, most attendees went with friends (53%) or a romantic partner (42%), highlighting the concert's appeal as a group activity. Furthermore, a substantial 71% of the audience reported that they were attending a Taylor Swift concert for the first time.

What we did

While research and data often speak for themselves, we knew we needed to help consumers of our data better understand and have context. Thus, we researched the GDP of countries around the world and calculated that if Taylor Swift was a country, her \$5 billion would have a bigger economic impact than 50 countries. Yes, countries. We also compared her net promoter score (NPS) rating, which was 68, and found that if she was a company, she'd be in the top five most admired brands.

We then shared the data with Saraiva as the Eras Tour was traversing the US, since we assumed (correctly) that she'd be revisiting the Swiftonomics storyline. We provided her the data set and she was enthusiastic not only about the results, but also about the fact that this was consumer research, not statistical data. She cited our research in her subsequent article (2023), and that's when things got really interesting. Within days, her article was cited, referenced and republished in dozens of other global publications, including prestigious outlets like *Forbes* and *People Magazine*. Within two weeks, our research had become the "gold standard" of consumer research on the Eras Tour, setting a new benchmark for excellence in the field. This rapid acceptance and widespread dissemination underscored the relevance and impact of our findings across various media platforms and industry discussions. Within weeks after that, economics and culture reporters

at outlets including *NBC News*, *The Today Show*, *CNN*, *New York Times*, *Washington Post*, *MarketWatch* and many others reached out for additional commentary on the research. Several asked us to create new, bespoke research related to stories on the tour that they were working on. The subsequent articles themselves drove additional follow up coverage from other outlets, syndicated re-prints and social media pickup.

However, we weren't done researching. We knew there was an opportunity to collect some additional data points and conduct another wave of surveys to see what might have changed over the summer. This further investigation would allow us to track shifts in consumer behaviour and opinions, providing a more dynamic and comprehensive view of the trends as they evolved. After the second survey in August 2023 at the conclusion of the 2023 North American leg of the tour, we found that there was only a -\$48 delta in the average consumer spending from May to August of that year. Furthermore, we asked many of the same questions from the initial survey and found that the data remained largely consistent with little variance. This consistency reinforces the reliability of our findings and suggests stable trends among Eras Tour concert attendees.

Despite a slight decrease in average consumer spending, the projected total average consumer spending for the tour remained substantial, indicating the tour's significant economic impact. In addition, these insights provide valuable data for economists and policymakers seeking to understand the dynamics of the entertainment industry and its broader implications for the economy. Although the pace has slowed, the impact of our market research continues. Initially conducted for our own use and for news media, this research generated over 3,300 articles, reaching more than 29 billion consumers worldwide. This truly went viral, demonstrating the profound impact and extensive reach of our findings across the global media outlets.

What we learned

In an era characterised by information overload and rapid digitalisation, journalists and storytellers are increasingly turning to market research data to uncover compelling narratives and engage their audiences. They seek to accurately back up their stories with solid and valid data, ensuring credibility and depth. Market researchers can play a pivotal role in supporting journalists by providing data-driven insights that help create human-centric stories that resonate with readers. This collaboration not only enriches the storytelling, but also enhances the audience's understanding and trust in the information presented. By providing journalists with access to relevant data points and trend analysis, market researchers can empower them to craft compelling narratives that capture the imagination of their audiences. From analysing consumer spending patterns to exploring audience sentiment, market research data offers a wealth of information that can enrich journalistic storytelling and elevate the quality of reporting.

Conclusion

Taylor Swift's Eras Tour serves as a compelling case study that highlights the intersection of music, economics, journalism and market research. By analysing consumer behaviour and media trends, we gain valuable insights into the dynamics of the entertainment industry and the evolving preferences of audiences.

Market researchers have a unique opportunity to support journalists in crafting data-driven stories that resonate with readers and spark meaningful conversations. By harnessing the power of contemporary data points and innovative storytelling techniques, market research can transcend traditional boundaries and make a lasting impact on the media landscape.

There are several ways in which market researchers can facilitate journalists' access to and use of data. These methods, detailed throughout this paper, bear repeating for emphasis. The data provided to journalists must be easily accessible and trustworthy, ensuring confidence in its reliability. It is also crucial that the topics covered are culturally relevant and timely, aligning with current interests and conversations. The data points should be unique, offering fresh insights that stand out from commonplace statistics. Additionally, journalists will benefit from ideation support to help interpret and craft compelling narratives around the data. These practices not only enhance the utility of the research, but also strengthen the collaborative bond between researchers and the media. As we navigate the digital age, the collaboration between market researchers, journalists and storytellers becomes increasingly essential in uncovering compelling narratives and driving audience engagement. Together, we can harness the power of data and storytelling to shape a more informed and connected world.

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Transformative Insights: The Journey from Research in Sustainable Innovation

Driving evidence-led change for a better tomorrow

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Introduction

In a world where strategic innovation is pivotal for lasting impact, the role of market(ing) research in supporting startups on this journey is also pivotal, but many startups are skittish when it comes to investing funding towards consumer research when there are so many other costs of the business to consider. Not at Mill Industries. Co-founders Harry Tannenbaum and Matt Rogers leaned into consumer research throughout the entire product development process, from concept to build to go-to-market in the launch of their Mill bin.

Mill was founded in 2020 by Tannenbaum and Rogers who worked together at Nest, building the iconic Nest Learning Thermostat and other smart home products. The lessons they learned at Nest about encouraging new habits at home that are good for people and the planet were applied in creating Mill, in order to change consumer perception of waste, starting in the kitchen. While Rogers and Tannenbaum had a vision for the Mill bin, they chose to leverage research to understand and draw insight from consumer needs and preferences every step of the way. This paper will outline how insights gleaned from consumers in partnership with Numerious Inc. have not only shaped Mill's revolutionary product launch, but have supported fundraising rounds and marketing efforts to help in their mission to reduce food waste, mitigate environmental impact and foster sustainable practices among consumers. The journey begins with initial foundational research conducted in 2020 and continues today. By prioritising research at every stage of the process, the Mill team understands first-hand the profound impact transformative insights can have when bringing a product to market.

The challenge and why it matters

The urgency to address food waste and environmental sustainability is more pressing than ever.

Did you know:

If food waste were a country, it would be the third-largest greenhouse-gas emitter, behind China and the US. According to the IPCC, global food loss and waste accounts for eight to 10% of global greenhouse-gas

emissions. This is more than the total emissions of India and Russia (see Figure 1) (Mbow & Rosenzweig, 2024; Friedrich et al., 2023).

Did you know:

Uneaten food is the most common material in landfills and most of it comes from our homes. When that food rots it produces methane, a greenhouse gas that's 80 times more potent than CO₂. Thus, in 2020 at the start of the COVID-19 pandemic, when Tannenbaum found himself "stuck at home staring at and smelling our own trash" and becoming increasingly obsessed with waste, he messaged Rogers (an active climate investor) with an idea. From there, the two started thinking about how the experience at home had been overlooked. They asked themselves: "What if we could make it easy to do the right thing at home and have a positive impact?" Out of this came the idea for Mill, an entire system for managing food waste (see Figure 2). It starts in the kitchen with Mill, a stylish bin that handles all of your food scraps, dehydrates and grinds them up into "food grounds"—a fine, odorless powder similar to coffee grounds. The bin takes weeks to fill up and is really easy to use.

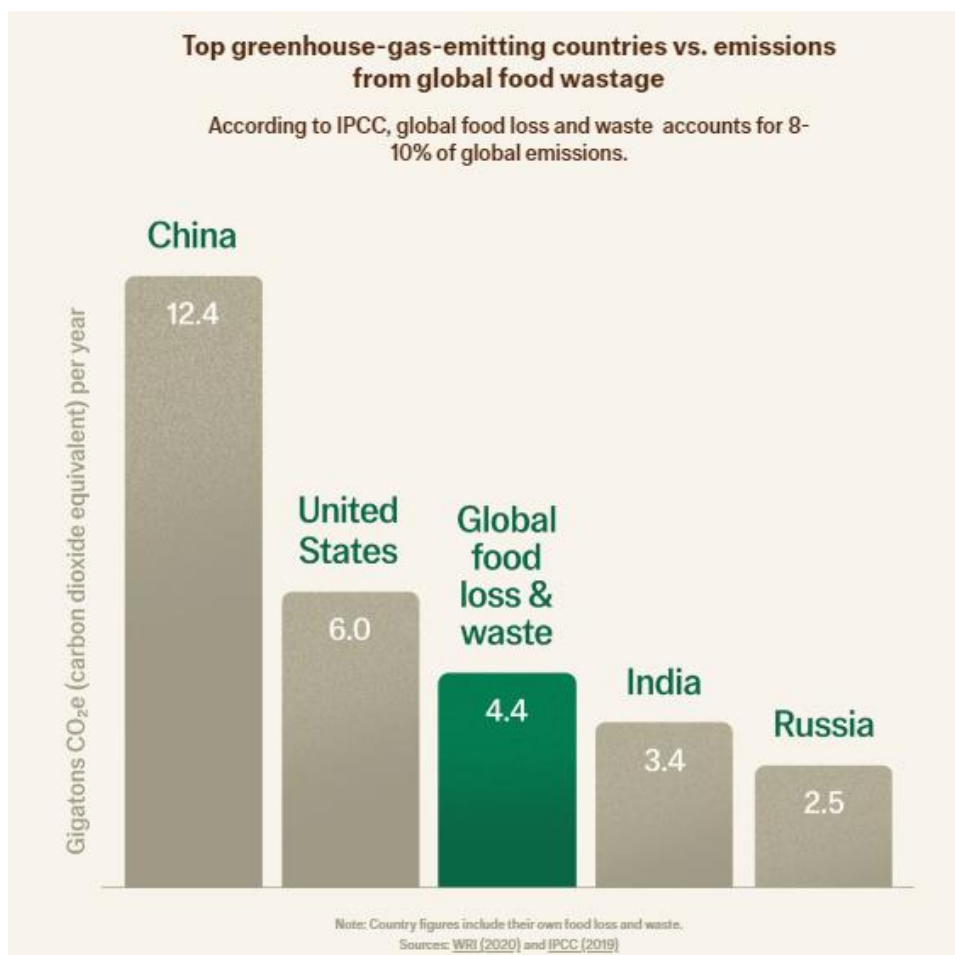


Figure 1. Emissions.



Figure 2. Mill bin.

However, composting isn't widely adopted today. For example, as of 2017, only 326 towns and cities (out of 19,000 nationwide) have access to curbside food scrap pickup (~5M HHs) (Streeter & Platt, 2017). Nonetheless, Rogers and Tannenbaum believed that consumers were heading towards more sustainable practices and would be interested in a product that helped reduce food waste. A survey from 2014 suggested that 28% of Americans composted at home, and 67% of non-composters "would be willing to if it were more convenient to do so in their community" (National Waste & Recycling Association, 2014). Not to mention, in 2019, significant legislation was passed in California, mandating the diversion of organic waste from landfills (CA State Legislature, 2016). A target was set at 50% statewide reduction for organic waste by 2020, using 2014 levels as a standard and a 75% reduction target by 2025. The next step was to collect their own data and convince investors of the opportunity at hand, while gaining insight into the optimal product to build for consumers so that they could set the product roadmap.

The journey

Starting with qualitative research conducted internally, the signal was positive that Mill's purpose and vision would resonate with consumers looking to manage their food waste better than the current solutions available. Now it was time to quantify those signals. The first step was sizing the opportunity, understanding key target consumer groups and prioritising future product development. Mill reached out to Numerious Inc. to help execute this research.

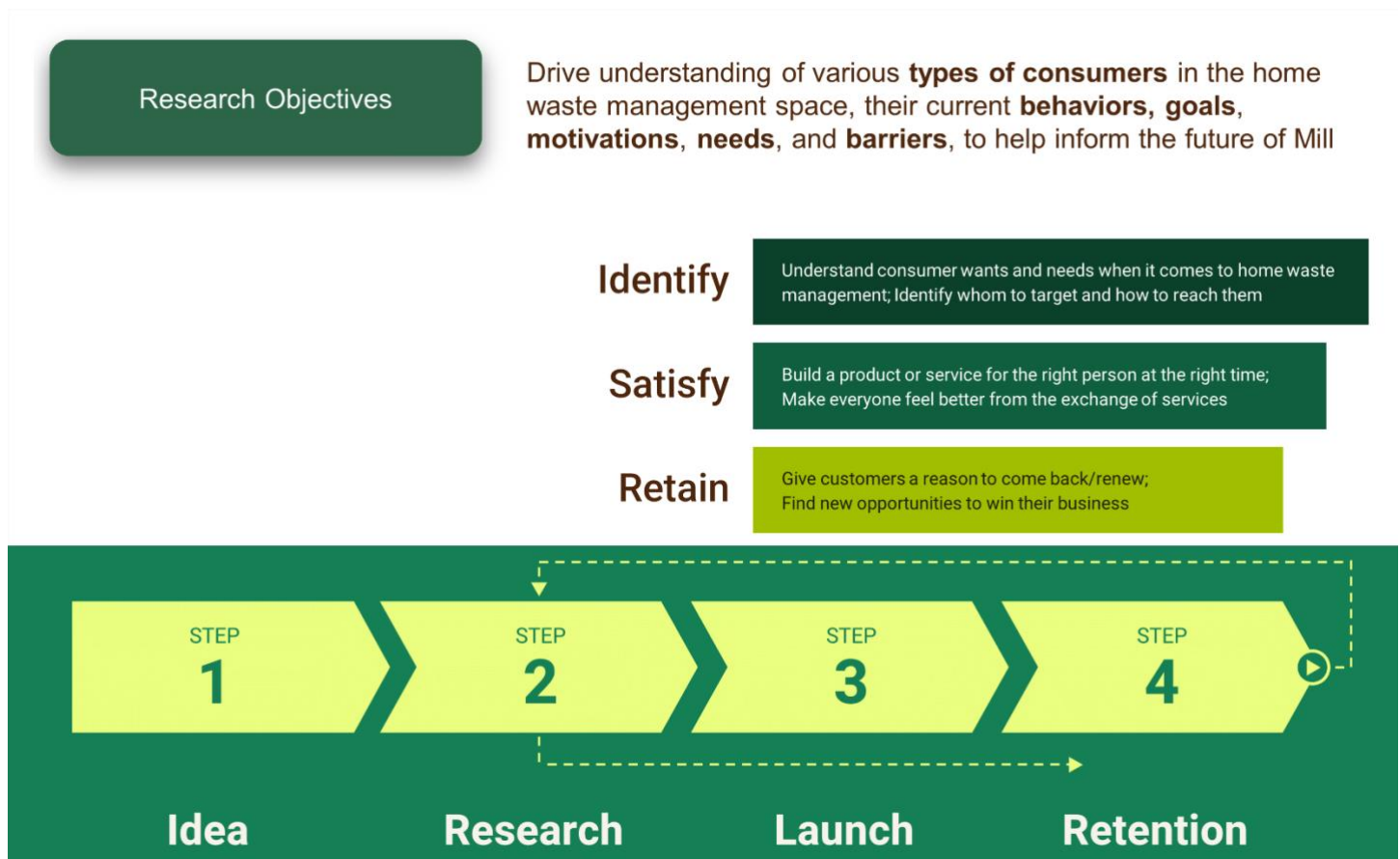


Figure 3. The journey map.

Phase 1: Identify the opportunity

In August of 2020, the first piece of research kicked off, collecting data from 1,800 households in the US. One vital outcome of this research was a market sizing analysis.

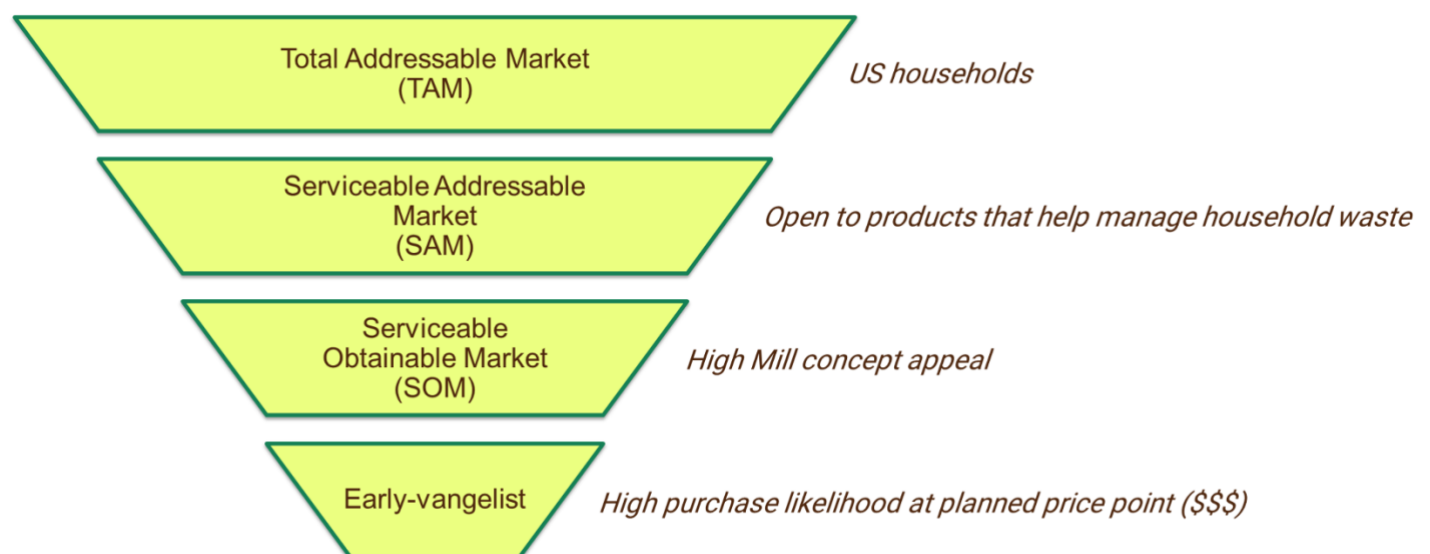


Figure 4. TAM SAM SOM.

The results from this analysis were the primary inputs into Mill's series A funding deck. Investors love seeing this information because it allows them to:

- Size the market opportunity: The TAM reflects the potential scale of the business;
- Understand revenue potential: The SAM reflects the portion of the market a startup can realistically target and serve with its product or service;
- Assess the growth strategy: The SOM allows investors to assess the startup's growth strategy and its ability to capture market share;
- Validate market fit: If the early-vangelist group is sizable, this suggests that the startup has successfully identified a pressing need in the market and developed a solution that addresses it effectively.

Based on these findings, Mill had a successful series A round, and raised significant funding to continue development from a slate of climate-focused ventures, including Bill Gates' Breakthrough Energy Ventures, Prelude Ventures, Energy Impact Partners, GV (Google Ventures) and Lower Carbon Capital.

A second, foundational outcome was a comprehensive clustering analysis that segmented the target market and uncovered distinct groups of households with varying needs, preferences and behaviours. Through rigorous data analysis and multiple clustering techniques, Numerous identified five unique market segments. Among these segments, one group emerged as particularly noteworthy—the "enthusiast" segment. This segment, comprised almost entirely of early-vangelists, exhibited a strong affinity for Mill's mission and products, and demonstrated high levels of engagement and advocacy. Two secondary segments were also identified with promising potential for future targeting, characterised by moderate interest and alignment with Mill's offerings. The remaining two segments were deemed unlikely to adopt Mill's products due to mismatched preferences or low receptiveness to sustainable practices.

