



MARKETLOGIC

ALCHEMIX

# Innovation Reignited

## The Executive Report on Innovation's Decline and What to Do Next

Innovation is a top priority for growth, yet most organizations admit they're not effective at delivering it.

This executive guide brings together the most powerful insights from the Innovation Reignited series and introduces new flagship findings from our C-Suite research on the state of innovation.

Combining data, executive insight, and practical action steps, it equips senior leaders to rebuild differentiated innovation pipelines and reignite growth.

If you'd like to dive in deeper, explore all content within [the series](#) →

# Our C-Suite research confirmed that **innovation is a priority for growth**, but it needs improvement

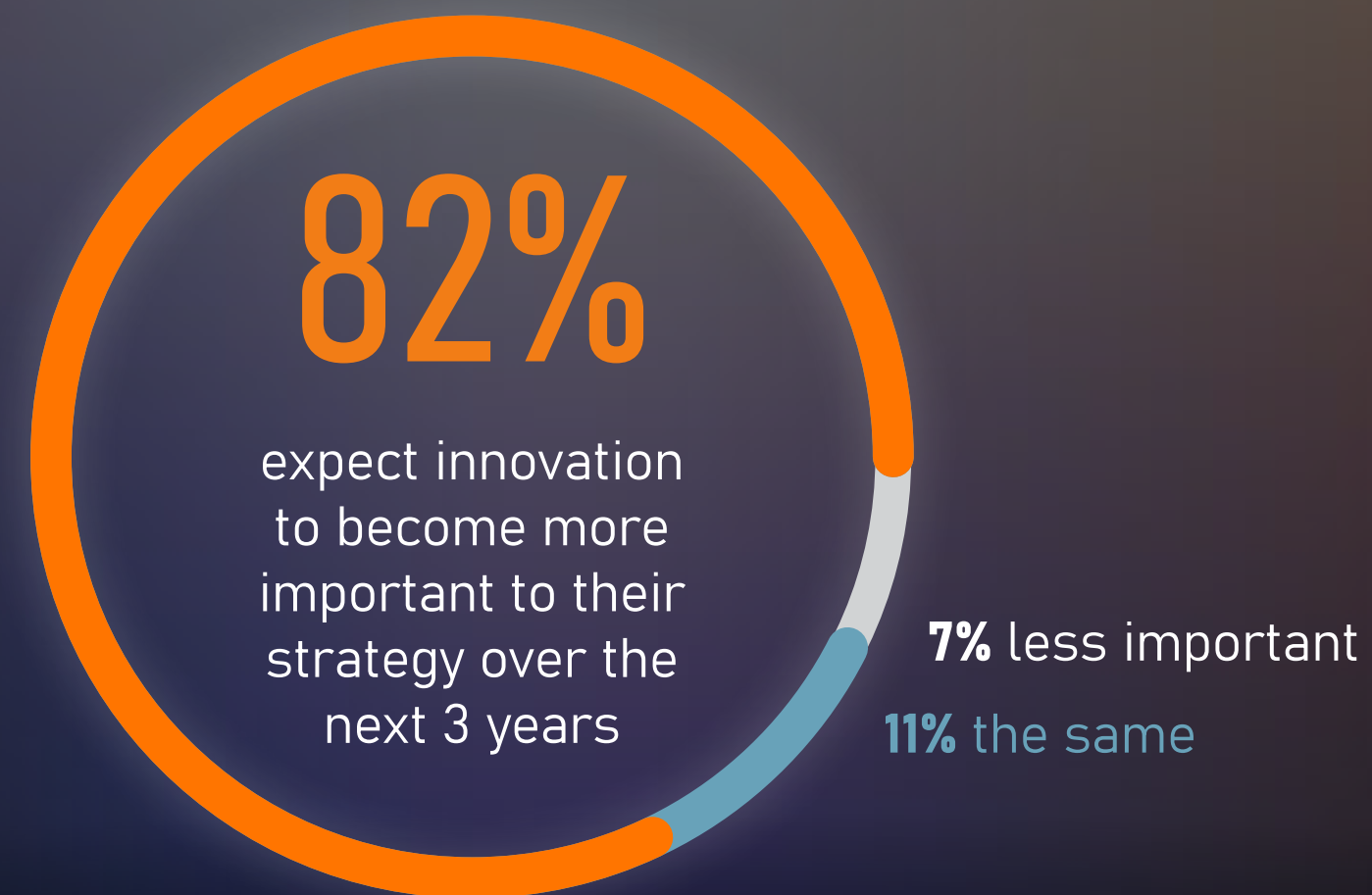
C-SUITE RESEARCH FINDING

Innovation is ranked as the top priority to drive growth

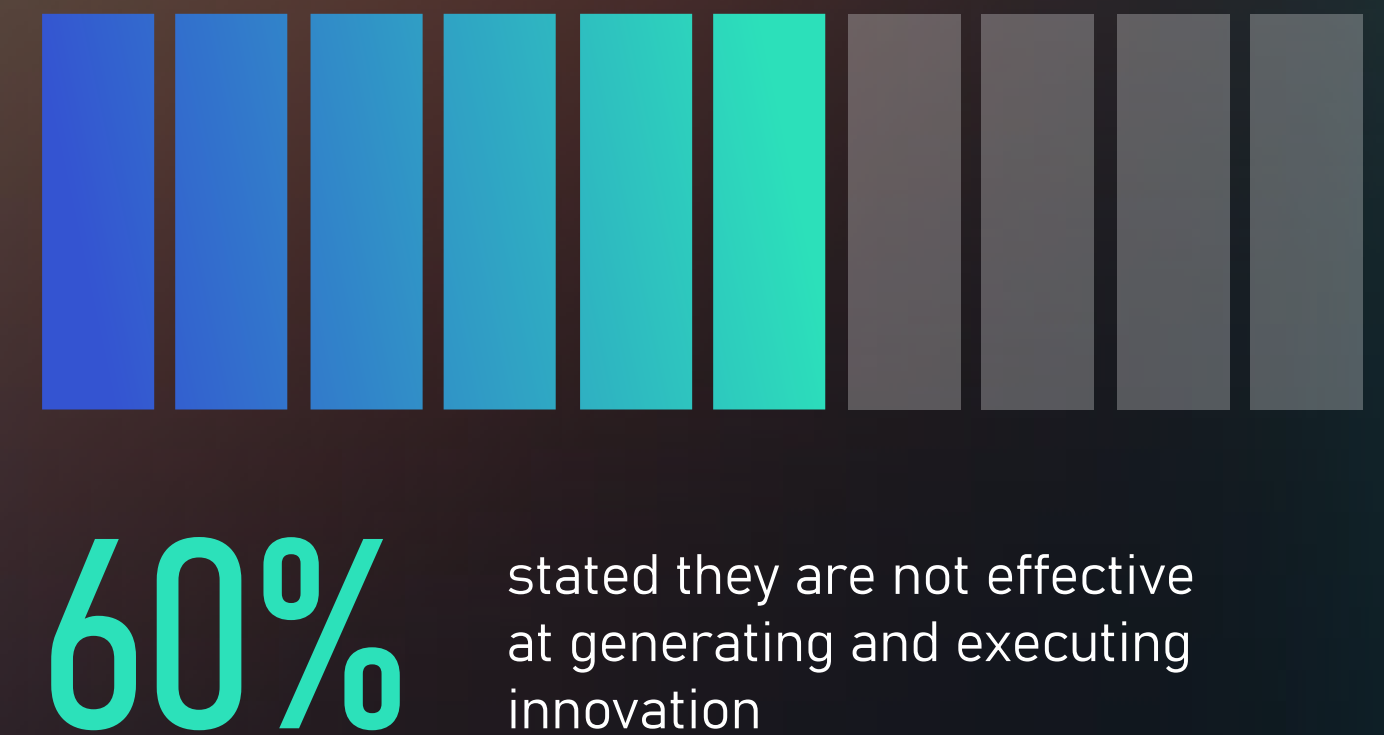
## PRIORITIES FOR GROWTH

- 1 Introduce new products/services
- 2 Increase advertising
- 3 Grow the market

...and will become more important over the next 3 years



...but companies aren't yet effective



# Innovation isn't meeting goals or reaching its revenue potential

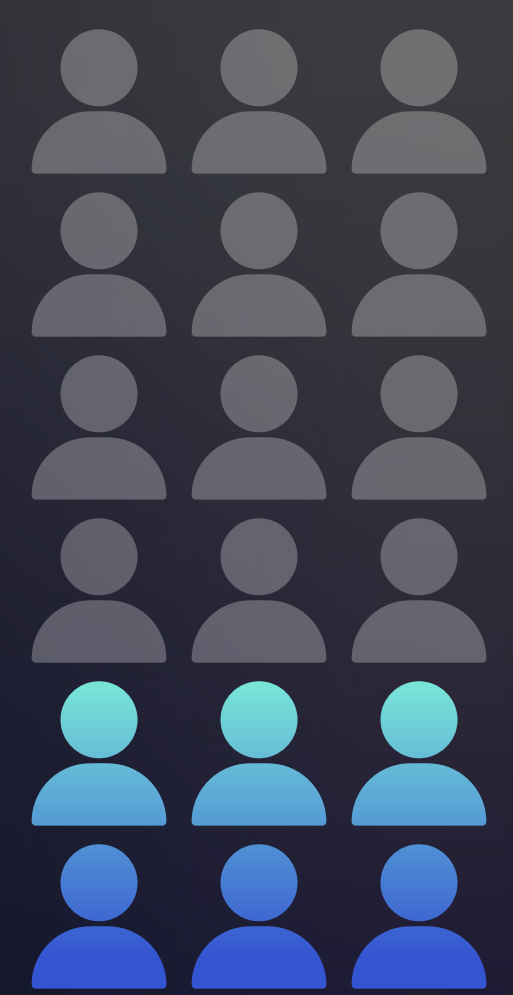
C-SUITE RESEARCH FINDING

## Innovation isn't meeting launch goals



**<75%**  
of innovation launches  
meet all their goals,  
stated 93% of leaders

## And it isn't reaching its revenue potential



Only  
