

pointofview



# Rethinking Concepts

A Framework for Qualifying Apps, Digital Services,  
and Other Experiential Innovations

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Innovations are continually evolving. Over the last several years, we have seen a marked increase in the number of ideas and innovations that are heavily dependent upon the consumer experience. This has been seen both in cases where we've partnered with our clients and those in the marketplace. These experience-based innovations run the gamut of ideas in services, technology and durable goods industry verticals and include:

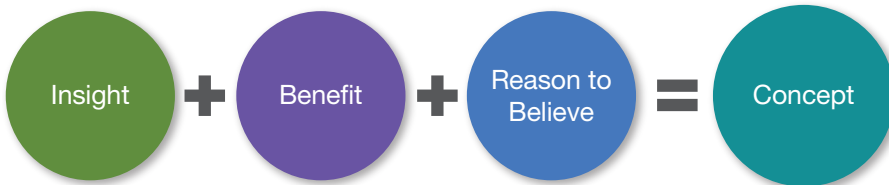
- Mobile apps and other digital services
- Digital content (including original content and re-runs available through, say, Netflix or HBO Go)
- Other experiential products (including smart devices and systems) and experiential services (in hospitality, financial services and retail sectors)

While increasing in popularity, many challenges do exist when it comes to the qualification of experiential innovations. The primary being that business goals and definitions of success for an experiential innovation are varied. For instance, is the objective to increase usage, improve engagement, create willingness to pay, improve marketability, create incrementality or some combination of these? By carefully considering the business objective, we can help ensure the vetting process is designed to qualify the idea.

A common criticism of concept qualification research designed to vet experience-based innovations is the lack of emphasis on the experience itself in any research protocol. But if you don't give the consumer a sense of what the experience looks or feels like, how can we expect to determine the size of the opportunity or the chances of in-market success? As such, typical research protocol must be adapted to assess experiential innovations and adequately address this criticism from product developers and marketers.

There is a time-honored protocol that is followed when it comes to the qualification of new ideas. First, a concept is developed that includes an insight or consumer pain point being addressed, the primary benefit to a consumer, and the reason-to-believe or proof point for delivery on the primary benefit. Consumer reactions to this concept are then examined to determine market potential for the idea. However, this typical concept testing stimulus and protocol is insufficient for apps, digital services and other experiential innovations primarily because the consumer does not get a sense of the full experience.

### Insufficient for Apps, Digital Services and other Experiential Innovations



There are three primary ways to account for the experiential nature of these innovations:

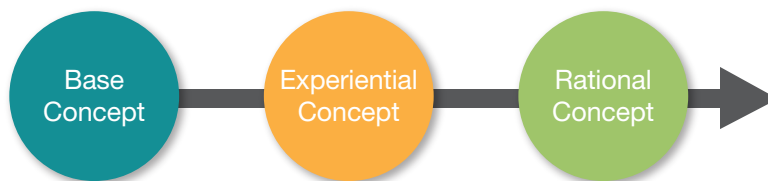
- **Suspended Disbelief:** In our daily lives, we, as consumers, frequently suspend disbelief. This occurs, for example, when we watch movies and TV or when we play video games. What if we asked consumers to suspend disbelief when evaluating these experiential innovations? If product prototypes have not yet been built, which is common at the time of idea or concept assessment, consumers may need to suspend disbelief for a productive conversation on strength of the idea to occur.
- **Two-Step Process:** Consumers typically become aware of, learn more about, and evaluate new products and services in multiple steps. We can employ a two-step process with assessment of an initial teaser containing limited information to reflect a short marketing pitch, followed by evaluation of a more detailed concept containing full information on functionality and benefits to reflect a fully informed consumer.
- **Rational Concept:** With experiential innovations, the risks and challenges are often not obvious to the consumer, since they tend to occur during actual usage and lack immediacy. Therefore, there is a need to highlight the risks and executional challenges that may occur (in what we call a Rational or Realistic Concept) in order to get honest and realistic feedback on the innovation.

In this paper, we will suggest a framework for qualification of the full spectrum of experience-based innovations, including apps, digital services and other experiential innovations that is focused on the second path described above (Two-Step Process). We also use a case study of a mobile app (Apple Pay) to illustrate the assessment of in-market success for these innovations.

Our suggested framework for qualifying experiential innovations focuses on the full consumer experience and incorporates an assessment of the go-to-market opportunities and challenges.

The two-stage process for vetting experiential innovations includes:

- Assessment of baseline potential with a Base Concept: The Base Concept can be similar in structure to the typical concept. It includes a description of the core idea and reflects most-likely in-market potential (How big is this idea?).
- Assessment of maximum potential with an Experiential Concept: The Experiential Concept conveys a sense of the full consumer experience, including detailed information on key features and benefits, simulations of how it works, and clear information of the ecosystem in which the innovation will exist, if appropriate. This concept is often image-heavy, may take the form of a series of web screens and sometimes includes video. The goal is to simulate the full consumer experience to the extent possible and thereby assess the maximum potential (How high is up for this idea?).