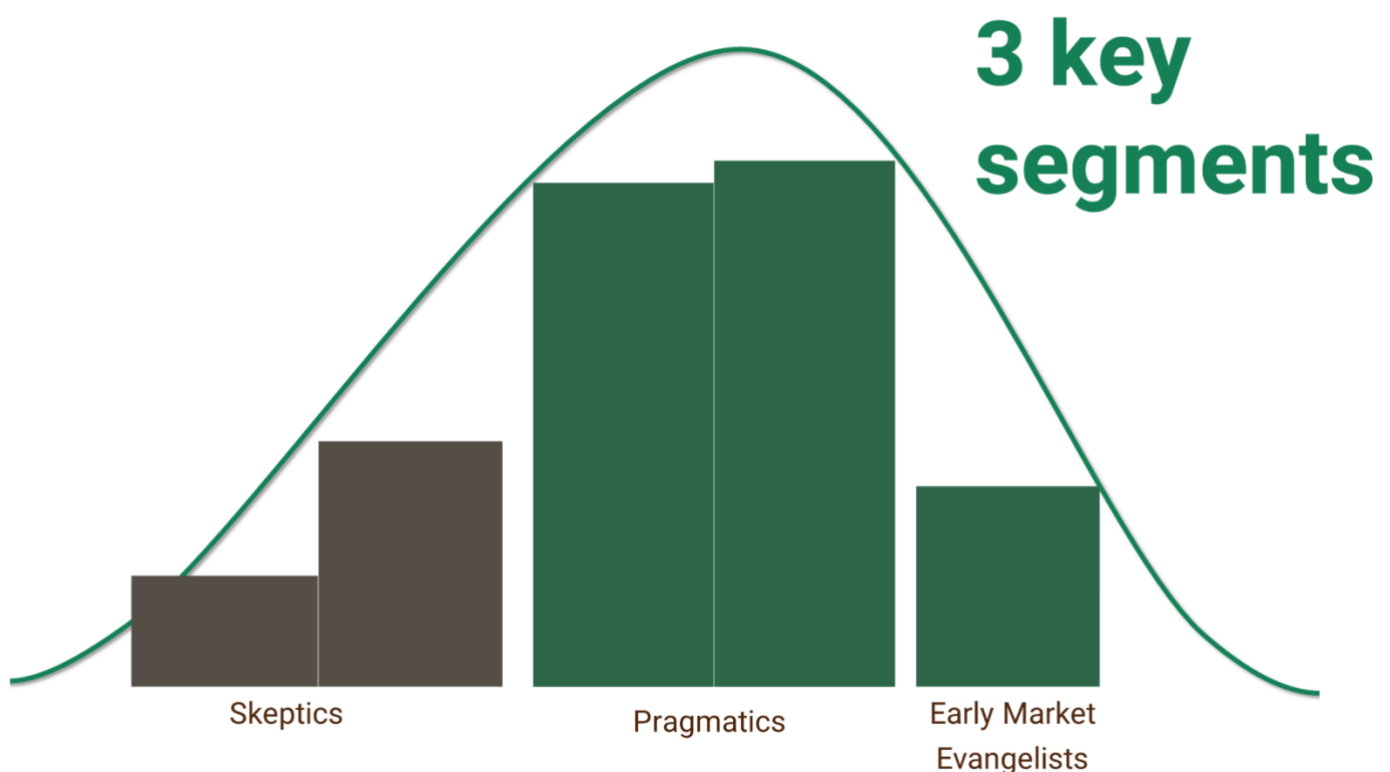


Figure 5. Segments.

Armed with these insights, Mill was empowered to make informed strategic decisions. They could allocate resources and marketing efforts towards nurturing and expanding their enthusiast base, tailor product offerings and messaging to resonate with promising target segments, and optimise resource allocation by deprioritising segments with limited potential for adoption. By leveraging the outputs of the clustering analysis, Mill could refine their market strategy, enhance customer engagement and drive sustainable growth in alignment with their mission; and that is exactly where the team went next.

Phase 2: Satisfy key targets

With enthusiasts as the North Star, the Mill team conducted their own internal qualitative research to track a “day in the life” of enthusiasts and what they do with their food scraps. Insights from this phase distilled that people have different interpretations of what compost actually is and most don’t know what to do with it. From this phase, the team was able to create a plethora of value props and refined messaging to test and prioritise in quant. A series of quantitative research projects went into motion with Numerious in order to determine how best to satisfy this target.

Value proposition optimisation

Since nearly all product benefits are valuable, a MaxDiff study was used to force trade-offs between product claims so Mill could focus on the features that would actually move the needle and drive purchase. Unlike traditional methods that ask respondents to rate or rank features or attributes individually, MaxDiff forces respondents to make trade-offs by choosing the most and least important attributes within a set. This approach provides a more nuanced understanding of customer preferences and priorities. By identifying the attributes that enthusiasts value most and least, Mill was able to prioritise feature development and messaging, ensuring that resources are allocated to the aspects of the value proposition that resonate most strongly.

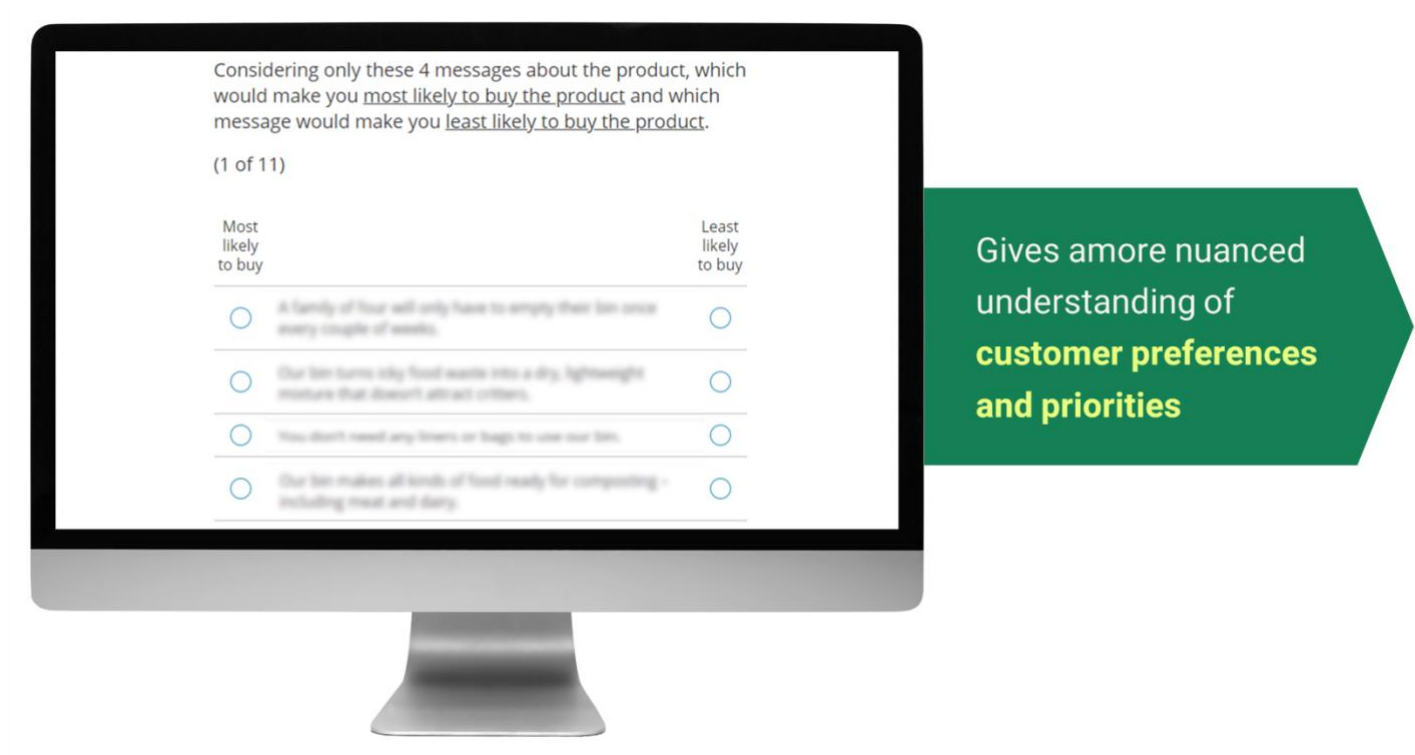


Figure 6. Sample MaxDiff screen.

20 different claims were tested and the results offered a clear stack rank, pointing to the need of enthusiasts to keep their trash from smelling. While both enthusiasts and the average consumer were in search of this benefit, enthusiasts proved to be unique in terms of other product benefit preferences. Given the ability to garner clear insights from the MaxDiff technique, the Mill team has leveraged this methodology in additional pieces of research with Numerious when determining:

- The best benefits to encourage someone to join the waitlist for Mill;
- The best incentives to encourage someone to refer a friend and/or family member to Mill.

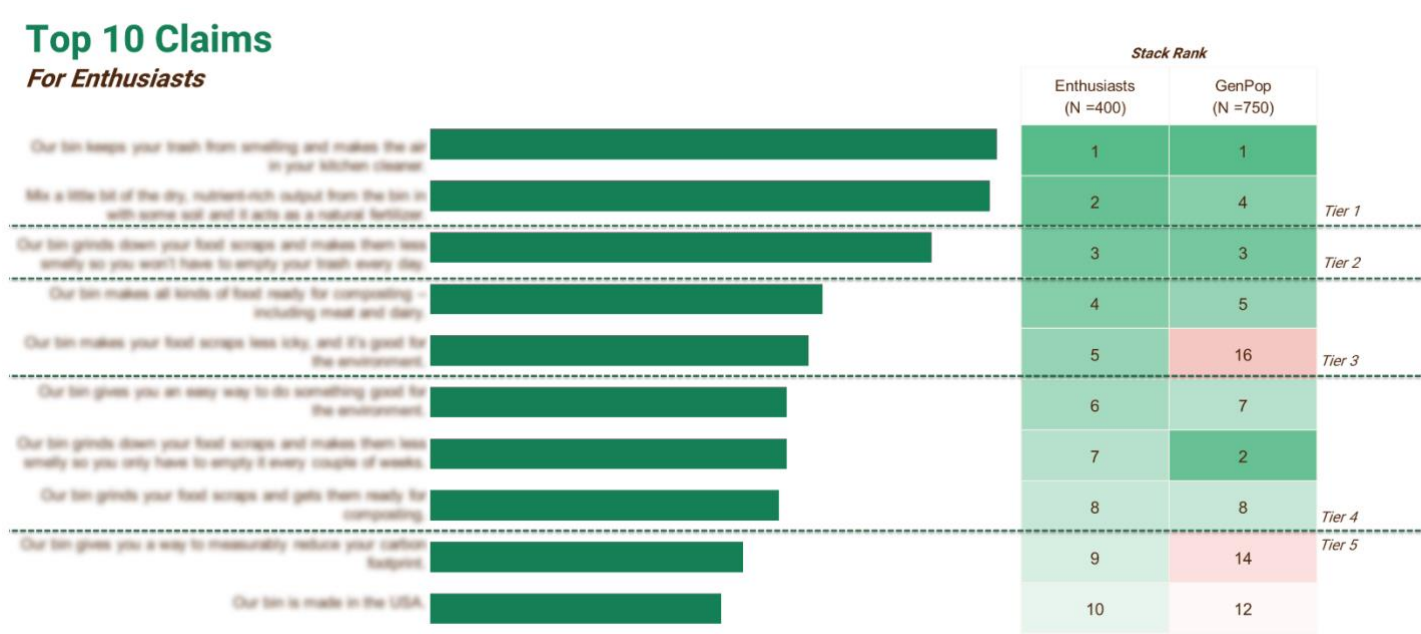


Figure 7. Claims test.

Pricing optimisation

With product claims in hand, Mill's next big question was willingness to pay. Previous simple pricing tests conducted by Numerious signaled consumers expected the price of Mill to be significantly less than the actual cost to make the product, but that didn't mean they wouldn't buy it at launch. The Mill team needed to understand the point at which they could sell enough devices to be profitable, and potential areas where they could increase costs and/or needed to cut costs.

Conjoint analysis

Conjoint analysis is a powerful tool used to determine consumers' willingness to pay for a product or service by simulating real-world purchasing decisions. In a conjoint analysis experiment, respondents are presented with a series of product profiles that vary in features, attributes and price-points. By systematically varying these attributes across different profiles, conjoint analysis reveals the trade-offs consumers are willing to make between different features and price levels. By analysing respondents' preferences across multiple profiles, conjoint analysis calculates the relative importance of each attribute and estimates the utility or value consumers associate with different combinations of features and prices. This information allows businesses to understand the factors driving purchasing decisions, and to optimise pricing strategies accordingly. In essence, conjoint analysis provides valuable insights into consumers' preferences and their willingness to pay, enabling businesses to make informed decisions about product design, pricing and market positioning.

Results from the conjoint experiment signaled strong interest among the enthusiast group, followed by the next two target segments, further validating the strength of the initial segmentation and reinforcing the need to lean into the enthusiasts when building the first version of Mill. Given the ability to test out multiple configurations of pricing and product features and see how consumers might react, the Mill team has leveraged this methodology in additional pieces of research with Numerious when determining:

- The optimal feature set and price point for Mill;
- The optimal pricing model for a buy now, rental and financing SKU if offered together.

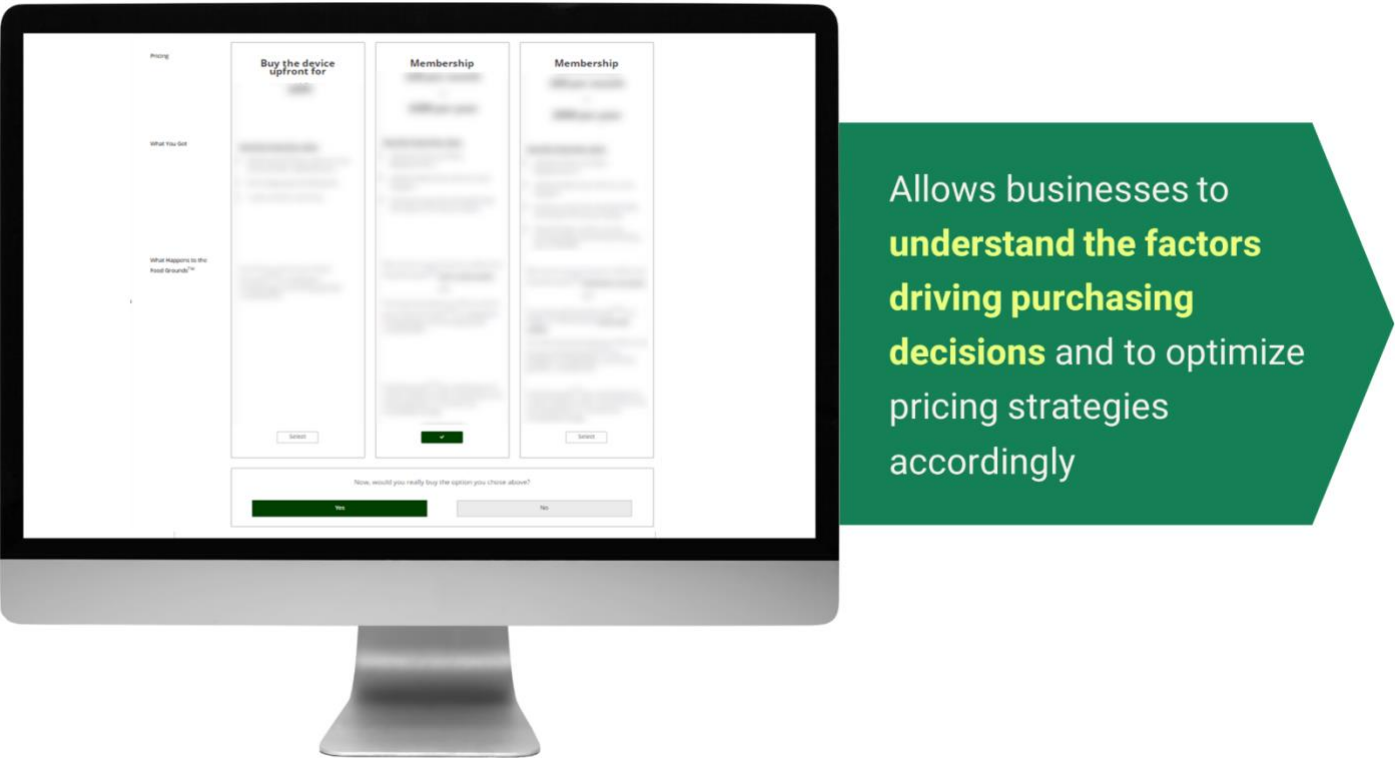


Figure 8. Conjoint experiment.

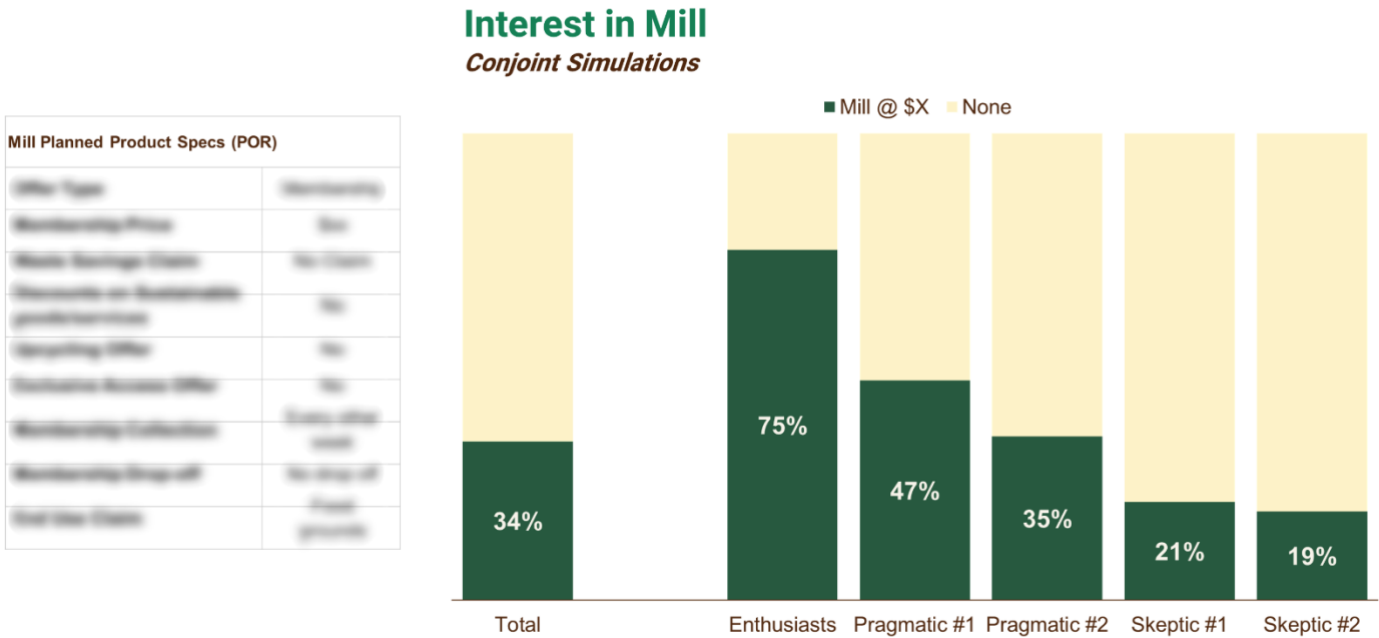


Figure 9. Conjoint output.