**1/3**  
of leaders state that  
innovation will generate over  
**>20%**  
of revenue over the next 3 years  
Only 2% say it will deliver  
>30% of revenue

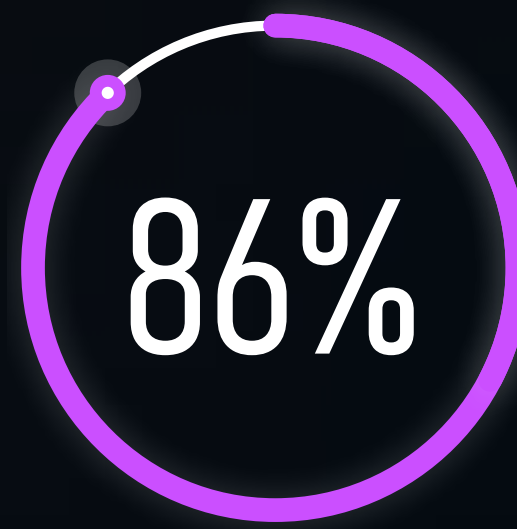


Is the answer AI?

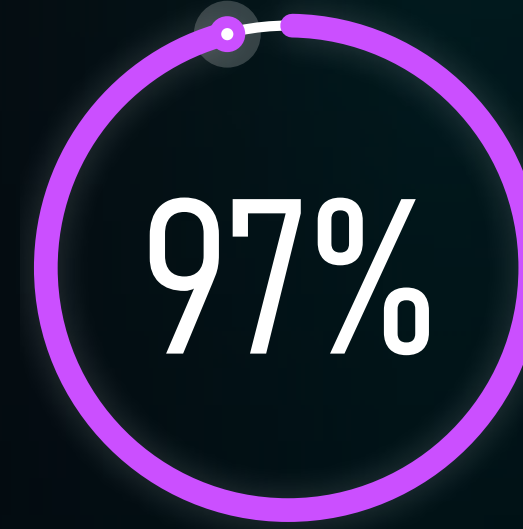
AI is often described as revolutionary, but it isn't the silver bullet for innovation success.

C-SUITE RESEARCH FINDING

Most agree on the importance of AI and have begun to implement AI into their innovation processes



state AI will be very to extremely important to innovation in the next 3-5 years



Have already implemented AI into their innovation process

However, majority have not realized improvements from AI yet.