Purpose	Assessment of the core idea and reflective of most-likely potential	Assessment of maximum potential and evaluation of the components of experience	Prioritization of risks and go-to-market challenges
From	Description of the concept/core idea (often text only)	Detailed description to ensure fully educated consumer (image heavy, sometimes video)	Description of specific issues or requirements (Often direct what-if questions)
	Baseline Potential	Maximum Potential	Realistic Potential

Often it is useful to append a third stage in this qualification process by assessing the Rational Concept. This usually takes the form of direct what-if questions and scenarios to enable prioritization of risks and go-to-market challenges. In conjunction with the two main stages above, this third stage can help inject some realism into the assessment of market potential, particularly for the near to medium term.



Let's consider the example of a mobile app such as Apple Pay. The two-stage process for qualification and assessment of potential in-market success could include:

- Base Concept that is a brief description of the core idea (and may include an image or two)
- Experiential Concept that is a series of web screen to provide a sense of the full consumer experience. Each web screen could provide detailed information on a key feature/benefit, including ease of set up (how do you load cards onto the app?), ease of payment (how do you pay in store?), security with TouchID authentication (how do you ensure that it's a legit payment?), and privacy with digital securitization (how do you keep transaction information secure?). In addition, clear information on the ecosystem can be provided, including bank partners and types of cards that can be used as well as stores where Apple Pay is accepted.

**The Base Concept Reflects the Core Idea**

*Apple Pay Example*

With Apple Pay, you can use your iPhone to pay in an easy, secure and private way.

Apple Pay is easy to use and simple to set up. To pay in stores, just hold your iPhone near the contactless reader with your finger on the TouchID fingerprint sensor.

Your payments with Apple Pay are more secure since your actual credit or debit card numbers are never shared with merchants or transmitted with payment. And if your iPhone is ever lost or stolen, you can use the Find My iPhone app to protect your accounts.

Apple doesn't save your transaction information, so you keep your purchases private.

You need the iPhone 6, iPhone 6 Plus or the Apple Watch to use Apple Pay.

**The Experiential Concept Provides a Sense of the Full Consumer Experience**

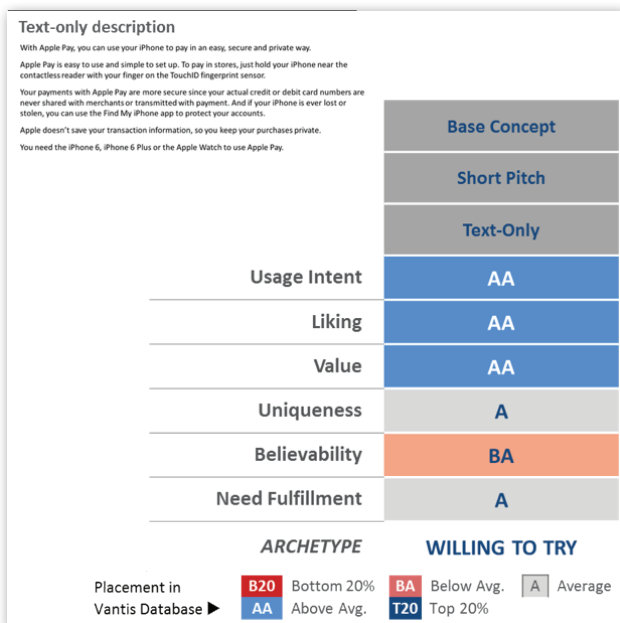
*Apple Pay Example*

The Rational Concept for Apple Pay can then include what-if scenarios and questions on specific executional risks and challenges: What if you could/couldn't use it at certain stores? What if it didn't always work as expected in store?

Our team independently surveyed consumers about Apple Pay, just as we have done for every major payments innovation in the past 15 years. We had consumers evaluate two versions of Apple Pay that correspond to the framework described: a brief, text-only Base Concept that reflected the core idea, and a more detailed Experiential Concept that was much more descriptive and included information on features and benefits as well as on the ecosystem such as merchant acceptance, participating banks and networks.

The Base Concept for Apple Pay fared similar to many early mobile payments solutions and other technologies we've assessed – with reasonably strong consumer appeal and interest, but mediocre differentiation and relevance coupled with a healthy skepticism that the solution would actually meet expectations in market.