Launch

In January 2023, Mill officially launched! Based on the business model and inputs from the conjoint pricing experiments, Mill decided to offer a subscription model, where users would pay \$33 (USD) a month, which

included the device and the cost of shipping their grounds to Mill in Washington state, where it would be processed into chicken food. At launch, Mill sold out of its initial production run of thousands of Mills. Early feedback from customers was positive revealing that over 94% of respondents would recommend Mill to a friend and when asked about the benefits of the service, customers cited:

- Convenience, ease and at-home impact;
- Reduction in trash volume;
- Increased awareness of food waste and money saved at the grocery store.

What our team has learned from building products at companies like Apple and Nest is that in order for a product to be sustainable, the habit of using it has to be sustainable, too. Mill customers have told us they're taking fewer trips to the trash and when they do, their trash is less heavy, gross, and wet. We've heard that seeing uneaten food turned into fresh food grounds in the morning feels like magic. The idea that doing something good for the planet could feel like magic—that's exactly the kind of feedback I get excited about, and what makes Mill a game changer. We've been humbled by people's overwhelming response and are energized by what the reduction in household food waste emissions will mean for the planet (Matt Rogers, CEO and Co-founder of Mill).

Phase 3: Retain

However, the research didn't stop at launch. Revisiting previous research results and leveraging new customer feedback, Mill started thinking about version 2.0, which would include product improvements such as the ability to turn leftovers into grounds in two and a half hours (versus 10 hours), as well as the ability to process up to 40 pounds of scraps before needing to empty it. In addition to product improvements, previous conjoint experiments run with Numerious and internal surveys conducted among non-buyers showed strong signal that a "buy now" option. Thus, when version 2.0 launched, in addition to the rental/subscription option starting at \$29.99 a month paid annually (\$49.99 if you pay monthly), the new Mill is available to buy outright for \$999.

On March 2024, Mill was given the #27 spot on *Fast Company's* "World's Most Innovative Companies of 2024" list alongside brands like NVIDIA, OpenAI, Microsoft, Mattel, Taylor Swift Productions and more. Next, Mill is already specking out a third version of the bin, working on partnerships with municipalities and office environments, and considering a potential new SKU offering—all while planning to continue to leverage marketing research along the way. "Transformative insights" isn't just another case study—it's a testament to the potential of research in driving meaningful, lasting impact.

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Making Your Brand Culturally Iconic

La-Z-Boy's most ambitious transformation yet

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Introduction

The Dig Insights team were able to help La-Z-Boy position the brand to be one that restores body and soul, leaning into the concept of celebrating laziness; ultimately, reminding people to create moments that they want to keep living in. The end result is a refreshed brand and a new campaign: “Long Live the Lazy” in addition to a stock price that is up 52% over the past 12 months!

Jorge Calvachi joined La-Z-Boy with a vision to not just conduct research, but to bring customer-centricity to the organisation. After two years of empathy-driven research, conducted in part with Dig Insights, he and his team needed to bring to life a tricky idea—embracing the lazy part of everyone. When Jorge joined the organisation, they were struggling with a few different challenges. One challenge was that their brand is and was so tightly aligned with their flagship product, the recliner, that it made it hard for other offerings to breakthrough. This is evidenced by their aided versus unaided awareness; La-Z-Boy had an aided awareness measure of 98%, but an unaided awareness measure of 15%. Essentially, their brand had become like Kleenex—so synonymous to their recliner product that it was hurting their growth potential. Another challenge was that most of their buyers, those that had grown up with them, were getting older. With an average buyer age of 62, they needed to reach younger generations with their new branding and messaging. This meant they needed the new branding to feel societally and culturally relevant to younger consumers.

Finally, Jorge knew that a powerful brand like La-Z-Boy's needed to be leaned into—it's iconic in its association with the recliner. The internal team had agreed to lead with “laziness” as a general theme, but they needed to make sure the branded campaigns were executed flawlessly. Jorge wanted to make sure that the label of “lazy” moved from negative to positive, in line with a societal move towards making time to lounge and “veg out” or “rot”. They needed the campaign to celebrate laziness and reinforce that everyone can and should take time out to be lazy on their own terms. Moreover, Jorge wanted to work with a trusted research partner who understood the gravity of getting this wrong and would help them produce a campaign that helped them win new customers on intangible and societally relevant benefits. That's where Dig's qualitative team came in.

The qualitative research team helped the organisation understand:

- How to maintain the relevance of La-Z-Boy, a 96-year-old furniture brand that has such specific associations with their classic recliner.

- Does brand and campaign evolution risk losing what makes La-Z-Boy distinct?
- Are there opportunities to lean into La-Z-Boy's unique brand associations and to align those associations with current social norms and lifestyles?

Project outline

At Dig, we're big fans of modernising traditional approaches to research whenever we can, although of course only as long as they're in the service of making that research higher quality or more effective in some way. Nonetheless, sometimes certain traditional approaches stand the test of time for a reason. Given how important this piece of research was for the organisation's business, our qualitative team needed to take a step away from more agile qualitative tools and go deeper with traditional interviews. This not only allowed the team to dive into the nuanced nature of the questions, but also to explore ideas for how to position the organisation and brand in a way that is both brand relevant and culturally relevant. These executional ideas included messaging, visuals, look and feel and even fonts. The team wanted to walk in the shoes of their research participants (or, in La-Z-Boy terms "sit in the seats of"). There were a number of campaign executions that were tested. The qualitative team tested three brand animatics, two retail animatics and two different static imagery "looks". Each of these were tested against the following success criteria:

- Emotive reaction: What is the initial gut reaction from a consumer to the ad?
- Breakthrough: Does the ad have breakthrough appeal?
- Comprehension: How well does the consumer understand the ad concept?
- Relevance: Does the ad feel relevant to them?
- Credibility: Does the ad build credibility for the La-Z-Boy brand?
- Uniqueness/differentiation: Does the ad feel and appear different and unique to the consumer?
- Branding: Does the consumer connect to the branding?
- Purchase intent: Does the ad drive up purchase intent from the consumer?

Analysis

We may have leaned on traditional qualitative research with this project, but we leveraged our own AI engine to expedite the analysis of each interview and find core themes. Once the online interviews had completed, Dig utilised its proprietary AI-powered Open Text Analytics Platform (OTAP) to identify themes from transcripts of the group discussions. This AI-powered thematic analysis helps to eliminate researcher bias, a critical factor when seeking to understand social norms and lifestyles. AI's ability to consider all the qualitative data in a project reduced the risk of being influenced by a single clever quote, a common pitfall in qualitative analysis. It identified patterns in the totality of the participants' responses, providing a comprehensive view of the data. The use of OTAP enabled Dig's qualitative team to maintain project momentum and focus more on the business problem. It allowed for a deeper dive into nuances and added an extra layer of customer empathy and strategic oversight, often overlooked in agile insights work. Leveraging OTAP also allowed the qual team to add an additional layer of customer empathy and strategic oversight that is sometimes lost in agile insights work.

Research learnings

La-Z-Boy's new brand platform and campaign was particularly effective because it taps into a genuine cultural movement towards celebrating rest. Over the last few years—particularly as TikTok and Instagram reels have taken over—a trend towards slowing down and relaxing has become a large part of the conversation happening online. Gen Z have coined a phrase “bed rotting” (or even just “rotting”) to describe the practice of lounging around your house all day, abstaining from regular chores and tasks. In 2023, over 10 articles were published in publications like *CNN*, *Huffington Post*, *Forbes* and *Fast Company* all detailing why this is a reaction to anxiety and overstimulation, and it can easily be described as a form of self-care. Publications like *Lifhacker* even describe the trend towards conscious laziness as a bit of JOMO, or “Joy Of Missing Out”. La-Z-Boy was perfectly poised to meaningfully participate in this social movement: they had lazy in the name! The research showed that while consumers recognise the creative intention, “lazy” as a word can still have negative connotations for many. For this reason, the framing of “lazy” needs careful consideration.

We advised Jorge and the team to consider framing laziness as intentional rather than unintentional—an intentional laziness does a better job of strengthening the message of empowerment, and it aligns with what we’re seeing manifest online already. Our interviews also demonstrate that the gender dynamics at play need to be considered; women may be less accepting of “lazy moments” as opposed to men. Ultimately, the campaign is tackling a broader societal conversation: hustle culture versus well-deserved rest and “rotting”. It is important that the role of the brand is one of affirmation, which ladders up to empowerment; not all consumers feel the need for external validation or permission.

Qualitative research was the only way to prove or disprove the potential of this new brand direction and campaign.

There was a great deal of worry around this campaign because the “lazy” message is risky; in order to make sure it lands, “laziness” needed to be communicated in exactly the desired way with exactly the right creative. Jorge noted that so many good ideas don’t see the light of day because researchers are forced to cut corners and eliminate the qualitative part of a project. This could have easily been one of them; if these campaign options had been tested using quantitative research or even open-ended questions, there would have been little way to assess improvements, no go's or the nuances required. While OTAP was a fabulous input to the research findings, helping the qualitative delivery team get at overarching themes and learnings quickly, it wouldn’t have been particularly useful without a robust group of relevant consumer interviewers and seasoned researchers.

Where are they now?

The La-Z-Boy organisation launched their new, modernised brand identity during the same week as National Lazy Day (August 10th, 2023). Alongside this reveal, the organisation launched an activation with a tongue-in-cheek nod to their JOMO movement: an AI-powered “Decliner” that uses AI to send messages to cancel

plans when the handle is pulled. Consumers could enter to win one of three Decliners that month. Since the launch of this new brand platform, La-Z-Boy has seen an uplift in their stock price by 52% in the last 12 months. In Jorge's view, this demonstrates that they've been able to reach new consumers and drive up that relevancy with the right buyers. The La-Z-Boy leadership are over-the-moon with the new launch, with Christy Hoskins (VP and Chief Marketing Officer) noting:

La-Z-Boy is focused on reaching a broader set of customers by showing we understand the role our transformational comfort plays in their day-to-day lives. As a result, the brand will show up in places it never has before, including sports networks, streaming music and mobile gaming, all of which perfectly complement moments of laziness (Silberstein, 2023).

The La-Z-Boy team continues to lean into their refreshed brand platform, iterating on their initial campaign executions to ensure that they remain a part of the conversation with existing and potential buyers. Long live the lazy!

Project research details

Dig Insights conducted six online focus groups with n=4 per group, for a total of n=24 consumers:

- n=8 Boomers
- n=8 Gen X
- n=8 Millennials

All participants met the following criteria:

- Mix of gender, region and ethnicity;
- Annual HH income of \$75,000 USD or above;
- All must be intending to purchase a sofa/couch, a recliner and/or an accent chair in the next year;
- Not already considering La-Z-Boy for their upcoming furniture purchase;
- Non-rejectors of La-Z-Boy.

The goals of the interviews themselves were the following:

- Which campaign idea is worthy of pursuing;
- How to optimise the strongest territory;
- What pieces of other territories have strength and could be leveraged to further strengthen the campaign;
- What iconography can help enhance perceptions of the brand;
- What static POS material or other branded elements will support the campaign.

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FutureLens

Embracing the unknown

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FutureLens

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Introduction

Our ambition to inspire food and nourish life is rooted in shaping the future. To achieve this, we must promote long-term thinking and foster a forward-looking culture at Kerry. Nevertheless, anticipating the future is a challenging endeavour, especially in a data-driven and evidence-focused business. It was no ordinary task when our executives asked Insight to explore the 2030 worldview and predict the future. We acknowledged that historians often struggle to accurately recount the past, so how could researchers like us do any better?

Challenge accepted

We live in a volatile, uncertain, complex and ambiguous (VUCA) world (Johansen & Euchner, 2013), and in the past decade, we have been presented with more Black Swan Events than ever before, fundamentally altering the way in which we live and do business (Taleb, 2007). Therefore, we understand that our world is changing, in both clear and uncertain ways. We've all read articles proclaiming that "nothing will be the same again" and those claiming that "everything will return to normal". The truth is that the notion of things being normal or constant is always an illusion, even during monumental times. The forces shaping business are continually evolving to a greater or lesser extent. The current times have seen accelerated change (Accenture, 2024), making patterns harder to identify or use for future predictions. That's why we decided to introduce a new way of thinking. While trends are crucial for tracking near-term changes, they typically represent only one preferred future. Our approach involves leveraging scenario planning to expand our thinking. Instead of trying to mitigate or "manage" uncertainty, Kerry is anticipating the future and actively embracing it. Our dynamic Foresight Model (see Figure 1) is designed to see beyond today's noise, to anticipate many versions of the future.

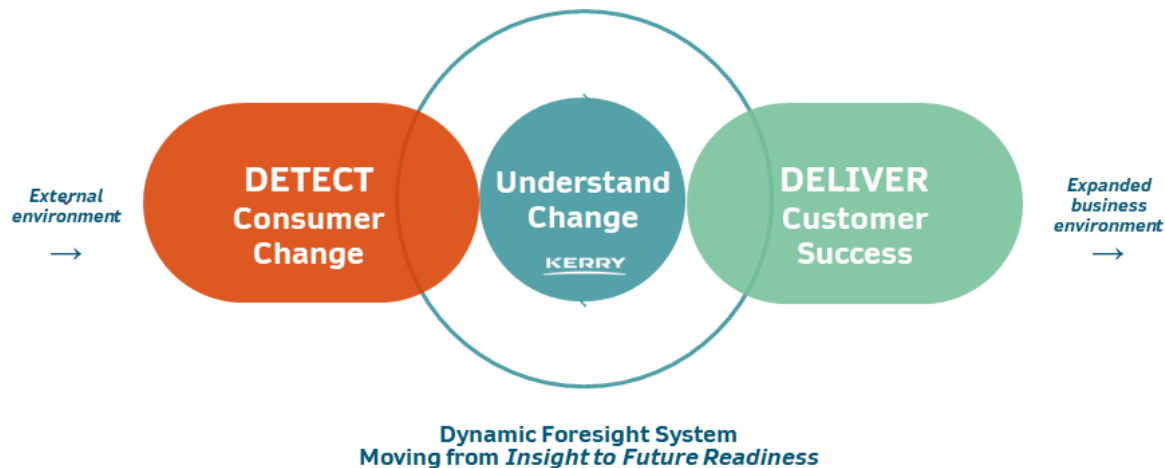


Figure 1. Kerry's dynamic foresight system for exploration.

Research objectives

- Bolster insight and trends capability: This project aimed to inspire future thinking for Kerry and its customers by investigating future possibilities, detecting emerging trends, understanding their relevance to the food and drink industry and delivering change through future scenarios that provide flexibility for adaptation.
- Leverage informed foresight: We seek to use well-informed foresight to inspire our teams, promote long-term thinking and lead a forward-looking culture within Kerry, thereby shaping the future of food.

By staying ahead of the curve, we aim to inspire innovative thinking, enabling us to proactively respond to evolving stimulus.

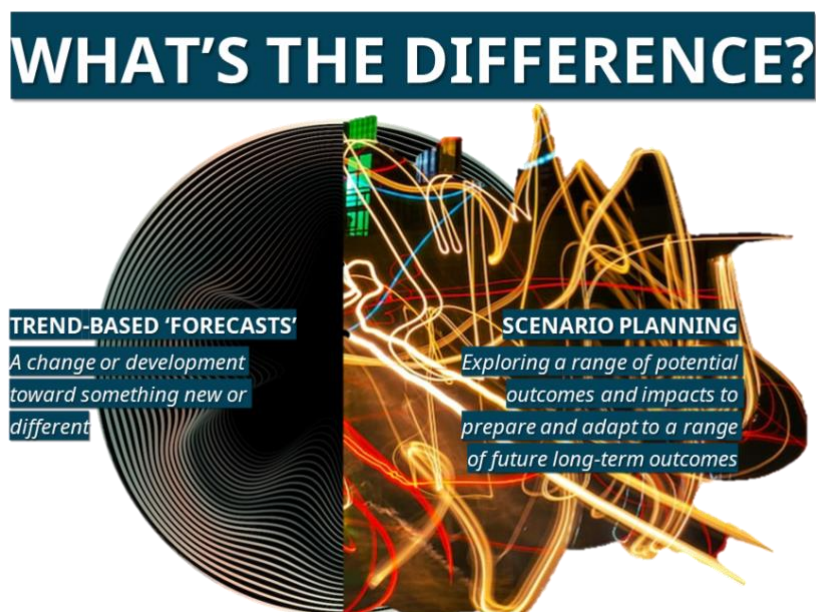


Figure 2. What is the difference between trends-based forecast and scenario planning.

Research approach

Embarking on a nine-month, 1,000+ hour research journey, we've followed a four-step process to understand what might shape the future of sustainable nutrition. Our research partners on this programme were Kantar Future's.

Step 1: Central question alignment

We aligned on the research scope, stakeholder expectations, use-cases, established ways of working and refined our "research map". This map served as the foundation for our horizon scanning.

Step 2a: Discover future signals with horizon scanning and foresight knowledge audit
Next, we gathered change signals and future evidence, focusing on aspects related to sustainable nutrition. We identified key driving forces, leading to the development of hypotheses and critical uncertainties. This was underpinned by over thousands of data points, including Kantar's Global Monitor, which has been tracking changes in values, lifestyles and aspirations among 36,000 respondents across 28 markets for over three decades.

Step 2b: Expert engagement

Collaborating with experts in health, technology and cultural anthropology, we refined our hypotheses and formed initial scenarios. We consulted 11 experts from across the spectrum of the food industry and beyond into complimentary or adjacent industries. The profiles of the experts are as follows:

- **Food futurist:** With a background as a food scientist and over three decades' experience in the food industry, they have witnessed and participated in huge transformations, becoming one of the worlds thought leaders on the future of food.
- **Experimental psychologist:** With over 500 published scientific articles in the last decade, they also consult with several multinationals and specialise in the design of foods that maximally stimulate the senses.
- **Big data, agri-food expert:** Research focuses on big data in agri-food through expertise in science-society tensions and contentious technologies. They are a true proponent of evidence-based decision-making and hold several advisory positions to global research programmes.
- **Microbiologist:** A global consultant with over a decade experience in R&D, on a mission to discover research solutions and simplify communication for the sciences.
- **Sustainable tissue engineering:** A pharmacologist with specialities in vascular physiology and tissue engineering. A leader in the world of cultured meat and recognised as one of the greatest thinkers of an era.
- **Circular systems expert:** Circular economy and upstream innovation expert. They have worked for the Ellen MacArthur Foundation leading the work on reuse and upstream innovation. They are a freelance adviser, keynote speaker and leader of a circular design collective.
- **Holistic medicine practitioner:** Double board certified in family and holistic medicine. They followed a passion into creating a practice focused on holistic health. They are also an author, blogger and television personality.