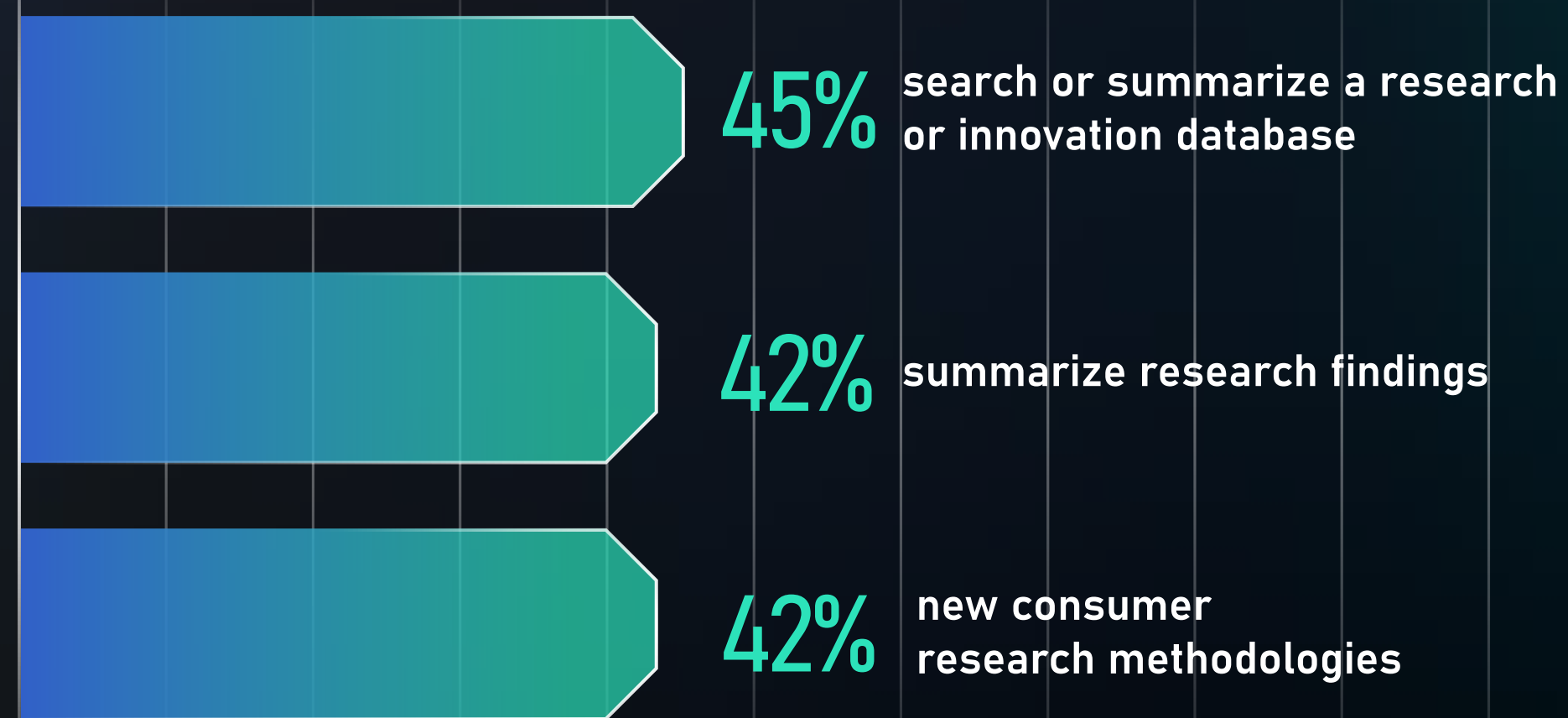
but only 32% of AI users report improved idea generation and innovation<sup>1</sup>



# Most companies have only scratched the surface on AI's utility

C-SUITE RESEARCH FINDING

## TOP AREAS AI IS BEING USED IN INNOVATION



Understanding AI's strengths and its boundaries is critical to building a successful human-AI innovation partnership.

The true power of AI lies not in replacing the process, but in accelerating it.