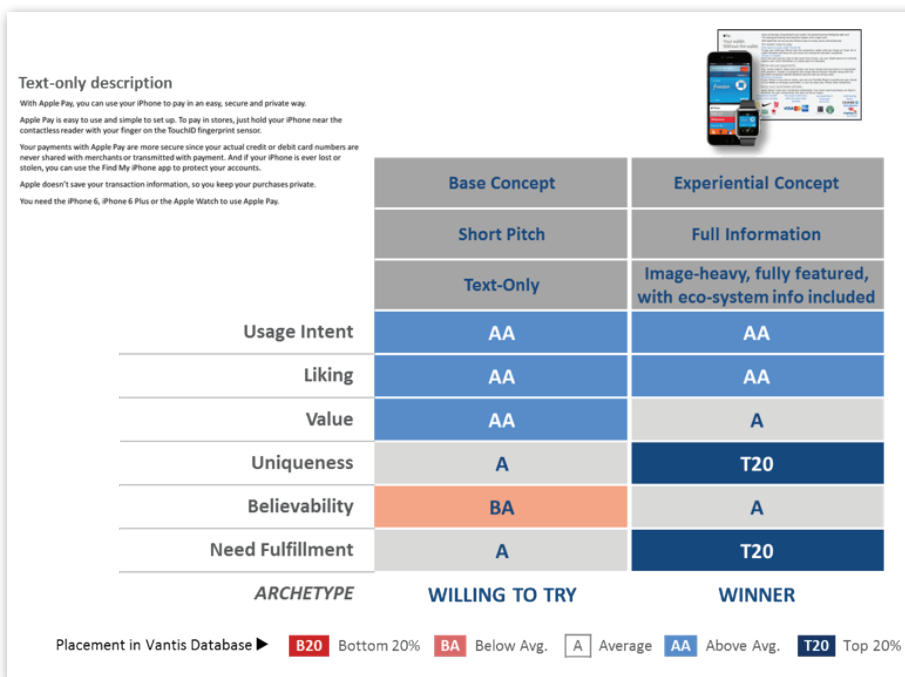
At Ipsos, we assess innovations based on distinct patterns of scores called Innovation Archetypes, which can be thought of as personality profiles of concepts/ideas that can also suggest unique game plans or strategy to achieve success. The pattern of scores for the Apple Pay Base Concept (shown below) suggests a Willing To Try innovation archetype. This indicates a potential willingness to try Apple Pay if the situation allowed, but with concerns about the credibility of the solution working consistently.



Note: The Apple Pay concept shown was tested by Ipsos among a general consumer population purely for R&D purposes.

The detailed Experiential Concept for Apple Pay, on the other hand, fared extremely well across the board, with consumers indicating particularly strong differentiation and relevance perceptions relative to the Base Concept. The pattern of scores (shown below) suggests a Winner archetype. This confirms that Apple Pay can be an outright winner in the market, but the success hinges on:

- the entire payments ecosystem working in concert,
- the consumer being fully educated about all Apple Pay features and benefits, and
- Apple Pay living up to the expectations of a superior consumer experience, which is being built by significant bank/network advertising, as well as by the halo of the Apple brand.



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Finally, when shown a possible scenario (Rational Concept) in which a consumer requires multiple steps at the POS terminal to make an in-store purchase rather than a one-tap seamless experience, consumers tend to be disappointed and many indicate that it no longer seems worthwhile to use, since the entire experience takes just as long as a debit card or credit card transaction.

Using this framework provides a much more holistic assessment of Apple Pay. We now know that consumers are willing to try Apple Pay but are somewhat concerned with the credibility of the app working consistently well. We also understand that Apple Pay has the potential to be a clear winner, assuming the ecosystem works in concert and a superior consumer usage experience. If usage is not a consistently one-tap, seamless experience, consumers who try may not be willing to continue using and the realistic potential for Apple Pay will be more limited in the short term.

In summary, when faced with qualification of apps, digital services and other experiential innovations, product developers and marketers need to modify and adapt typical research protocols. We urge clients to:

- (Truly) consider the business objective
- Get at baseline interest to start
- Provide the consumer a sense of the complete in-market experience to assess maximum potential
- Consider the impact of go-to-market and executional challenges

For more information about how our innovation experts can help you get more out of your research, please contact your Ipsos representative.

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At Ipsos we are passionately curious about people, markets, brands and society. We make our changing world easier and faster to navigate and inspire clients to make smarter decisions. We deliver with security, speed, simplicity and substance. We are Game Changers.

With offices in 87 countries, Ipsos delivers insightful expertise across six research specializations: advertising, customer loyalty, marketing, media, public affairs research, and survey management.

Ipsos researchers assess market potential and interpret market trends. They develop and build brands. They help clients build long-term relationships with their customers. They test advertising and study audience responses to various media and they measure public opinion around the globe.

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