- Supply chain expert: With over 25 years of experience in the FMCG and pharmaceutical industries, spanning international markets. They have previously held senior positions at several multinationals, and have extensive expertise in brand building, business expansion, supply chain and procurement.
- Cultural anthropologist: Professional cultural anthropologist working at the intersection of research, business and design. With experience in UX research, design research, strategic consulting and branding.
- Emerging technology expert: Founder of a strategic branding and marketing consultancy for emerging technology companies. Professor and acclaimed author on topics of virtual reality, marketing and innovation.
- Urban strategist: An influential urban designer and planner, working globally to improve community and public space, government strategies and policies.

Step 2c: Critical uncertainties

From our comprehensive horizon scan and insights gathered from experts, we have identified eight pairs of critical uncertainties. These are deeply rooted in macroeconomic data, trended evidence and expert perspectives, providing a solid foundation for the development of future scenarios for Kerry. This rigorous approach aims to navigate through complex global challenges, ensuring strategic foresight in our decision-making processes.

- Personal and institutional accountability: In a world characterised by turbulence and uncertainty, individuals, institutions and governments are compelled to reassess their relationships. The critical question is how they will engage with each other and where responsibility will ultimately lie. This re-evaluation is crucial for defining future pathways of accountability and engagement.
- Consumer experiences: As societies evolve, we observe a paradox where human lives become more urbanised and predictable, yet there is a growing demand for new, personalised experiences. This raises the question of how our lives will transform in the future and what new dimensions of consumer experiences will emerge.
- Food ecosystem structures: The urgent need for change to address the looming climate crisis is prompting institutions to rethink the optimal strategies for transforming current systems. It is vital to understand how these changes will unfold and the potential consequences for daily life, particularly in the context of food ecosystem structures.
- Availability of resources: With many of the world's natural resources facing threats from over-exploitation and climate change, questions about their quality, reliability and availability come to the forefront. The implications for sustainability and global resource management are profound.
- Production methods and consumer preferences: The progression of science and technology is expected to revolutionise food production methods. This prompts an examination of how consumers will react to novel ingredients and processes, reflecting the dynamic interplay between innovation and consumer expectations.
- Role of food: In an era marked by heightened health concerns, an increased sense of risk and a focus on self-reliance, alongside a desire for escapism and indulgence, determining consumer priorities regarding food consumption becomes increasingly complex.
- Spheres of influence: The shifting landscapes of power and influence raise the question of whether we will witness a centralisation of power among a few dominant institutions or a trend towards greater

fragmentation and diversity. This uncertainty has significant implications for governance and policymaking.

- Pursuit of progress: Faced with prolonged economic, environmental and social challenges, it is critical to understand what priorities governments and institutions will set to ensure survival and progress. This encompasses a broad range of strategies aimed at navigating through these multifaceted challenges.

This expanded exploration underscores the intricate web of uncertainties facing our world, highlighting the necessity for strategic foresight and informed decision-making in anticipating, which will be shaping Kerry and our customers' futures to 2030.

Step 3: Building future scenarios

In this phase, we conducted collaborative sessions to further explore and synthesise our critical uncertainties. We assessed their relevance, immediacy, impact and levels of uncertainty to identify two key axes for creating contrasting scenarios. Using a 2x2 matrix, we mapped these uncertainties against each other, plotted against planetary health on the x axis and consumption access on the y. The resulting 2x2 framework yielded four interesting yet contrasting scenario themes. These scenarios are intentionally extreme and provocative, pushing the boundaries of believability. They allow us to explore ambiguity and uncertainty effectively.



Figure 3. Future scenario framework and logic.

The "real" future, however, is likely to incorporate elements from all scenarios, represented by the blue shading in Figure 4, below. However, considering these extremes of all quadrants and scenarios helps Kerry and our customers to uncover possibilities and outliers we might otherwise overlook.

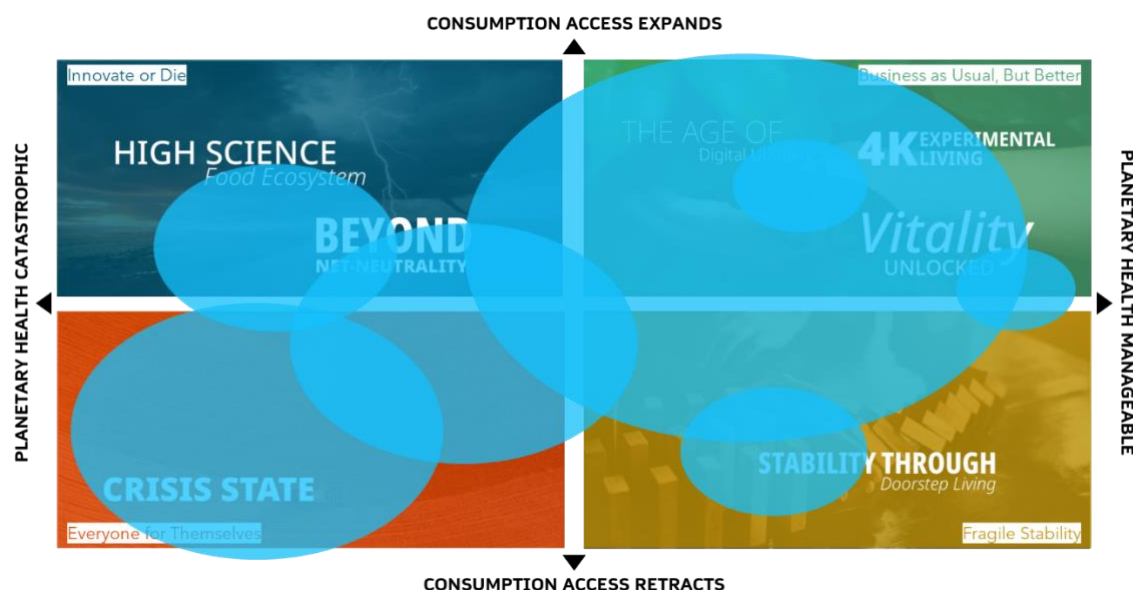


Figure 4: The real future will contain elements of each of Kerry's seven future scenarios.

Step 4: Applying scenario thinking

In this step, we have been conducting a series of collaborative activities and utilised toolkits to directly apply future signals and scenarios to Kerry's product categories. This work commenced in January 2023, and to date we have implemented this approach in our plant-based and refreshing beverage categories. The results of these efforts are currently being analysed to guide our future portfolio development and innovation strategies in partnership with our customers. This is further detailed in the *Impact on business* section of this paper.

Our approach to date, sees us bringing together 30 global leaders from various departments within Kerry, including front end innovation, strategy, marketing, commercial, research development and application and technology teams. We initiated the process with an "excite session" one week before the workshop, where the team was exposed to all seven scenarios. We then collaboratively prioritised the three scenarios that were deemed most relevant to the refreshing beverage team, and identified as having the lowest level of preparedness. Subsequently, we delved into these three scenarios during an intensive six-hour, in-person workshop. This workshop aimed to accomplish the three critical steps depicted in Figure 5, ensuring the team's readiness and the development of action plans for each prioritised scenario.



Figure 5. Workshop critical steps.

This process illustrates our commitment to integrating scenario thinking into our strategic approach, enhancing our preparedness and fostering a culture of future-forward thinking.

Impact

This research has profoundly pushed Kerry's thinking, planning and actions, particularly in strategy development and in enhancing customer engagement across various end-use markets, business units and technology teams. Kerry is cultivating a culture that embraces uncertainty, equipping teams with proprietary toolkits for decisive action. To exemplify our commitment in this paper, we present one use case from a list of many, demonstrating how we apply this at Kerry: supercharging strategy development for the refreshing beverage end-use market. The refreshing beverage team embarked on a journey with an "excite session", unveiling and exploring the seven scenarios. Our prioritisation process was guided by two key criteria: uniqueness and preparedness. As a result, we identified three crucial scenarios for the refreshing beverage market: "4K experiential living", "beyond net-neutrality" and "vitality unlocked".

A cross-functional team meticulously crafted customised action plans for each scenario using a reflect, prepare and act framework. This comprehensive effort informed our strategic vision through 2030, and will shape our approach to innovation into the future. Crucially, our scenario-driven approach has built flexibility into our strategies, preparing us for any unforeseen changes. This initiative sets a benchmark for leading practice in strategy formation at Kerry globally. This approach not only bolsters Kerry's position, but also plays a pivotal role in achieving our ambitious goal of providing sustainable nutrition solutions to 2 billion people by 2030. The insights derived are guiding decisions and will shape our approach to innovation, mergers and acquisitions, as well as technology development for years. The best way to anticipate the future is to shape it, and by embracing uncertainty organisations like Kerry can ensure they're prepared for what's on the horizon.

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Mastering the Behavioural Science Maze

A strategic guide to elevate capabilities and unlock
unparalleled consumer insights

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Introduction

In our daily life, we are constantly flooded with information: while shopping at a grocery store we hear music, we are surrounded with logos and packaging of different brands and marketing tactics, we see and interact with other customers or workers, etc. It can be challenging to sort through all of the noise when trying to make decisions, from what to buy or even how to navigate the store. Our interactions with this crowded world are influenced by how we interpret our environment psychologically, neuroscientifically and behaviourally. Part of our job as consumer researchers is to figure out how to break through the clutter and best engage and target our customers. To do this, we need to start by understanding what makes consumers tick. In doing so, we ultimately hope to find better ways to interact with consumers as they make their choices.

There are many different theories on how to break down the decision-making process. One that has risen in popularity came from the late economics Nobel Laureate Daniel Kahneman, who wrote *Thinking, Fast and Slow* (2011), in which he discusses two ways our brain operates, known as System 1 and System 2. This theory is also known in the psychological sciences as “dual processing”. System 1 thinking is automatic, intuitive and requires no effort. System 2 on the other hand, is deliberate and effortful, requiring mental work and concentration. Often, using System 2 thinking, your whole body gets involved: your muscles tense up, blood pressure rises, and your pupils dilate.

While the idea of systematic thinking, or dual processing, has become quite popular among consumer and market research in the last few years, with popularity and buzz-worthiness of any new theory also comes misuse, misunderstanding and, very often, over-generalisation. In recent years, many companies have adopted systematic thinking into their approach to go beyond traditional measures, emphasising that they believe the key to success lies in ignoring System 2 and focusing instead only on System 1. These companies often fall into the trap of thinking that non-conscious, implicit types of measures targeting System 1 are the solution to everything in assessing consumer decision-making. However, that is untrue. It is the interaction between System 1 and System 2 that really explains consumer decision-making. Understanding this nuance shows why it is so important to put in the upfront effort of understanding the building blocks of cognitive science and consumer behaviour, as companies begin to innovate and implement modern methodologies, such as implicit or “System 1” tools, for their own use.

This paper will detail a strategic approach that empowers companies to look inward to form stronger, more informed research teams, overcoming hurdles and unlocking unparalleled insights for strategic decision-making.

Education and trends

In today's rapidly evolving market landscape, it is not enough for research teams to simply adopt the latest methodologies and trends. This often results in disappointment and loss of research investment trying to keep up with popular technologies. To truly succeed, companies need a solid understanding of the underlying principles driving consumer behaviour. By providing teams with foundational knowledge of cognitive and behavioural science, organisations ensure that their strategies are built on a strong scientific framework, improving implementation of innovative methods and maximising actionable insights. A foundational understanding of cognitive and behavioural sciences allows researchers to interpret data more effectively, recognising the deeper psychological factors influencing consumer decisions. Armed with this insight, teams can implement modern methodologies with confidence, knowing that their approaches are grounded in scientific rigour rather than fleeting trends.

Understanding cognitive and behavioural science equips consumer research teams to make data-driven decisions to help their brands more deeply engage their target audiences. Whether it is through distinctive sensory cues that drive desired perceptions or ensuring that products are meeting marketed rewards, giving consumers a reason to believe in brands and products, by going beyond surface-level metrics and tapping into the subconscious drivers of consumer behaviour, brand teams can develop strategies that authentically resonate with consumers. By prioritising this knowledge, organisations empower their research teams to navigate the complexities of consumer behaviour, leading to greater success in their research efforts with more successful products and market performance.

A first step in building a cognitive or behavioural science-driven research initiative is getting everyone on the same page. This means creating an educational initiative that includes establishing base knowledge assessments and grounding for teams. One effective strategy to begin this knowledge journey involves facilitating attendance at industry and academic conferences where the latest methods and trends are discussed. These conferences serve as valuable platforms for networking, learning and staying updated on cutting-edge developments. Additionally, organisations can engage their teams in interactive and informative sessions on the principles of behavioural consumer neuroscience. Hosted by third-party experts in the field, these sessions can delve into the psychology behind consumer behaviour, exploring topics such as decision-making processes, emotional responses and subconscious influences. Lastly, organisations can equip their teams with training sessions on advanced analytics tools, segmentation techniques and predictive modelling approaches. These hands-on experiences allow researchers to explore innovative tools and techniques firsthand, gaining practical knowledge and insights that can be applied to their research projects.

Understanding habits and identifying opportunities

Integrating behavioural and psychological constructs into research practices not only enhances the depth of insights, but also fosters innovation and creativity within the company or organisation. When thinking about consumer decision-making from a behavioural perspective, it is often said that we are creatures of habit:

many of our daily routines end up being a matter of routine rather than direct deliberation. While this is no doubt true, this is only the tip of the iceberg when it comes to the impact that habits have on our daily lives. Habits play a major role in our personal lives and create a loop of behaviour consisting of cue, routine and reward. The elements in this habit loop can be manipulated to help modify our behaviour, and can have a domino effect that touches on all of the other aspects of life.

This presents an opportunity to incorporate behavioural frameworks into consumer research study designs and in formulating insights. Behavioural frameworks can be instrumental for interpreting consumer research results by providing a structured lens through which to understand and analyse consumer behaviour. For example, this type of thinking allows us to understand consumer motivations. Behavioural frameworks, such as the habit loop, examines the cues, routines and rewards that build positive habits and aid in achieving higher-order benefits and emotional well-being. Products can play a major role in this design when they are built not just for their primary purpose, but for creating a lifestyle. The experience the consumer has with a product forms impressions in the brain that affect mood and arousal levels, while also setting a context for the product. Cues designed within a product can trigger behaviours, physiological response and psychological benefits. A designed routine can build habits towards a targeted psychological mood space that ultimately lead to a rewarding experience that will help reinforce this habit loop. Behaviourally-driven innovation is not just in creating optimised products, but developing routines and habits that create rewarding experiences and result in a higher-order benefit, telling consumers to repeat this behaviour time and time again in the future.

Once engaged in this loop (cue, routine, reward) repeatedly, the cycle becomes nearly automatic. The cue and reward become neurologically entwined, thought processing is significantly reduced and a sense of craving (for the reward) develops, reinforcing the loop. It is important to note that although the cycle of cue, routine and reward can lead to sturdy habitual action, habits can also be broken, and new habits can be formed.

Behavioural frameworks offer a theoretical basis for interpreting patterns observed in consumer research data. For example, the Fogg Behavior Model (Fogg, 2009) helps explain why certain behaviours are more likely to occur when motivation, ability and triggers align. Researchers can use these frameworks to make sense of complex data sets and extract actionable insights. They serve as invaluable tools for interpreting consumer research results by providing a theoretical framework for understanding motivations, predicting behaviour, segmenting consumers, optimising interventions, interpreting data patterns and promoting long-term behaviour change. Further insight can be gained through applying behavioural frameworks, such as the Theory of Planned Behavior (Ajzen, 1991) or the Health Belief Model (Champion & Skinner, 2008), which offer predictive power by outlining factors that influence consumer decision-making. Researchers can use these frameworks to anticipate how changes in attitudes, beliefs or perceived norms may impact future consumer behaviour. Behavioural frameworks aid in segmenting and targeting specific consumer groups based on shared characteristics or behaviours. By categorising consumers according to psychological traits or behavioural patterns, researchers can tailor marketing strategies more effectively to each segment's needs and preferences. Concepts from behavioural economics, such as loss aversion, anchoring or framing effects provide valuable insights into how consumers make decisions under uncertainty. Understanding these cognitive

biases and heuristics helps researchers interpret consumer responses in experiments or surveys more accurately.

Methods and analytics

To advance capabilities in behavioural science and psychological methods, companies are increasingly recognising the value of a bottom-up approach to consumer research. This paper presents a comprehensive framework for seamlessly integrating these methodologies into product research, offering practical guidance for industry leaders seeking to enhance their understanding of target consumer's habit loop to drive innovation. The initial phase of research prioritises addressing knowledge gaps through a rigorous behavioural science lens. Through curated focus groups or individual interviews, the aim is to uncover the foundational elements of consumer habits, specifically within the context and occasion relevant to the product or category under study. The importance of starting at this ground level is to ensure that inputs for subsequent phases of research are all-encompassing, consumer-generated and context specific. Failure to complete this initial phase risks building a knowledge programme on assumptive terms—internal assumptions about consumer behaviours that may not be accurate or provide the full picture.

Armed with the context specific, behaviourally-driven cue, routine and reward language, the next phase of research focuses on quantifying the findings to further define and dissect the habit loop. Leveraging the MaxImplicit methodology (Niedziela & Ambroze, 2021), a combination of traditional research tools such as MaxDiff and measurements from social psychology like implicit association testing, this phase strategically prioritises the most influential behavioural drivers of consumer choices. This mixed-method approach prioritises top behavioural drivers (cue, routine and reward language) and identifies how well a product, brand or category is meeting or not meeting these needs (through implicit perceptions). More precisely, this method highlights the behavioural nuances between the stimuli tested, and how our semantic memory assigns perceptual personalities to products or brands within a certain context.

This mixed-method research approach provides companies with a nuanced understanding of consumer behaviour through the categorisation of consumer-derived language into decision frameworks including habit loops and choice architecture. Incorporating a habit loop framework into data interpretation and insights reveal how consumers assess experiences or products within specific contexts, revealing pivotal moments in decision-making. Additionally, an exploration of choice architecture uncovers the subconscious influences driving consumer behaviour, illuminating the “why” behind their choices. With this comprehensive understanding, companies can modify or disrupt elements of decision frameworks to better align with consumer preferences, fostering authenticity and consumer-centricity. By amplifying the consumer's voice throughout this process, companies drive meaningful innovations that resonate with their target consumers at a deeper level, positioning themselves as industry leaders.

The use of physiological tools (Niedziela & Ambroze, 2021) in consumer research can also be employed and involves measuring biological responses, such as heart rate, skin conductance and brain activity, to understand consumer reactions to marketing stimuli, products or experiences. These tools provide objective data on subconscious reactions, emotional responses and cognitive processing, complementing traditional self-report methods. By uncovering implicit physiological reactions, physiological tools can further offer insight

into consumer behaviour, informing product development, advertising strategies and customer experience enhancements.

Conclusion

The field of behavioural and cognitive science as it relates to industry research within consumer science can be complicated. However, this paper detailed a way to adopt a strategic approach that integrates these methods into practice. The emergence of behavioural science as a cornerstone in consumer research signifies a transformative shift in the industry landscape. Forward-thinking companies recognise the pivotal role of behavioural science in decoding consumer behaviour and driving impactful innovations. However, the journey towards integrating behavioural science measures has not been without its challenges. Misinformation, over-promises and a lack of clear starting points have hindered many research teams, impeding their ability to spearhead the innovation of consumer-centred products or services.