Common pitfalls with AI adoption:



**Implementing AI without a clear strategy, framework, or expectations**



**Lack of human collaboration to instruct AI**



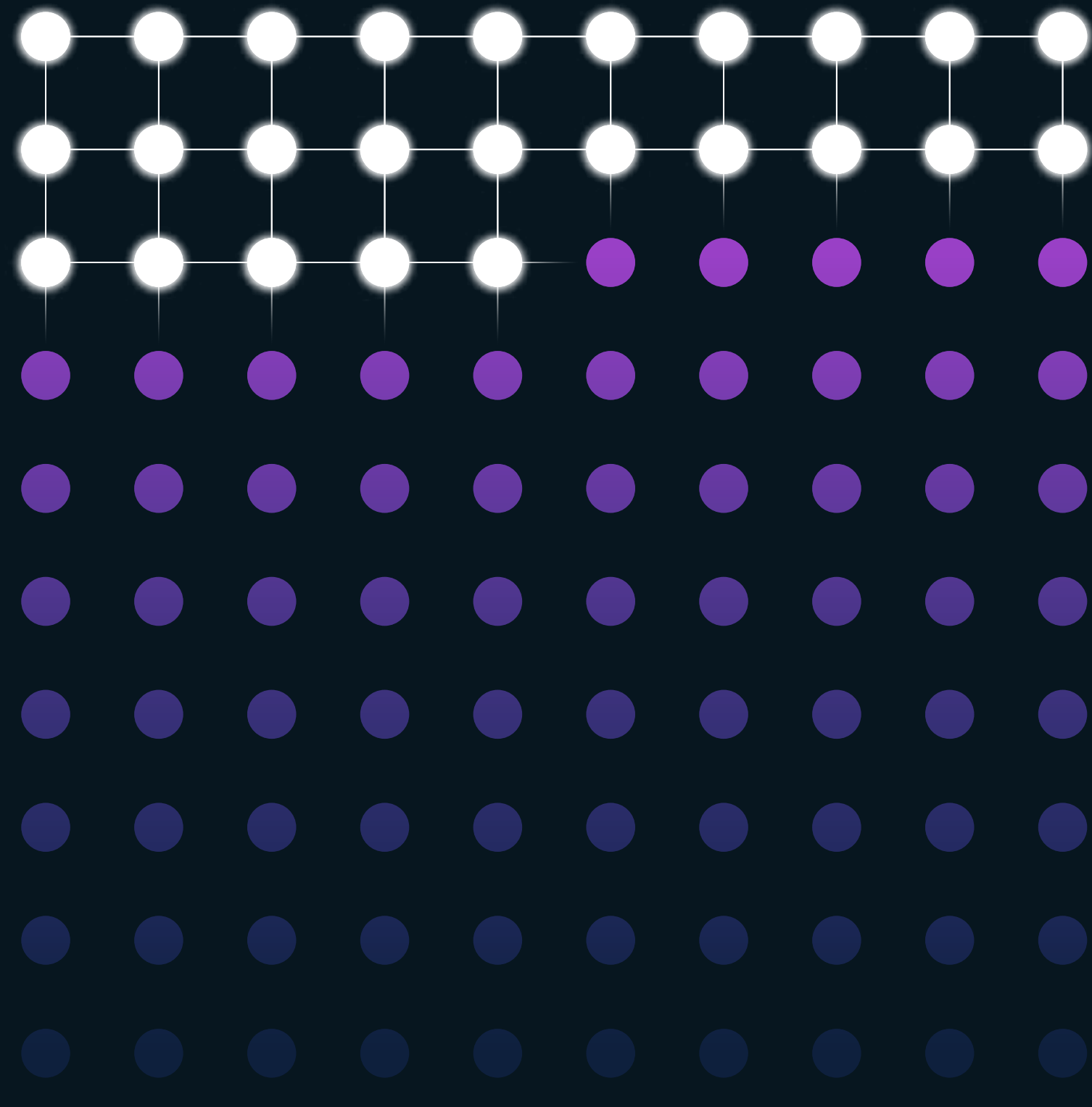
**Not using unique source material, or all of it to your advantage**