Despite these obstacles, the potential for leveraging behavioural science remains optimistic. By navigating these challenges with careful consideration and strategic planning, companies can unlock insights into consumer behaviour by going beyond traditional methods, paving the way for the development of innovative solutions that resonate deeply with their target audience. As the research landscape continues to evolve, it is imperative for companies to embrace the complexities of behavioural science and decision-making, to leverage these capabilities effectively and to stay at the forefront of product innovation.

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Breaking Through Internal Innovation Barriers

How Johnsonville Sausage looked way outside the
box to accelerate their innovation initiatives

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Breaking Through Internal Innovation Barriers

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Karen Kraft

In today's hyper-competitive business landscape, innovation stands as the cornerstone of success and building future-proof brands. Companies across diverse industries face the relentless pressure of shifting consumer preferences, technological advancements, seismic shifts in retail, and dynamic market forces. To thrive in such an environment, organisations must not only embrace innovation but also break through the barriers that often stifle innovation. This paper explores the intricacies of driving market success through innovation and offers insights for tapping into outside thinking to unleash creativity within companies. The pivotal role of innovation in today's business environment is well-documented. Whether in food & beverage, consumer packaged goods (CPG), technology, finance, pharmaceuticals or any other sector, the ability to innovate is a make-or-break factor in driving long-term success. However, despite recognising its significance, many companies struggle to effectively harness their full innovation potential. This challenge begs the question: How can a company truly unleash its creativity and ability to innovate?

Renovation versus innovation

First, we need to understand that innovation is more than just differentiation. Innovation is about growth: growing revenue, growing market share and growing brand equity. Too often we see product and brand renovation disguised as innovation. While these efforts may generate excitement and buzz in the short term, they fail to translate into sustained growth or increased revenue. To be fair, brand excitement and buzz are valuable. They create retail buyer interest, earned media impressions and more. They may even result in a temporary bump in sales, but true innovation needs to move the needle from a business perspective. All too often, brands fall into the trap of reacting to competitor shifts and pursuing incremental changes that do little to impact the bottom line. Whether it's adding new flavours and varieties, or introducing a slightly tweaked packaging design, these efforts may yield temporary spikes in consumer interest, but it's usually at the expense of your core product sales growth. When your customers are choosing a new flavour or variety over their go-to brand, that does little to impact revenue and nothing to drive long-term growth.

The problem lies in the cannibalising effect of such renovations. Instead of expanding the brand's reach and appeal, they merely shuffle consumers from one product variant to another. This zero-sum approach may generate short-term gains, but it doesn't address underlying and evolving consumer needs, or create lasting value for the brand. That can only come from innovation that creates new, incremental revenue for the brand. This type of sustainable innovation requires looking past what you're currently doing, tapping into

emerging trends, identifying unmet needs and exploring new ways to become more valuable in the lives of your customers.

Internal barriers to innovation

Even the most successful of businesses find it difficult to achieve true innovation. Driving successful innovation from within the confines of an organisation requires overcoming significant barriers. You have resources like time, people and money that are focused on quarterly results, entrenched organisational structures that reward safe decision-making and in successful companies—an aversion to any risk that could jeopardise that success. Internal teams are often too close to the business and its existing paradigms to effectively think outside the box. Rules, both written and unwritten, job security, fear of failure and cultural expectations within institutions make internal innovation a slow and daunting task. Cross functional teams are helpful, but usually not enough to break free from the institutional biases that burden successful companies and lead to the same ideas being generated over and over. Organisations should encourage interdisciplinary collaboration. Siloed departments hinder the flow of ideas and limit the diversity of perspectives needed for true breakthrough innovation.

Breaking free and thinking differently is essential for identifying what's next and driving true innovation that can impact revenue and brand growth. This requires a willingness to challenge assumptions, embrace risk and think beyond short-term gains. Most of the time, it involves looking outside of your organisation for inspiration and opportunity.

Johnsonville case study

Johnsonville is the leading brand of sausage in the US and, led by our flagship bratwurst, sells more fresh dinner sausage than any other brand (Circana, 2024). However, the Johnsonville portfolio includes breakfast, dinner and snacking offerings as well as both fresh, raw, uncooked sausage and smoked/cooked sausage (Johnsonville, 2024). Thus, Johnsonville products can be found in multiple locations throughout the grocery store:

- The refrigerated fresh meat, smoked sausage and breakfast meat cases;
- The frozen meat and breakfast cases;
- The meat snacks aisle in the centre of the store or near the check out.

One of the guiding principles of “The Johnsonville Way”, our corporate culture, is “we help our customers become great” (Johnsonville, 2020). To help our retail customers achieve greatness, and help consumers fill their meal and snack time needs with tasty sausage goodness, we strive to bring innovation to each sausage sub-category we are in. Over the years, we've found innovation is much easier in some categories than others. In our fresh dinner sausage business, which is merchandised in the fresh meat case and is overseen by retailers' fresh meat buyers, innovation beyond bratwurst initially meant offering Italian links. This was followed by new flavours of dinner links, many special flavours or LTOs and eventually ground Italian sausage in a tray, which was launched about 15 years ago. Since then, beyond flavours, fresh dinner sausage innovation stalled. This wasn't for a lack of trying: between 2018 and 2022 alone, Johnsonville commissioned three ideation projects with external innovation vendor partners and multiple, internally-led ideations around the dinner occasion. In each case, regardless of whether utilising creatively-inclined consumers, our most

creative cross-functional members (that's what we call employees at Johnsonville) or some combination of the two, the resulting ideas skewed heavily toward the smoked and/or cooked side of the business (see Figure 1).

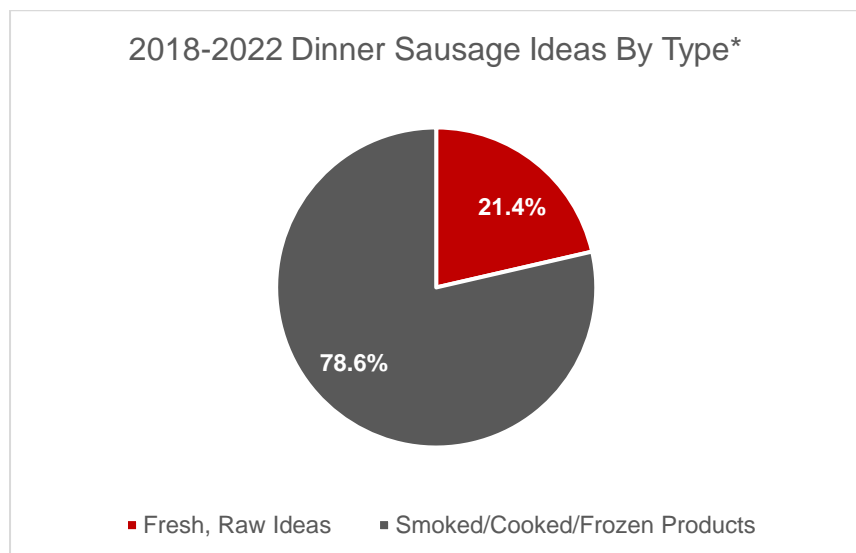


Figure 1. Source: Johnsonville CI Archives proprietary ideation output (2018-2022).

This was great for developing a pipeline of new, innovative products to excite most of the retail buyers we serve. Yet, with so few fresh dinner ideas entering the pipeline, once further screening and product development took place, we were left with little to bring the buyers responsible for our key area of business: fresh dinner. Coming up with a plethora of truly innovative fresh dinner sausage ideas required a different approach. Johnsonville posed this challenge to ProdigyWorks who utilised their proprietary global network of Prodigies, an online innovation platform to bring outside thinking to the problem. ProdigyWorks started as a partnership with Mensa, the high-IQ society almost 20 years ago, so their diverse network Prodigies consists of high-IQ thinkers, creative geniuses and subject matter experts from all different cultural, professional and educational backgrounds. These passionately curious problem solvers bring a rich and diverse mix of perspectives and experiences to ProdigyWorks' robust and collaborative process.

For Johnsonville, they began by gaining a deep understanding of our core consumer segments, previously identified jobs-to-be-done at dinner, past ideation output, innovation successes and failures. They then drafted a three-page challenge brief for the Prodigies, which outlined the background of the project at a high level, the challenge, the key consumer segments, project guardrails and ideas for inspiration (including encouraging them to shop for and prepare fresh dinner sausage). ProdigyWorks then curated a group of 20 Prodigies to participate in this challenge online over a two-and-a-half-week period. The Prodigies included several MENSA members, innovation experts in other areas (such as fashion and non-food CPGs), chefs and restaurateurs, health care professionals and foodies. The group worked both independently and collectively to generate and flesh out 315 ideas. During the ideation, the Johnsonville team provided daily feedback and/or questions to the Prodigies through the ProdigyWorks session moderator. Unlike other ideation methods where creativity can be squashed by challenging feedback, the Prodigies appreciated being challenged gently and ideated work arounds to make their ideas more actionable. Not surprisingly, even with the challenge focused

completely on fresh dinner sausage, some smoked and/or cooked ideas made their way into the mix, but the fresh-to-cooked ratio flipped 180-degrees (see Figure 2).

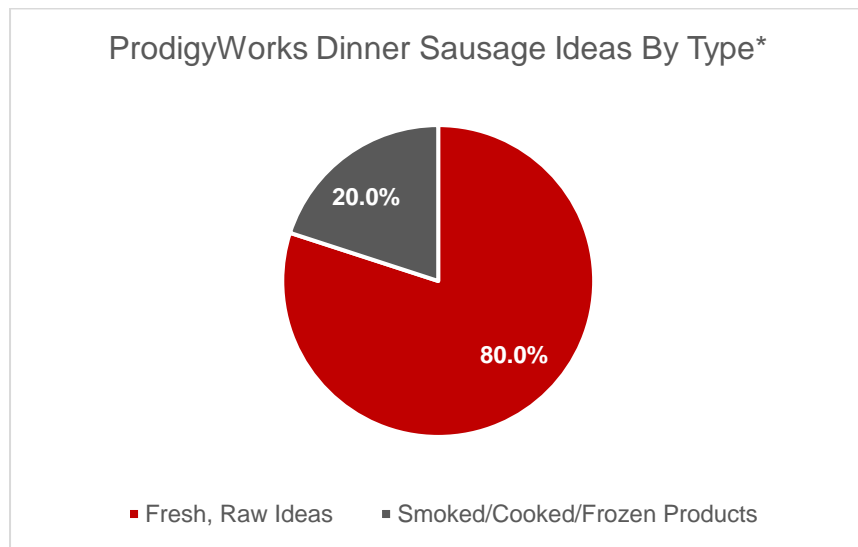


Figure 2. Source: Prodigyworks ideation output from Johnsonville-commissioned project (2023).

The 315 raw ideas were further narrowed down through consultation with the Johnsonville client-team to result in four innovation-platform concepts and 16 individual new product concepts (see Figure 3).

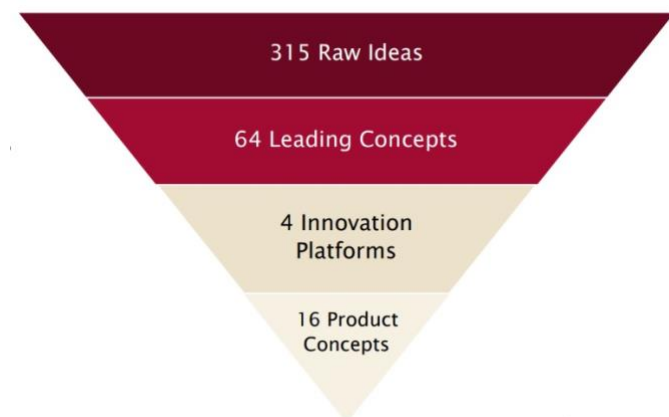


Figure 3.

Johnsonville now has several ideas in our fresh dinner pipeline and those that have been monadically concept tested thus far with consumers have been well-received and exceed category norms (see Figure 4).

Behaviour Change

A breakdown of Behavior Change, showing its value against a norm and its distribution

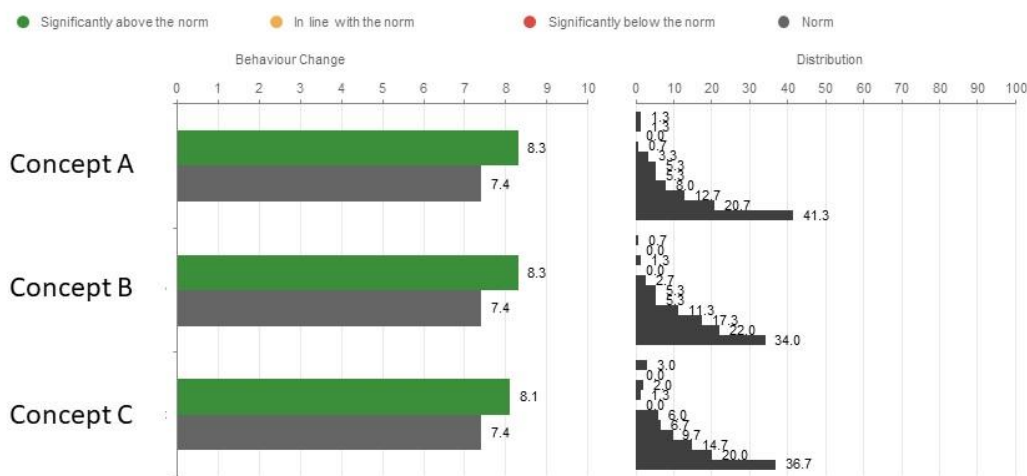


Figure 4. Source: Johnsonville-commissioned Zappi Concept Tests (2023-2024).

Breaking through

For professionals in research and insights, analytics, marketing and/or brand management or other disciplines tasked with innovation, breaking through to drive meaningful results is critical. Regardless of where an organisation stands on the innovation curve, there are actionable steps that can be taken to foster a more strategically-focused innovative culture that welcomes diverse, outside thinking. Organisations need to cultivate a culture of experimentation and risk-taking. Innovation thrives in environments where failure is viewed as a stepping stone to success, rather than a setback. Companies must embrace a mindset that encourages exploration and iteration, allowing ideas to flourish without fear of criticism or rejection. By creating safe spaces for innovation, organisations can empower employees to unleash their creative potential.

To succeed in driving sustainable meaningful innovation within your organisation, innovation needs to be more than a buzzword or a box you check. To truly make an impact, brands must embrace a different mindset: one that realises that past success is often a barrier to true innovation. Your team and leadership need to openly prioritise sustainable incremental growth over short-term gains. Member-led organisations like Johnsonville can and do provide environments that are ripe for innovation and encourage individual creativity. However, even in these types of organisations, some innovation questions lead to the same tired answers when looked at repeatedly from different angles within, or close to, the organisation. Tapping into people removed from the business challenge, and likely the business itself, can provide the new thinking required to tackle these complex challenges. Collaborating with individuals coming from diverse backgrounds and areas of expertise allows organisations to leverage collective intelligence to drive meaningful innovation.

Another crucial aspect is the role of organisational leadership in fostering a culture of innovation. Leaders must champion innovation from the top-down, setting a clear vision and providing the necessary resources and support. Moreover, leaders must lead by example, demonstrating a willingness to embrace change and challenge the status quo. That means incentivising middle management to take risks that they would normally

steer clear of. By cultivating a culture of innovation at all levels of the organisation, leaders can inspire employees to think differently, bring in outside thinking and drive meaningful innovation.

Moving the needle

The fact is, driving market success through innovation requires organisations to break through the barriers that hinder creativity. By embracing experimentation, fostering collaboration and encouraging outside-the-box (or organisation) thinking, organisations can create an environment where innovation thrives and business succeeds.

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The Science Behind the Creativity

Adding biometrical measurements to content

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The Science Behind the Creativity

Adding biometrical measurements to content

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Introduction

The combination of storytelling with technology has enhanced the impact and reach of the entertainment industry on local, regional and global audiences. The transformation of the entertainment industry has been driven by the emergence of emerging technologies whose purpose is ranges from content creation, distribution and production, to performance measurement. From the field of creative studies, this emerging scenario allows for new ways of understanding the impact of creativity associated with the creation of content in various formats on the audience. Specifically, it focuses on the creativity linked to the integration that brands achieve within long and medium format content through branded content. Measurement technology has enabled us to study various brand integrations in different formats over the past four years to understand their impact on the audience in the main markets of Latin America. This paper gathers the insights from this methodology systematised through biometrics and standardised analysis criteria developed by the Data and Insights team at Warner Bros. Discovery.

The new scale of entertainment: Storytelling and technology

The entertainment industry has undergone various stages of transformation over the past two decades; from the digitisation of TV signals, the proliferation of smart devices, video compression and a much higher internet speed, among many others. These advancements have been propelled by emerging technologies for content creation, distribution and digitalisation, which, in a constant cycle, generate new content consumption behaviours. These changes in audience behaviour, in turn, drive changes in content creation. One of the main transformative elements is the expansion of measurement methods and understanding of audience response through increased data availability. Large volumes of data enable us to understand media and content consumption second-by-second, the impact of content on the audience through interactivity, or the level of content consumption. This measurement system has impacted all areas of commercial creativity. In particular, to understand the impact of advertising creativity in large-form content, we will focus on three elements:

1. the video consumption experience;
2. video content development and;
3. the renewal of brand integration business models in the entertainment industry.

Regarding the first point, when we discuss the video consumption experience, the act of searching for a movie within a Blockbuster store has metamorphosised into a subscription-based model on a streaming platform, where there is access to a broader quantity of content—depending on the subscription plan—and virtually with no consumption limits. The user takes the task of making their own content selection into their own hands and, consequently, dynamically becomes their own TV programmer. Secondly, the development of video content has expanded its spectrum of variety, thus diversifying the audiences and generating content

consumption ecosystems. The average content consumer has a diverse range of consumption possibilities, and simultaneously many of these consumption possibilities have broader multimedia distribution systems. A creative product has the potential to have a presence in different places and even in different forms, such as summaries, podcasts, memes, comments, commentator live streaming and spinoffs, among many other ways to reach the audience. The diversification of platforms has practically transformed content development.

Thirdly, the entertainment industry has managed to increase its revenue through the renewal of business models, specifically in terms of having different income systems to finance the production of creative projects. On one hand, there are direct-to-consumer models that aim to turn users into subscribers. The affiliate and strategic partner model allows for the expansion of subscription territories. Related to the topic of this paper, advertising models aim to integrate brands into productions both to finance them and to convey brand messages in a consumer's everyday life environment. In this sense, brands that integrate themselves acquire organic participation in the composition of stories and, in general, gain audience scale and the perpetuity of their presence in the content.

Taking into consideration all of the above, it can be stated that there are changes occurring both in the supply of content and in the demand consumers on various devices are looking to satisfy. These changes are part of a new paradigm in the evolution of the art of storytelling and the exposition provided by technology. Storytelling, in this sense, intertwines with distribution models, data-driven marketing and profitable business models, which include openness to integrating brands as strategic partners. At the same time, they generate content products that have an impact on brands.

Branded content in the new ecosystem of entertainment

The entertainment industry is undergoing a profound transformation in the way stories are told, produced, financed and distributed. In this environment, the art of brand storytelling encounters new scenarios of distribution scale possibilities and, at the same time, new challenges in its implementation. On one hand, the scale possibilities enable brands to extend their presence to a broader range of points of contact and distribution formats, expanding the possibilities of reaching the audience. On the other hand, there are challenges because it is increasingly difficult to understand the impact of brands regarding their integration into long-form productions due to the sheer number of interaction points with standardised measurement systems, or with the capacity to be unified.

Brands, both in positive factors and in challenging factors, need to establish a connection with the entertainment industry and build mutual synergies to understand the role and impact of brands in integration projects. In particular, when brands integrate into an entertainment product, they become part of a product that will have a cultural impact as it becomes involved in a system of references, representations and practices of the created or represented world. Ideally, brands become part of a consumer's system of meanings, facilitating brand positioning in a less commercial and more everyday environment. Creativity in the format of branded content integrates brand messages into a less intrusive entertainment format, adopting an organic role within the story and connecting with the characteristics of the narrative itself: characters, plot, message, settings/locations and storyline. Each of these elements enhances the value and meaning of direct brand associations (brand equities), and the messages aimed at communicating to the consumer. Unlike a

traditional commercial that focuses on frequency of appearances and a call to commercial action, branded content is built on organic integration into stories, creating a closer bond with the consumer.

Although both approaches complement each other, both the commercial and the relevance-focused, the industry of advertisement is engaged in a debate that whirls around this conversation. In this case, what would be the best option: to invest in branded content or in traditional spot advertising formats? How can results be measured in original, long-form branded content productions? To answer these questions, from a traditional standpoint, the performance of video ad formats is analysed based on metrics such as frequency and reach derived from the budget invested. However, when it comes to branded content, we're talking about long-form video formats (minimum five minutes), which, due to their creative and versatile nature, are less accurately measured using traditional standards of reach, frequency and interaction. Given its greater creative flexibility, measurement must be conducted using a different and complementary methodology to media performance metrics.

In the next section, we will delve into describing in greater detail the methodology and insights accumulated over the past four years of systematic application of biometric measurement in various categories and formats in Latin America.

The science behind branded content

Understanding the performance of creativity in brand communication is a fundamental issue for the entertainment industry. On one hand, creativity is often built through inspiration and intuition that certain elements will positively impact the audience. On the other hand, creativity is evaluated through various metrics that assess its interaction performance with the audience, such as impressions volume, user reach, viewing quartiles, platform visibility, conversion flow generation, among other metrics associated with media and, therefore, advertising investment. However, creativity is less frequently analysed for its true impact on the consumer.

In the last decade, market research has gradually integrated new technologies to understand creativity, exploring new ways to understand the consumer's response to brand messages. One of these technologies seeks to explain the emotional impact, perceptual association and even the neuronal response of the consumer to audio-visual stimuli containing some element of a brand. This new generation of research in the creative field analyses the impact of creative concepts beyond conventional media metrics. Moreover, thanks to continuous improvements in biometric measurement, such as facial micro-expression recognition, eye movement tracking and reactions to messages, this approach (called tech-enabled research) is becoming increasingly precise. Regarding best practices in this field, we will focus on biometric measurement of branded content and share some insights consolidated over the past four years through the systematic analysis of over 70 cases within Warner Bros. Discovery Latin America productions. In this paper, we will delve into three main learnings obtained from this methodology in the creative development of communication pieces, and their implications for consumer response.

1. Branded content generates emotionality

Stories seek to create emotional ties or connections with audiences through events developed from characters, situations and messages. This task can be fulfilled in any format, however, our analyses have shown that the highest peaks of emotionality are generated more intensely in branded content, averaging 66 points compared to 61 in spot-type formats (see Figure 1).

Emotional Peak

Emotional engagement is generated in all the pieces evaluated, however, in branded content, emotions are more powerful



Figure 1.

Case study: “The Perfect Picture” / Cell phone brand

This is the study case of a technology brand that entered the Mexican market and faced well-established brands in terms of brand recognition. The objective was: how to introduce a new brand with a relevant message to the audience? This is how “The Perfect Picture” branded content was born, by leveraging one of the phone’s most important assets: the camera. This content brought together three professional photographers in three different settings in Mexico with the objective of achieving the perfect photo that reflected Mexican society. For the case study, the chapter dedicated to Los Topos—a civil association that aids in the rescue of people trapped under the rubble of buildings collapsed by natural disasters—was analysed. Mexico, specifically in the central and south-eastern regions, has experienced strong earthquakes that have left hundreds of stories to tell. This chapter not only achieved significant brand recall for the brand, but also connected with emotions and important situations for the audiences, leaving an emotional memory of the brand.

Brand Entertainment Generates Positive Indicators Of Emotionality

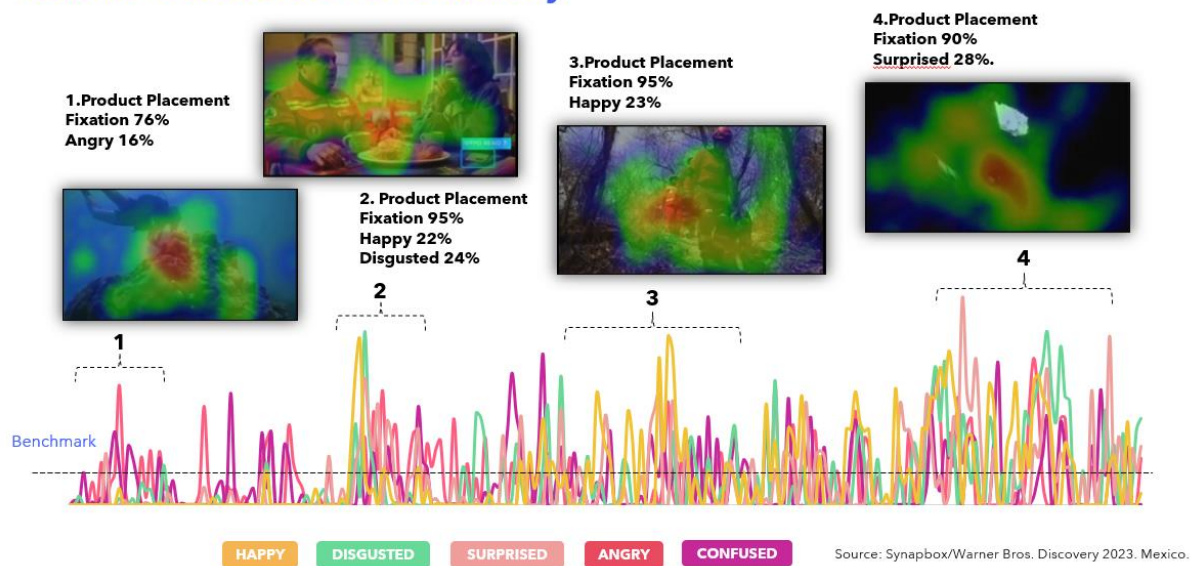


Figure 2.

2. Branded content generates brand attribute credibility

Branded content has higher levels of credibility for audiences, resulting in our records showing 87 points versus 81 in spots, as it is presented in real-life situations that viewers see on screen. For example, seeing how the product is used in a reality show or how it has a “spontaneous” presence within the story and is not forced into the content. Additionally, the more the product is connected to the story, the more credibility is generated. In contrast, a 30-second or shorter content does not have the opportunity for “someone else” to speak for the brand, but instead uses that time to explain the product, which can lead to consumer rejection.

Credibility

Branded content creates an environment in which the spontaneous presence of brands generates greater credibility, we have evaluated credibility's value in all the contents.

Credibility

How much do you agree or disagree with the following statements from the content you just observed?
 The video is credible

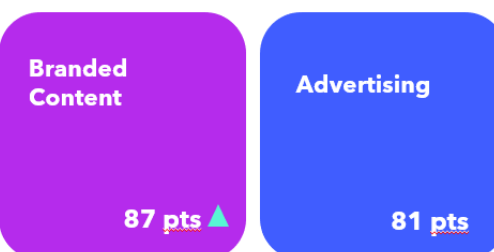


Figure 3.

Case study: “All Star Driving School” / Car brand

The message the car brand wanted to convey to consumers is a commitment to safety and education in traffic rules in Mexico City, through engaging content that involves and connects drivers with the benefits of this cars' brand. Through a reality show featuring celebrities and ordinary people divided into teams of three,

participants were monitored in their own cars for a week, and then coached by a racing expert, aiming to win recognition as the best driver of their team. In the results, thanks to the show's narrative, participants showed emotional engagement with the situations, seeing themselves in the events shown and positioning the car brand as one of their favourites, more socially responsible and with the best products on the market.

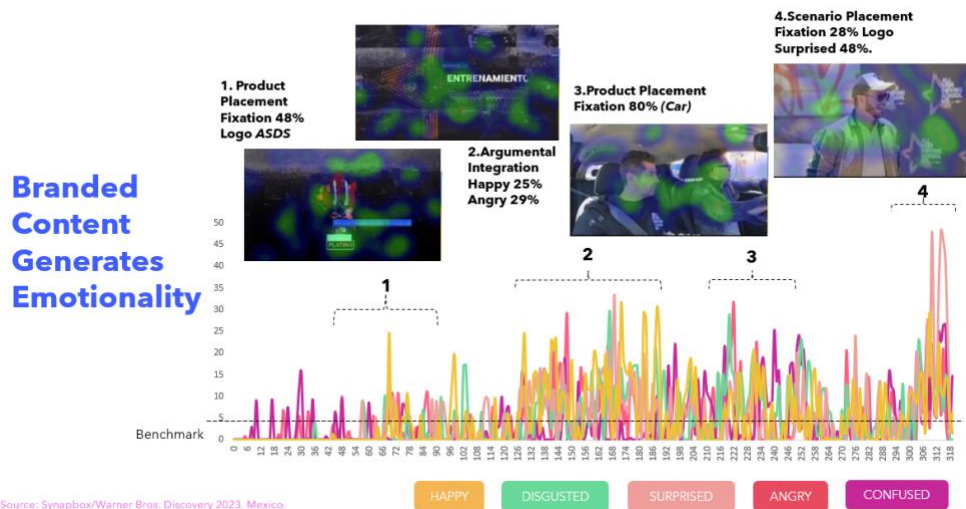


Figure 4.

3. Branded content generates actionability and shareability

Branded content offers more elements to be evaluated by consumers: characters, story, narrative, set design (or locations), music, etc. For this reason, one might think that interactions with branded content decrease. However, we have seen that thanks to its credibility, it prompts a greater invitation to interact with the content, such as liking the video, subscribing to the brand's social networks, following the characters and commenting, among others. The benchmark recorded is 93 points for branded content, versus 91 points for short format. Within the entertainment world, there is a higher likelihood of sharing branded content than a commercial. That is, the brand can reach more people because their friends or family share it, with our records marking 82 points for branded content versus 81 in spots on shareability's metric.

Actionability

Branded content can encourage more interaction, for example, by liking the video, subscribing to the brand's social networks, following the characters, etc.

Driven Actions

After watching this content, which of the following actions would you take?
 Score: 100 - would not take any action



Shareability

If you were to view this content while on the internet, how likely would you be to share it with your family or friends?



Figure 5.

Case study: “Gamecasters” / Energy drink brand

85 years ago marked the first appearance of Batman, and today he remains one of the most recognised superheroes by audiences. How to favourably use an iconic character, portray him in a contemporary perspective and associate him to a brand message? To achieve this, “Gamecasters” was conceived—i.e., a Warner Bros. production featuring three entertainment experts in fandom and videogames, who used Batman Day to discuss this notable character from the world of comics and superheroes. This production was sponsored by an energy drink brand seeking to position itself among young audiences. As a result, excellent shareability and purchase intention results were obtained in the desired target audience, thanks to a relevant message delivered in a fun and dynamic manner.

GAMECASTERS/ BATMAN DAY

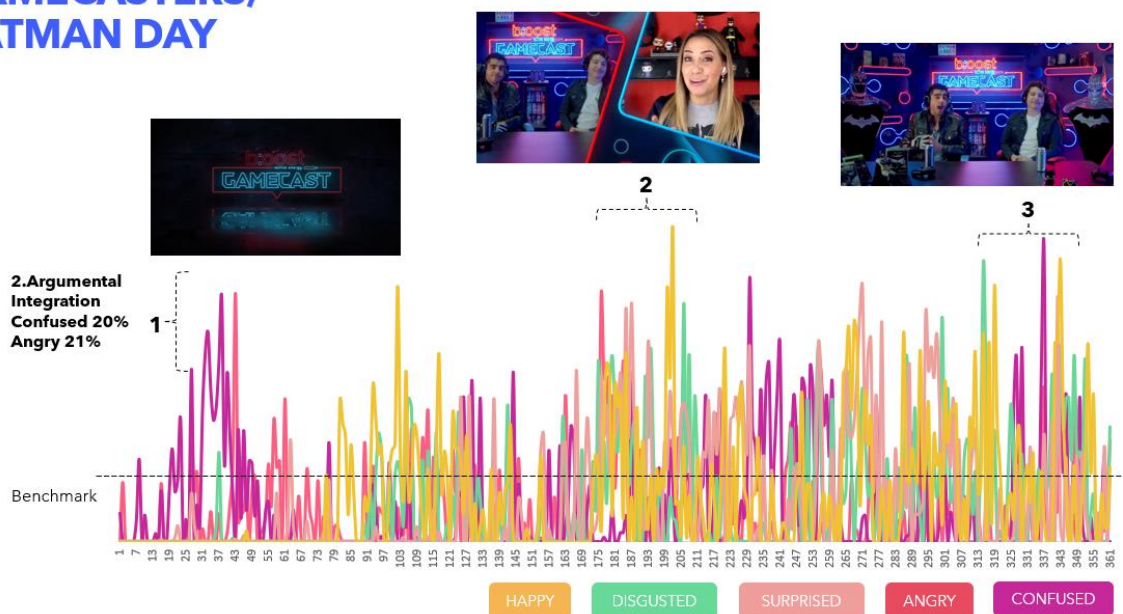


Figure 6.

Conclusion

I am in the entertainment industry, and I am afflicted by something that concerns many other industries: measurements are based on metrics that have not changed in decades despite the fact that entertainment and the world have changed. I encourage the entertainment industry and research sector(s) to challenge the classic forms of measurement, to complement them with new technological opportunities generating more consumer-friendly approaches. In this way, we can see value in the qualitative by relying on the technological tools we have at hand today. In this context, this project was designed to solve the following challenges: within the advertising metrics a campaign is normally measured by the KPIs offered by the media in which the content is transmitted. For example, if the campaign lived in social networks, we will have reach, impressions and/or engagement. Or if it was a TV spot, we will have impacts or ratings. This methodology consists of complementing the media vision with the creative vision, measuring the content with content metrics, such as: attractiveness, message and emotional impact.

In conclusion, speaking at a methodological level, the combination of biometrics with rational panel-type measurements can achieve a convergence in understanding consumers. Biometrics, on one hand, arise naturally and organically without any deception for the results, while the rational part helps to understand the challenges of the project in a textual and specific manner. At the level of the industry, thanks to these learnings, we can now say that creativity has found a great ally in branded content to entertain the audience while successfully delivering brand messages. Today, for brands, this format represents a solution to an environment saturated with messages that are becoming increasingly diluted, allowing them to connect with the audience while addressing their communication and business needs. It is important to emphasise that the challenges the industry has to face are not herewith solved to their last consequences, as technological advances and the boom of new formats of entertainment in immersive experiences—such as the metaverse—are becoming increasingly important for the improvement of measurement methodologies in the creative field.

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From Moments to Innovation: How Generative AI is Revolutionising Product Design

Learn how to co-create concepts using generative AI

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From Moments to Innovation: How Generative AI is Revolutionising Product Design

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Introduction

Concept co-creation is a resource-intensive process involving individuals comprised of marketers, product and package developers, stakeholders and consumers alike. Insights professionals leading co-creation efforts are challenged to build winning concepts with significant time, money and human resource constraints. Overcoming these challenges requires efficiency in how consumer insights are quickly and consistently translated into relevant concepts, while fostering the spark of creativity necessary for successful innovation.

Generative artificial intelligence (GenAI) tools such as ChatGPT or Microsoft CoPilot are becoming readily available for insights professionals to synthesise multiple sources of unstructured content into meaningful information. InsightsNow (as a marketing research provider of insights) and IFF (as an ingredient supplier offering end-to-end product design services for the food industry) teamed up to explore how GenAI tools might overcome these resource challenges. To explore how GenAI might be applied, the team focused on overcoming co-creation challenges for innovation initiatives targeting a well-established product category. This paper describes the approach we took in applying GenAI to accelerate the process of new product concept co-creation, while also building greater capacity for insight activation. In this approach, our goal was to create new options in the ready-to-eat, packaged bakery category based on newly uncovered insights we identified through our research. Those insights pointed to specific moments of opportunity, and provided us with a great many data points on how consumer's current product options were meeting their needs, or not, in each moment. Ultimately, the challenge was to build relevant concepts that are perceived by target consumers to be "familiar with a twist".

Below we outline a way to leverage GenAI to be a valuable creative collaborator in generating and visualising a first round of new ideas that can model the creativity and the application of insights we are looking for from the team, and inspire them with a vision of what's possible versus a blank canvas, which serves as a helpful jump start to a process that can sometimes be challenging and resource intensive. To generate these new "familiar with a twist" concept ideas, GenAI tools were fed context detailing the overall problem and the

insights discovered. In addition, we taught it to apply a deliberate creative thinking tool called SCAMPER (Eberle, 1971), which is a framework that uses a starting point such as an existing product, and using an acronymised set of questions, helps to generate additional variants. The resulting new process following these guidelines for a first round of co-creation with GenAI enables small teams of co-creators to have greater capacity and speed in developing relevant concepts.

Concept co-creation

The product concept is created at an early phase of the product innovation process and serves as a guiding principle defining the value proposition for the product as it is developed and eventually marketed. Therefore, getting the concept right early on is essential to a new product's success in the marketplace. Some concepts are bold, defining products that create whole new categories. However, most product concepts are more incremental –targeting existing product categories that consumers understand and know how they fit into their lives. This paper will focus on the latter. Only a fraction of the new products created for existing categories achieve success in the marketplace. Often a successful new concept is familiar with a twist, and distinguishing appropriate “twists” that are meaningful and uniquely address current gaps, tensions and unmet needs is a demanding task which requires an in-depth understanding of the moment the product will be used.

There are many ways to create compelling product concepts. One of the most common and powerful approaches is to involve co-creation groups led by a facilitator. In co-creation, the goal is to develop a robust product description that is fuelled by insights from previous research to successfully direct product development. Success in concept co-creation is measured by the end description's ability to resonate with consumers' needs and desires. The groups engage in creative activities and conversations that start with insights from prior research and develop them into a well-rounded description that includes the benefits, reasons to believe and drivers for this new idea. Often a successful new concept is familiar with a twist, and distinguishing appropriate “twists” that are meaningful and uniquely address current gaps, tensions and unmet needs is a demanding task that requires an in-depth understanding of the moment the product will be used. Depending on the product, co-creation groups may involve many different players including consumers, marketers, field experts, product developers, scientists and/or packaging. Most important is for the members to be open-minded, creative and enthusiastic about creating something new.