Let's explore the common challenges with innovation, including practical advice for you to reignite innovation in your own organization

Not enough, or the right  
**INSIGHTS**

Underestimating or underdelivering  
**DIFFERENTIATED INNOVATION**

Deprioritized or non-strategic  
**INNOVATION MANAGEMENT**



75%

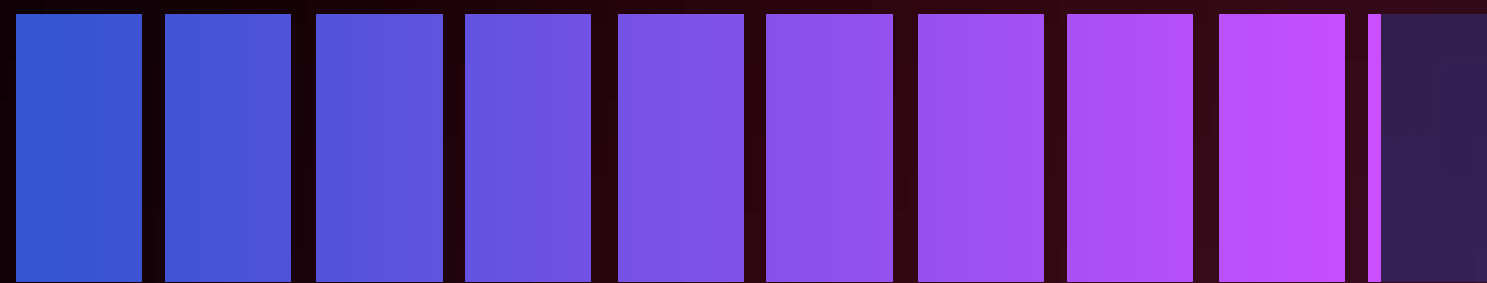
of innovations fail to meet expectations because they're disconnected from the consumer.<sup>2</sup>

Meanwhile, the consumer moves on faster, and with more choices than ever.

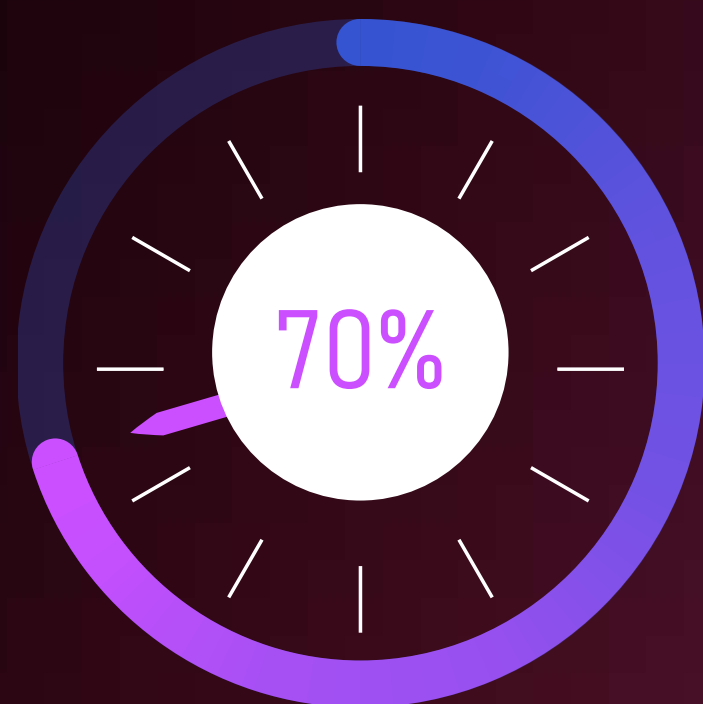
# Drowning in data yet lacking the **right data**

Modern organizations have more consumer data at their fingertips than ever before, but most organizations don't have the time, tools, or expertise to distill meaning from the noise.

Few companies feel they truly understand their consumers, who they are, what they do, and why they do it. Many companies underinvest in insights, viewing it as an extra cost.



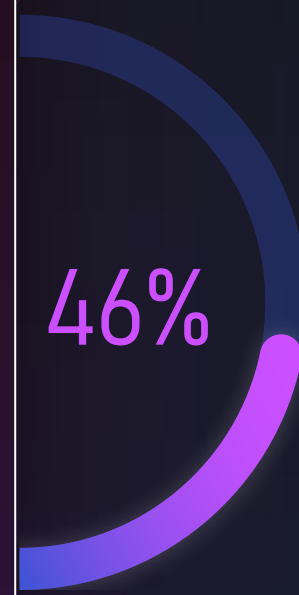
**91%** of business leaders say the **sheer volume** of data has limited their organization's success<sup>3</sup>



**70%** report they're gathering data **faster** than they can analyze and use it<sup>4</sup>

C-SUITE RESEARCH FINDING

## #1 hurdle to developing more ideas:

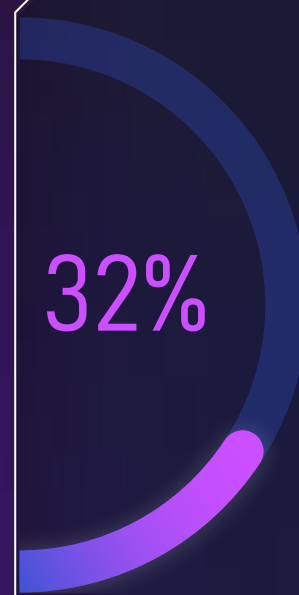


**"not enough insights available"**

46% state "not enough insights available" as a hurdle to developing more ideas

C-SUITE RESEARCH FINDING

## #2 barrier to meaningful innovation:

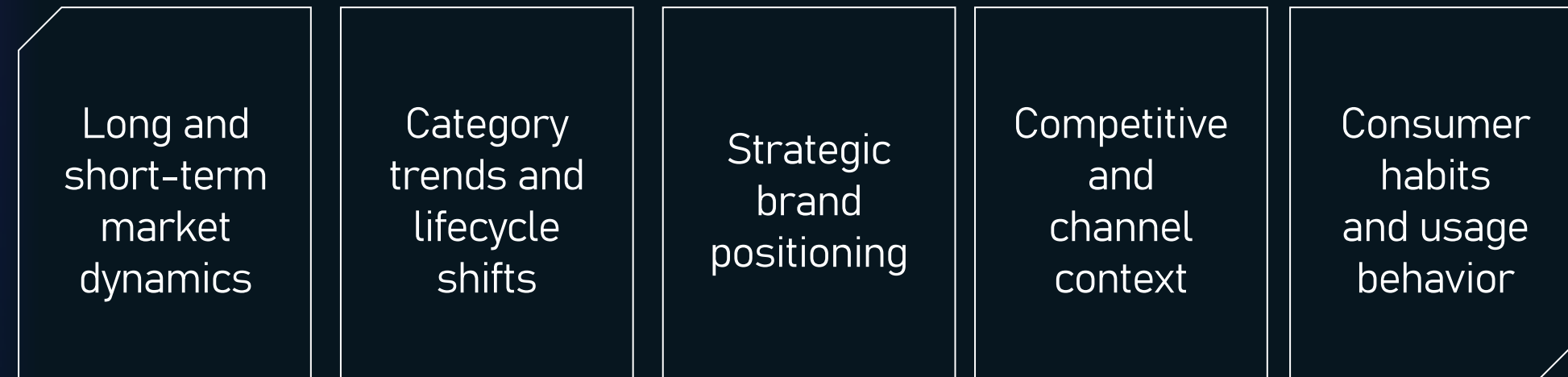


**"lack of consumer understanding"**

32% state "lack of consumer understanding" as one of the biggest internal barriers to meaningful innovation