Barriers to traditional concept co-creation

Co-creation takes a lot of energy to achieve their creative potential. There are many barriers keeping teams from maximising their potential, such as the following:

- **Time:** Participation in co-creation requires a lot of dedicated time, competing against other business needs.
- **Creativity:** Although everyone may have the same potential to be creative, creativity on demand can be difficult to harness. The success of co-creation depends on a creative group dynamic, outside factors may impede anyone's ability to show up and be open to creativity.
- **Resources:** Getting your dream team from across departments in an organisation and consumers can be challenging given busy schedules.

Further, getting teams up to speed to effectively know what is familiar and what are the most salient tensions to focus on takes time. It is difficult for many teams to synthesise the massive unstructured content provided from past research as a basis to creatively co-create. This complexity is a challenging barrier for many co-creation teams requiring significant time and resources to overcome.

Generative AI tools

GenAI stands at the forefront of this new wave of innovation. Its ability to process and synthesise vast amounts of unstructured data into coherent, actionable insights is nothing short of revolutionary. By leveraging AI, companies can now tap into a deeper understanding of consumer behaviour and translate it into tangible product concepts. At the heart of this AI-driven innovation is the “art of the prompt”. A GenAI prompt is a mode of interaction between a human and a large language model (AI model). An AI model can provide several outputs based on how the prompt is phrased, which can be as simple as a word or as complex as a paragraph (or two). The objective of the prompt is to provide the AI model with sufficient information so it can produce the output that is most useful to the human. Crafting the right AI prompts is crucial; they must encapsulate consumer insights and aspirations to guide the AI toward generating viable product concepts. It’s a delicate balance of science and creativity, where the quality of input directly influences the novelty and relevance of the output.

Approach

To get to winning product concepts, we built an approach that merges the best aspects of consumer insights, co-creation, researcher expertise and GenAI. This process, as outlined in the diagram below, begins when you need to come up with innovative product concepts within a defined product category. First, you need to access or collect consumer insights to understand consumer behaviour, needs and aspirations in the category you are seeking to build concepts for. Next is the use of GenAI as a collaboration partner, where we have defined a five-step prompting sequence for activating insights to generate and visualise new product concepts. Finally, we provide options for screening and validating the product concepts to ensure that they are winning with consumers.

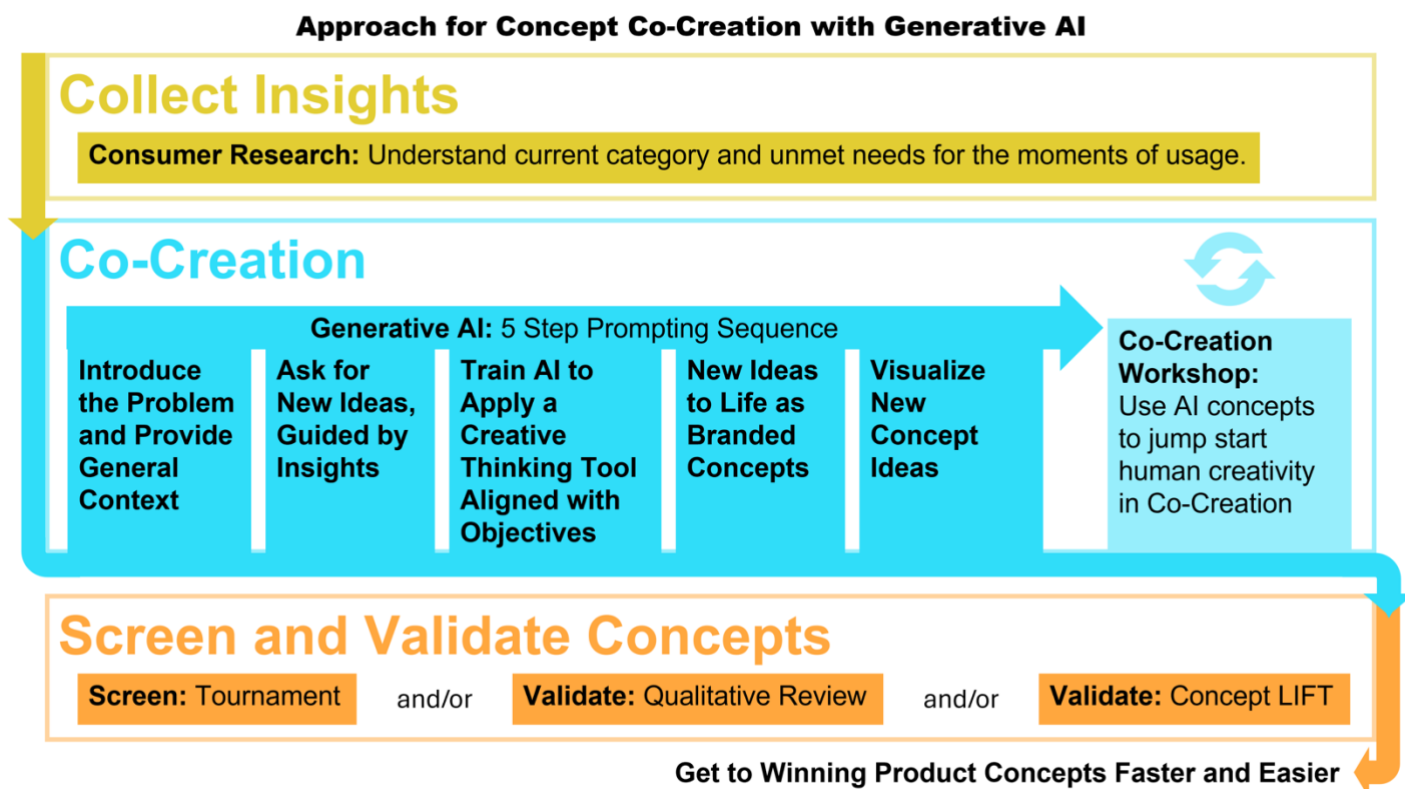


Figure 1. Concept cocreation with AI process.

Methodology

Collect insights

To begin, you will need to uncover the consumer insights that will power this concept-creation process. To be successful, concepts need to have a compelling moment of use for the product where it can address the consumer's needs and aspirations. To stand out in the market, the product should fill a gap in those aspirations that the product category is not currently addressing. To inspire successful product concepts, the GenAI will need to be provided with consumer insights about those needs and gaps. These insights will often need to be collected through a consumer research process such as InsightNow's Moment Landscape, which was used by IFF to collect the insights for this case study. 3,004 shoppers of baked goods (snack cakes, pastries, cupcakes, donuts, muffins, cookies, crackers and biscuits) were recruited to participate in a survey into their buying behaviours. This involved a series of questions asking what products they purchase most frequently and their respective intended moments of use. These moments were further defined based on the situational context of use and the internal needs and external motivators underlying their choices. Moments from these shoppers coalesced into five basic types of moments. One such moment ("pampering moments") was selected as a space where IFF was interested in creating new concepts.

To gain insights into their tensions, shoppers were asked to select from a grid of benefits they get from the products they regularly purchase in this moment. This same list was then presented to select the benefits from use that they aspired to achieve from future products. The benefits with the greatest disparity attributed to current product use, and unfulfilled aspirations were associated with the various tradeoffs that shoppers made in making their product choices for this intended product use moment.

A five-step prompting sequence for insight-led new product concept creation with GenAI

Researchers looking to create concepts using this approach will need access to a GenAI tool such as Microsoft CoPilot or ChatGPT. There are many conversational AI tools available that should also work, but one thing to keep in mind is the confidentiality of the data you are feeding into the tool. Depending on the tool, the company who created the tool may be using the information entered in the chat to train future chatbots, which could compromise the privacy of anything you enter. For this case study, we used Microsoft CoPilot in its “Protected” mode to ensure the proprietary insights were not used to train future models or be available to others outside our organisation.

Microsoft’s Copilot put GenAI at our fingertips

Each time you load a new conversation in Copilot, you are presented with a choice of three conversation styles: creative, precise and balanced modes. The characteristics associated with the results of your conversation with Copilot and, therefore, the effectiveness of the answers for your purposes are determined by this choice. You can freely move between conversation styles during your session with Copilot. When using this concept co-creation process, we recommend using it in “creative” mode. Each prompting step involves providing purposeful context, direction or feedback as the conversation flows from clarifying, to ideating, to developing and finally implementing a useful and tangible output. It’s important to keep in mind when using Copilot, you want to keep it conversational; Copilot and all GenAI tools were trained on human language, so you need to talk to it like it’s human. However, that being said, it’s not human, so you need to provide it with context that will serve to let it know where you’re coming from and what you are looking for. Finally, understand that your interaction with Copilot will be in the form of a highly iterative conversation: it’s not a single question and answer session. As you prompt Copilot and review its output, you need to monitor when it might be necessary to provide it with more context or specific direction.

Step 1: Introduce the problem and provide general context

The goal of the first prompt is to properly introduce yourself and your challenge to your AI collaborator (Copilot), without asking it for anything specific.

- Context: Provide any appropriate context you believe will inform the interaction (i.e., What is the purpose of the chat? Why are we co-creating? Who is participating? What background information can we provide?).
- Direction: No direction is needed for this step, just monitor the initial output to get a feeling for Copilot’s “understanding” of your challenge.
- Prompt example: “I work for a company that sells packaged products in the bakery category. The bakery category includes snack cakes, brownies, cookies, crackers, pastries, cupcakes, donuts, muffins and biscuits. My focus is on the retail channel. I’d like some help developing innovative new concepts for consumers based in the United States”.

This prompt sets the context for the AI, grounding it in what you are trying to accomplish, why you want to accomplish it, and what space you want to accomplish it in. Depending on your business goals and what type of concepts you want to create, you may want to further expand the prompt with additional details specific to your needs. When you hit enter, the AI will return a response that should tell you about its perspective on the task and some starting ideas. When looking at this response, you should be able to

verify that the AI is starting to head towards your goals for this session, and is not misunderstanding what category and/or area you want to talk about.

Step 2: Ask AI for new ideas, guided by insights

The goal of the second prompt is to ask your AI collaborator to generate some new ideas that leverage relevant insights you've uncovered.

- Context: Be specific now. What type of ideas are you looking for? In what form would you like the ideas to be expressed?
- Prompt example: "I have some specific insights to use to guide my new concept ideation. I'd like to focus on new ready-to-eat product ideas that consumers would find super satisfying for their need to have a pampering moment. This is an evening moment when they are at home watching TV and need to satisfy a craving. To be successful in this pampering moment, when a craving hits, it's all about convenience and indulging in favourite flavours. Their top picks for baked goods are cookies, pastries and muffins, and they leave people feeling relaxed, satisfied and happy. Right now, the biggest aspirational gaps in their buying behaviour are to get fresher options, higher quality and maybe something a bit healthier compared to what they are currently using for this pampering moment. We know they will typically pair this baked good with a hot or cold beverage".

This prompt allows the AI to generate an initial set of ideas reflecting the specific insights you provide.

Feedback and direction

Once Copilot provides some initial ideas, you can feel free to ask it to regenerate the ideas emphasising one or more directional points. Those might include detailed insights to direct the ideation or the amount of detail you're looking for in the idea output. You can continue to iterate in this step over several rounds; some example feedback and directions could include:

- "I like those ideas...can you create additional ideas like these, but add more details to the idea output?"
- "These ideas are not working for me. Can you try again, but this time really focus on (xyz insight)?"
- "Let's prioritise (xyz insight). With that in mind, please provide an updated version of these ideas".

Step 3: Train the AI to apply a deliberate creative thinking tool, aligned with your objectives

The goal of the third prompt is to continue to generate additional ideas for your challenge using a specific deliberate thinking methodology. Deliberate creative thinking tools and techniques are structured methods used to enhance and guide the ideation process in specific ways. These tools are designed to stimulate creativity, break conventional thinking patterns and generate novel ideas. Creative thinking tools can be particularly effective when used after an initial set of ideas has been generated and you want to expand the range of possible solutions. There are hundreds of deliberate creative tools to choose from, although the choice of tool should be closely tailored to the nature of the challenge and focused on the type of innovation you are seeking.

Deliberate creative thinking tools are used in traditional face-to-face and virtual ideation sessions all the time by trained creative thinking facilitators. With the SCAMPER tool, a starting idea is twisted in seven different ways as acronymised as SCAMPER (substitute, combine, adapt, minify/magnify, put to other uses, eliminate and rearrange) to generate even more ideas. Directing GenAI to apply deliberate creative thinking tools such as SCAMPER can be done by succinctly explaining the process and providing the necessary starting point. In this case, the AI is prompted best by providing a starting point (i.e., an existing product or product concept that is familiar to consumers) that was identified from our consumer research.

- Context: Explain a blueprint of SCAMPER (or the deliberate creative thinking tool you want it to use), and the starting concept to SCAMPER on.
- Prompt example: “One brand that is currently used in this pampering moment is Little Debbie snack cakes. I'd like to create a set of familiar product concepts, that build off a Little Debbie snack cake but with a creative twist that makes it new and better at helping the consumer achieve a pampering moment. I'd like you to use a creative thinking tool called SCAMPER* to generate another set of ready-to-eat new bakery concept ideas. SCAMPER is an acronym that represents a set of seven questions that can be used to provide different perspectives for manipulating or twisting existing ideas or concepts and developing new, creative options. S stands for substitution, what parts of the existing Little Debbie snack cake option can be substituted or swapped out for something new to create a new idea? C stands for combine. What parts of the existing Little Debbie snack cake option can be combined or mixed to create a new idea? A stands for adaptation. What could we adapt from another world to come up with something new? M stands for minify or magnify. What could we minify or magnify in the existing product to come up with a new idea? P stands for put to other uses. What could we put to other uses to come up with a new concept idea? E stands for eliminate. What could we eliminate or take out of the existing product to create a new idea? R stands for re-arrange. What could we reverse or re-arrange in the current product offering that might lead us to a new concept idea? Can you use SCAMPER to identify some new concept ideas for a ready-to-eat baked good that meets the pampering moment?”
- Direction: Optionally, give Copilot feedback on the ideas it has generated, and further direction if you'd like it to generate more.

Step 4: Bring new ideas to life as branded concepts

The goal of the fourth prompt is to ask your AI collaborator to bring the new ideas you are most excited about to life so that you can start to envision each of these concepts as a new concept on the shelf.

- Context: Of all the ideas that have been generated so far (considering both the first set of ideas and the additional SCAMPER ideas), tell your AI collaborator which ones you'd like it to bring to life and provide your AI collaborator with either a fictitious brand you make up, or a real brand you would like the AI to use to guide this step.
- Prompt example: “I really like these SCAMPER ideas. Can you bring each of the SCAMPER ideas to life as a packaged bakery product for the fictitious new bar company called ‘Sweet Retreat’?”
- Direction: Let the AI know if you like the ideas, or if you don't, ask the AI to try again—giving it direction as to how to adapt its output.

Step 5: Visualise new concept ideas

The goal of the fifth prompt is to ask your AI collaborator to create concept illustrations. Having this part of the concept co-creation automated with AI can help to eliminate or reduce the time and effort required to mock up initial ideas for internal consideration and feedback, and in many cases can provide good enough stimuli to take to a screen with consumers.

- Context: The AI needs to know which concept and/or idea you would like it to visualise from the set of ideas it has created.
- Direction: You don't need to provide any specific directions when first prompting the GenAI to create an image unless you know you have a very specific set of specifications in mind that you would like to point it to. In many cases, it works well to let the AI create something without direction at first, and then once it creates something you can ask it to tweak the image accordingly depending on what you like or don't like about what it creates.
- Prompt example: "Please create an image for the 'Honey Hug Oatmeal Delights' from Sweet Retreat idea".

When the AI has generated an image you like, you can start asking it to modify and/or tweak the image. Here are some examples of refinements you might use:

- "Make it more"
- "Now, make it more relevant to xyz target audience..."
- "Now create it in the style of xyz..."
- "Now add xyz to the image..."

Here's an example of one of the AI-generated images and concept descriptions we obtained (see Figure 2) from using this prompting sequence:

"Here's the visual for the "Honey Hug Oatmeal Delights" concept from Sweet Retreat. The package design reflects the wholesome, indulgent nature of the cake-like cookie products, inviting consumers into a comforting and healthful pampering experience. The earth-toned colours and honeycomb elements aim to convey the natural ingredients and gluten-free aspect of these oatmeal delights".



Figure 2. Oatmeal Hugs.

When Copilot was further asked to elaborate on the familiarity between the Honey Hug Oatmeal Delights and the Little Debbie snack cakes, it provided the following commentary.

Little Debbie is well-known for its individually wrapped, ready-to-eat snack cakes that are convenient and portable. The Honey Hug Oatmeal Delights can maintain this popular format, providing single servings that are easy to consume on the go. Little Debbie offers several oatmeal-based products, like the oatmeal crème Pies, which are beloved for their soft texture and sweet filling. The Honey Hug Oatmeal Delights can capitalise on this familiarity by using oatmeal as a base ingredient, which is already associated with comforting, home-style baking. Enhancing this with the natural sweetness from honey could appeal to those who enjoy the comforting taste of oatmeal, but are looking for a twist on the traditional flavour. Like Little Debbie's snack cakes, the Honey Oatmeal Delights can be designed to offer a satisfying texture- soft, moist and easy to eat. This sensory experience is key in replicating the indulgent, comforting feel that fans of Little Debbie cakes expect, while also setting the stage for the unique almond flour and honey components that elevate the product.

Little Debbie products, while delicious, are often seen as traditional treats with standard ingredients. The Honey Hug Oatmeal Delights can introduce a healthier angle by using almond flour and natural sweeteners like honey, appealing to health-conscious consumers who will want the comfort of a snack cake. This substitution not only updates the product to fit modern dietary preferences, but also maintains enough of the original snack cake essence to not alienate existing Little Debbie fans. The packaging of Little Debbie products is distinctive, with clear branding and visual appeal that promises indulgence. For Honey Oatmeal Delights, adopting some visual elements such as the clear window on the packaging to showcase the product and using familiar colours or design motifs, can invoke a sense of nostalgia and familiarity while differentiating it as a new, premium option.

By integrating these elements, Honey Hug Oatmeal Delights can strike a balance between the familiar comfort of a Little Debbie snack cake and the novel appeal of healthier, gourmet-inspired ingredients, positioning them as a compelling alternative in the snack cake market, perfect for a pampering moment. This approach not only attracts existing Little Debbie customers, but also reaches out to new consumers looking for indulgent, yet healthier snack options.

Co-creation workshop: Iterate using traditional co-creation to improve the first round of concepts generated in collaboration with AI

By using AI as a collaborator for the first round of co-creation, you have activated your insights and visualised those concepts in a very short amount of time. These artifacts and ideas can be used to inspire creativity with the co-creation team, and even for initial idea screening with consumers. It's crucial to integrate opportunities that amplify concepts with human emotions and sentiments, infusing the concepts with empathy. Enlisting focus groups to react to the concepts and incorporating their emotional responses into the product design will strengthen the concept's ability to communicate value to consumers. During the focus groups participants engage in activities that unlock the emotional connections to the product, which may include

projective techniques, laddering and storytelling. Understanding the human needs and desires behind the concept will craft a well-rounded concept.

Concept screening and validation with consumers

Leveraging co-creation with the help of GenAI, researchers will produce numerous creative product concepts. Before moving forward with product development of these concepts, researchers should screen and/or validate the concepts with consumers. This allows researchers and developers to focus their resources on the concepts that have the best opportunity to win in the market.

Concept screening

In cases where many strong concepts have been produced, researchers may be able to identify concepts that make sense to prioritise based on their business' technological advantage, operational capabilities and strategic goals. When business rationale is not enough, consumer screening is key. InsightsNow's Tournament enables the prioritisation of up to 60 concepts through consumer behaviour analysis. It utilises the diverse ways consumers process information to make decisions by applying different evaluative methods—MaxDiff, ranking, scaling and both implicit and explicit metrics—along with rich open-ended feedback. The Tournament can also collect multiple different components of the business opportunity of the concept including purchase intent, frequency, uniqueness and more. This ensures a data-driven selection of the most promising concepts for advancement.

Concept validation

Researchers should generally look to ensure that the concepts are validated by real consumers before moving forward with product development to make sure the concepts are fully aligned with the consumer needs, avoiding wasting resources. If a screening study such as a Tournament is done, that may be sufficient validation to move forward, or an additional level of detail and focus may motivate another round of consumer research. One approach to additional validation of the concepts would be to conduct consumer focus groups or online boards to discuss and refine the concepts. This feedback can help revise the concept to create a strong ending product and value proposition to present to consumers.

Another approach involves a quantitative assessment of the disruptive impact of the concept on a predefined set of competitive in-market products. In the case of the baked goods category, this would include the top 8 to 10 SKUs in the category that shoppers would recognise as their choice set. This methodology involves creating concept statements (e.g., packaging images of the front and back panels plus any relevant positioning communications) for each SKU in the competitive set and providing a MaxDiff consumer choice exercise including the test concept. This MaxDiff exercise is provided with and without the test concept to compare the relative choice share (LIFT) that the test concept has on each competitor. This measurement of LIFT models how a tested concept will achieve success by taking away share from its competition. An example of this output (see Figure 3) shows the percent share of consumer choice received by each product both before and after the new concept is introduced to the market.

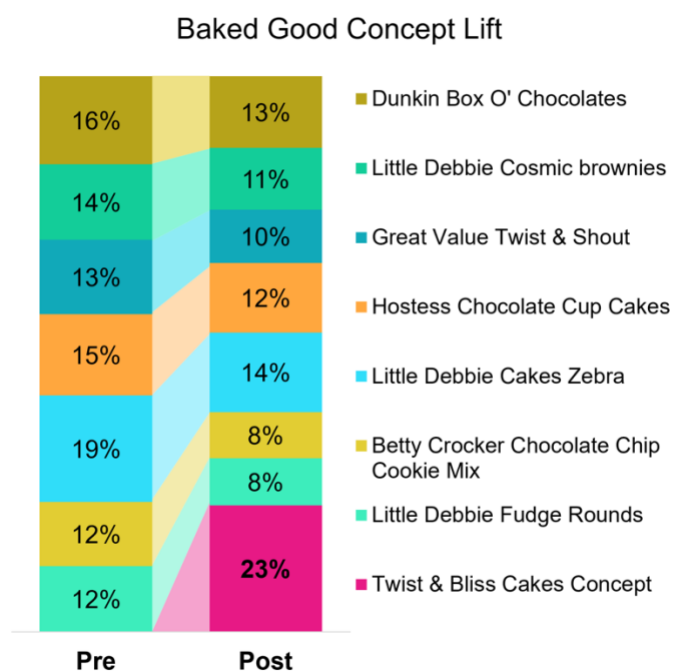


Figure 3. Concept LIFT example.

Discussion

The results from the application of these methods provided significant benefits in addressing the industry need for greater capacity for creativity informed and inspired by consumer insights. However, professionals leveraging GenAI tools for insight activation and new concept development must navigate two widely understood challenges and pitfalls from hallucinations and inherent biases.

Hallucinations

Hallucinations are the generation of false or misleading information by AI, which can lead to inaccurate insights or flawed concepts. Hallucinations can still be an issue when using well-researched and proprietary insights as inputs for GenAI to craft new product concepts, because of the inherent nature of AI model outputs. GenAI models, including the most advanced ones, are designed to generate content based on patterns and data they've been trained on. They do not “understand” content in the human sense, but rather predict what text or idea should come next based on their training. This means they can make errors or “hallucinate” details that aren't supported by the input data.

Inherent biases

Even with proprietary and well-researched inputs, the AI's outputs are influenced by its training data, which might not cover the specific contexts or unique details of your research insights. AI models often generalise from the data they have been exposed to. When tasked with generating new product concepts, they might incorporate popular or common elements from their training that do not necessarily align with the unique aspects of the input insights. Therefore, the quality of AI-generated outputs heavily depends on the quality and specificity of the inputs. Even detailed and high-quality inputs can be misinterpreted by AI, leading to outputs that don't accurately reflect the intended direction or nuance. Further, AI tools often exhibit biases inherent in their training data, which can skew analysis and ideation regardless of the neutrality or specificity of the input data, towards particular viewpoints or demographics, potentially leading to less inclusive or

effective outcomes. Finally, AI can inadvertently reinforce existing biases if it frequently generates concepts that favour certain demographics or ideas over others, based on the more dominant data it has been trained on.

Navigating GenAI challenges and pitfalls

Our experience in applying GenAI tools for co-creation lead to the formation of several best practices to circumvent these challenges and pitfalls. These best practices include:

- Detailed prompting: Be as specific and detailed as possible in your prompts to the AI to guide it towards more accurate and relevant outputs;
- Iterative refinement: Use the AI-generated concepts as a starting point and refine them through multiple iterations, involving human oversight to correct and align the outputs with the intended insight;
- Validation: Validate AI-generated concepts through feedback with experts (creative product development teams) and potential users to ensure they are feasible and communicate value to target consumers.
- Establish deliberate feedback loops: Build in feedback loops that focus on identifying bias where users and stakeholders can provide input on AI-generated concepts. Domain experts and diverse teams can provide perspectives that might be overlooked by AI, particularly relating to subtle cultural or contextual nuances. Incorporating this feedback in real-time or into a second trial of co-creation can be used to further train the AI model and refine its outputs, making it more aligned with inclusive concept generation.

Balancing human and artificial intelligence

In addition to these two widely-known watchouts, it's important to note that while AI can significantly enhance creative ideation and speed up data analysis, it may also stifle human creativity and lead to over-reliance on technology. Therefore, it is crucial to maintain a balance between AI-generated assistance and human expertise, ensuring that the AI complements rather than overrides the human element in strategic decision-making and creative ideation. Combining AI-driven ideation with traditional brainstorming sessions is a great way to mitigate this. This approach leverages AI for efficiency, modelling out-of-the-box thinking and human creativity for depth and context. A great approach is to use AI to generate initial ideas and concepts, but encourage teams to expand upon these ideas creatively using their unique perspectives and expertise, ensuring unique and innovative outcomes.

Awareness and careful management of these issues are essential for effectively using GenAI in a professional setting. Users must actively identify and mitigate these issues to harness the full potential of AI. AI and machine learning fields are rapidly evolving. Keeping abreast of the latest developments can help ensure awareness and utilisation of new tools and methods that may offer better performance and fewer biases. There is still a lot of hesitation and scepticism about using AI based on these watchouts; to gain trust with your users and stakeholders, be transparent about the use of AI in your processes and how you are addressing potential biases and errors.

Conclusions

GenAI holds the promise of accelerating insight activation and disrupting insight-led, new concept generation in remarkable ways. Insights professionals are being tasked more and more with not just generating insights, but to be the facilitators of the transfer of human and consumer understanding to identify new business opportunities. Embracing GenAI tools unleashes another level of value that enables insights professionals to lean into this new role. GenAI enables the processing of vast amounts of unstructured data and training insights—something human brains simply can't manage on their own—into fully visualised business opportunities in record time.

The authors of this paper have experimented specifically with using GenAI tools for insight activation and new concept development by applying the methods described in this paper. Other studies have declared gains in efficiency and quality after giving marketing and insights professionals tasked with content creation access to widely available GenAI tools, such as ChatGPT or Copilot (Durth et al., 2023). The results concur with these findings. Timelines to share research results with a project team and develop consumer feedback, ready with new product concepts and illustrations, can shrink from one to three weeks to one to three days. Using the image generation power of GenAI also means there is less of a need for hiring external contractors, such as we typically employ during an ideation session to do the quick drawing of initial fleeting ideas during the session, and the refinement of those illustrations and formal concept writing afterward.

Wow—this is only the beginning! In our efforts to reimagine the co-creation process, we have discovered how GenAI tools improve the speed, efficiency and capacity to co-create. In our application, we realised gains in efficiency and time by applying GenAI tools for co-creation to win in well-developed categories through a “familiar with a twist” approach. We can only imagine the possibilities to further co-create blue ocean ideas where there is no well-defined category. We are excited to be moving forward as we learn and experiment with the rapidly expanding GenAI toolkit.

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Tips and Tricks to Make Pricing Research Better and More Actionable

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Tips and Tricks to Make Pricing Research Better and More Actionable

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Introduction

Pricing research can have a profound impact on a company's business results. However, to do so it needs to be conducted with a detailed understanding of how buyers make purchase decisions, as established by behavioural economics. The learnings from the research further need to be turned into actionable, practical advice. This requires the work of individuals with actual business experience. This paper outlines what researchers must consider when preparing for pricing research projects, and how such a project can deliver the maximum value to its sponsor.

Pricing research

Pricing research has emerged as a critical activity for many companies. The reason for this is simple. Pricing research guides companies in understanding their market's preferences, elucidating the motivations behind consumer purchases, identifying barriers to purchase and formulating an optimal pricing strategy for products or services. This aids in determining the most effective approach for a company to maximise sales volume, revenue or profitability, depending on its overall strategic goals. By leveraging pricing research, companies can streamline their sales processes, mitigating friction and ensuring that no potential revenue opportunities are overlooked. Traditional market research typically tells a company what a market wants and its perceptions and preferences, while pricing research tells the company what its customers want to buy. If you think about it, the difference is huge! Consequently, it is imperative for companies to expand their understanding beyond a market's preferences and perceptions. Equally crucial is comprehending how these factors influence customers' willingness to buy and pay, as the latter will lead to a transaction, a purchase or nothing at all. I'm explicitly saying "the market" as these insights cannot be gained from merely talking to customers, but instead require more in-depth exploration, as elaborated further in this paper.

Understanding the drivers behind a market's willingness to purchase and its willingness to pay is an insight into universal value. This concept holds equal importance for companies in both business-to-business and business-to-consumer domains, whether they engage directly with customers or through an intermediary channel. Consequently, pricing research must be grounded in a comprehensive understanding of buyers' purchase decisions, namely the reasons why they decide to buy or not. This understanding of how purchase decisions are made has been explored in the academic research field of behavioural economics. The contributions of three Nobel Prize winners (Herman Singer, Nobel Prize 1972; Daniel Kahneman, Nobel Prize 2002; and Richard Thaler, Nobel Prize 2017) have been pivotal in advancing this academic domain, alongside

many others who have furthered this academic field. This document provides advice on how to leverage an understanding of behavioural economics, together with practical business experience, in ways that will generate unsurpassed business results. It underscores the importance of not only conducting research effectively, but also deploying strategies that effectively integrate these insights into business operations.

Completeness

Behaviour economics theory has provided substantial evidence supporting the notion that purchase decisions are complex processes influenced by a multitude of internal and external factors. Some of these factors have accumulated over time, whereas others affect the decision at the time of the purchase. Internal references include:

- Prior personal experiences (positive or negative) with products or services in the same category as a new planned purchase.
- Prior personal experiences (positive or negative) with various brands or suppliers in the same category or even different categories of a new planned purchase. A brand or supplier may sell products in many different categories.
- The accumulated influences a buyer gains over time from various information sources, such as advertising, published reviews, advice from others, etc.
- Brand value perceptions and associations of the various choices on offer.
- Purchase profile—i.e., some purchasers always buy the cheapest, while others are less price-sensitive.
- The urgency the buyer has to solve the problem the vendor solves.

External references include:

- The actual features, functions and benefits of a product or service and those of the competition.
- The marketing channels the brand or supplier and its competitors elect to use. Some channels create a higher perceived value, and drive a higher willingness to buy and pay than other channels.
- The marketing messages used by the brand or supplier and its competitors. Some messages will drive a higher willingness to buy and a higher willingness to pay than other messages.
- The features, functions and benefits the brand or supplier and its competition use in their messages.
- The sales channels and sales methods the brand or supplier and its competition elect to use.
- The context in which the price of the product or service is presented. This needs to be expanded to include logos, product or service names, product or service features and functions, how the price and product or service are displayed in relation to competition, how proposals are worded, etc.
- Price and discount of competing products or services.
- Payment methods and terms.
- Delivery methods and time for both products and services.

I refer to this comprehensive framework as the "decision landscape". In order to ensure the accuracy and efficacy of pricing research, it is imperative to incorporate all facets of the decision landscape, with particular emphasis on discerning how each component influences willingness to pay. One might inquire about the approach toward buyers who conduct a rigorous technical evaluation and opt for the product or service deemed "best". Even in such instances, human judgment remains integral. Buyers take into account prior

experiences, the likelihood of the seller fulfilling their commitments and the ease of engagement with both the seller and their offerings. This aspect becomes particularly pertinent within intricate B2B service scenarios. Buyers harbour certain nuanced expectations, evaluating the seller's capacity to seamlessly integrate with their organisation, the extent of resource utilisation demanded, the efficacy of communication channels, adherence to agreed-upon schedules and fulfillment of stated requirements, among other considerations.

In the realm of consumer decision-making, I would like to offer a personal observation regarding the meticulous consideration buyers undertake when assessing the merits and drawbacks of a potential purchase. My wife and I often enjoy wine with our dinner, and several months ago we tried a new and unfamiliar wine. We found that the bottle was almost impossible to open, but the wine was delightful once we managed to access its contents. In considering our purchase and ultimately making the decision to add the wine to our shortlist, we initially made a technical evaluation (the grape, the region, the way the label conveyed value and trust, the trust we have in the retailer selling the wine, the price, etc.). Subsequently, we encountered a challenging experience upon opening the initial bottle, though this was ultimately offset by the satisfaction derived from its contents. A wine of inferior quality, but still meeting our technical criteria, would likely have deterred us from becoming repeat purchasers due to the difficulty encountered in accessing its contents.

Actionable

As elucidated in the preceding section, pricing research can yield a substantial volume of data, but data by itself is not actionable. The data needs to be interpreted and converted into actionable information. This is often the most challenging and valuable portion of a pricing research project. This is because when the data is turned into information, consequent recommendations must be developed in the context of the company's business situation. The conversion of data into actionable intelligence entails not only a deep comprehension of the company's market dynamics, positioning and competitive landscape, but also an appreciation of its internal resources and capacity to implement recommendations effectively. This means that individuals with real business experience need to be engaged in order to interpret data effectively and formulate actionable insights and recommendations. A pricing research project must not just tell the company what the data is; it must also elucidate the implications of the data for the company. The outcomes derived from pricing research have the potential to instigate significant transformations within a company's operational framework, from customer targeting to product or service features and benefits to marketing, sales and pricing strategy. Therefore, it is also imperative that a company that conducts pricing research is willing to change and has the internal resources or access to external resources to equip its workforce with the necessary skills and facilitate the integration of requisite adjustments into the organisational framework. For a company lacking those resources or a willingness to change, pricing research can be an exercise in futility.

Accuracy

The correlation between sales volume (demand) and pricing is quantified by the concept of demand elasticity. Traditional macroeconomic theory shows this as a straight line or a single number; nothing can be more

inaccurate as it is an academic construct with no value. In real life, there is no linear relationship between a potential buyer's purchase desire and price. Instead, this relationship is disrupted by psychological price points called price walls. By considering a price difference of only a dollar or two, a price wall can often affect sales volume by 25% or, in some cases, even more. Similarly, the elasticity of demand varies across various price thresholds, rendering the representation of elasticity as a singular figure nonsensical. However, there is an additional aspect to consider. Pricing research should not solely focus on pinpointing the precise price points of these thresholds, but also model how different prices generate differences in revenue, allowing the company to set prices to maximise sales volume or revenue and profits.

In real life, we find that the price that generates the highest sales level differs from the lowest price, as a too-low price sends a message to potential buyers of inferior quality and benefit. For that reason, some potential buyers will decide not to purchase. If a company already sells at a price its buyers perceive as being too low, reducing the price will also reduce sales volume, as a lower price leads to a more significant portion of potential buyers deciding not to purchase. Conversely, if the price is high, higher prices will reduce the sales volume. That reduction can be very substantial if the price is increased across one of these price walls. From this, it follows that the price leading to the highest sales volume is the intersection point between the price that the maximum number of potential buyers can afford (or have access to funds or budget for) and the price that the maximum number of potential buyers perceive as an adequate representation of quality. Consequently, a real elasticity of demand curve will look something like a jagged bell curve. Furthermore, if revenue is the company's strategic goal, it becomes imperative that prices are set precisely just below one of these price walls, necessitating precise knowledge of when they occur.

The whole market

A common oversight observed in companies is the tendency to concentrate their research solely on their customers. While maintaining proximity to customers is indeed advantageous, this approach presents several inherent limitations and challenges. Most of a company's growth will come from potential buyers, rather than current customers. Therefore, the pricing research must include all potential buyers in a market so that the company knows how to attract more buyers outside of its current customer roster. Every company enters the market with a distinct value proposition or message. A segment of the market embraces this value proposition, and a subset of that segment becomes customers. Therefore, solely relying on customer feedback is akin to questioning within an echo chamber. Companies will receive responses aligned with their initial messaging.

Researching only customers will inform the company about customers' perceptions of the company, but it will not provide insights into the opinions of non-customers regarding the company and its competitors. It will not tell the company how buyers of competing products perceive the company's products or services within the competitive environment, and it will not tell the company what price could have turned a non-customer into a customer. When a company surveys its customers in a non-anonymous way, most customers withhold information they think the company can leverage into higher prices the next time said customer buys from

the company. Some customers even lie, and some will say what they think the company wants to hear. For pricing, they will underrepresent what they are willing to pay for a product or service.

Qualification

The respondents to a pricing research project must be genuinely qualified, meaning they are recent buyers or are planning to buy the product or service the research project concerns. Alternatively, it should be something that the buyer purchases continuously. This creates a certain domain knowledge, and respondents to a project must demonstrate they have such domain knowledge. This is achieved by asking questions that only those with domain knowledge will know. Just asking a respondent if they are familiar with a particular product or service category is not good enough, as many respondents will answer untruthfully.

Competition

Pricing research must endeavour to forecast what the competition will likely do when the company acts on recommendations discovered in the research, especially changes in a company's pricing strategy, which is likely to be one of the outcomes. However, changes may also include how the company markets and sells its products or services, changes in the features and functions of products or services, as well as changes to the company's customer targeting.

Summary

This document demonstrates that pricing research can provide companies with a level of detail and insights specific to drive higher sales and revenue rarely achieved with other methods to understand a market. However, for pricing research to truly enable a company to elevate itself to the next level, the research must be done right!

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