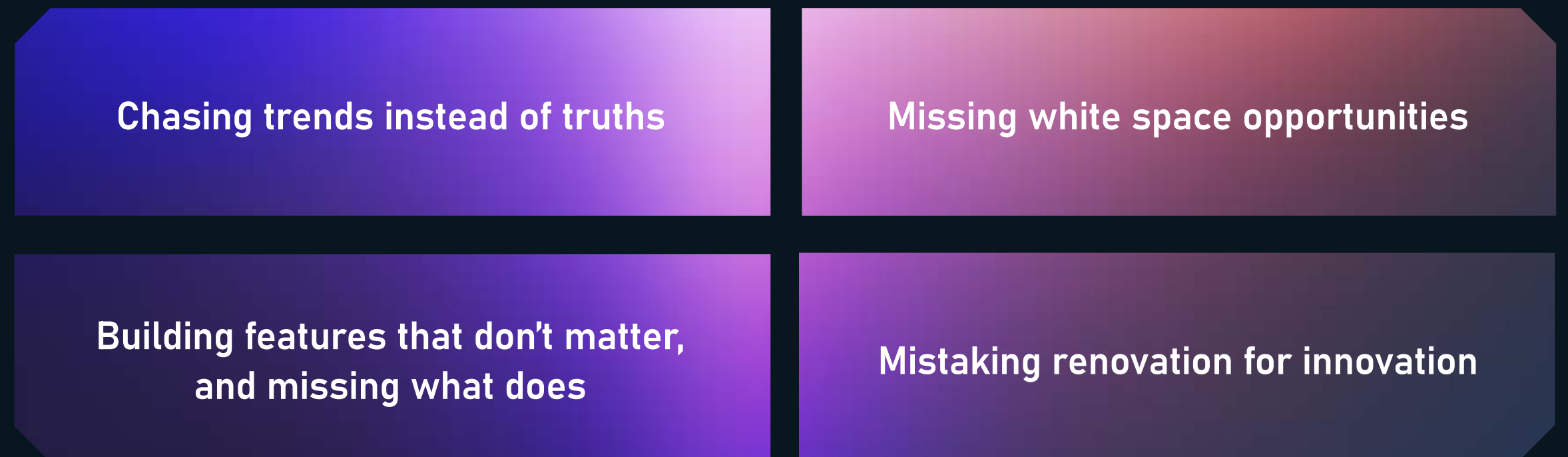
# Underestimating insight (and foresight) as strategic capabilities

Data & research should be viewed through the lens of:



Only then can data reveal rich insights, so teams can understand not just what happened, but why – and, more importantly, what to do as a result.

Companies who don't leverage insights risk:



## Recommit to insights for innovation in 5 Steps:

### 01. Use your Data as Raw Material

Invest in tools and talent to make sense of data across sources. Learn what metrics matter most. Leverage AI to synthesize and surface patterns but remember: AI is only as good as the questions it's asked.

### 02. Invest in Strategic Consumer Research

Build a roadmap with the right research partner to uncover motivations, barriers, unmet needs and white space – using sound methodologies, not shortcuts.

### 03. Synthesize Across Datasets

Layer data to uncover true insights – market share + consumer qual + trend reports + brand performance. Use technology to centralize this and foster cross-functional discussions around what it means.

### 04. Flex your Insight & Foresight Muscle

Create the conditions for insights to be uncovered, shared, and acted upon. Embed insights into strategic planning. Raise the standard of what qualifies as an insight. Teach your teams to look for contradictions, patterns, and opportunities. And don't stop there; look forward to plausible future scenarios with foresight.

### 05. Ideate from Insight

Use your insights to spark ideas. Build ideas that solve real consumer problems in new, compelling ways. Provide incremental and new value to consumers, relevant to their needs and different from how they solve for it today.



# Dos and Don'ts of AI for... Innovation Insights

Traditionally, this process required a mosaic of inputs: market research, trend tracking, expert interpretation, and commercial judgment. Teams would spend days in a Post-It-filled room, just to reach synthesis of unique insights.

Today, teams are frequently paralyzed by the sheer volume of data and often too overwhelmed to make sense of it all.

## AI can quickly surface insights from large datasets, but it can't replace strategic thinking or real consumer research.

### DO use AI to:

- **Scale data analysis:** AI can process massive datasets in hours and refresh insights continuously.
- **Maximize past research:** AI can surface underused insights and eliminate duplicate efforts.
- **Spot patterns and tensions:** Use AI to process, cluster, and highlight patterns, but human context is required to validate what's most meaningful and relevant.
- **Tailor summaries to your needs:** AI can summarize insights into themes, or segment by category, based on the defined opportunity.

### DON'T use AI to:

- **Substitute real consumer research:** Without unique insights, AI will generate the same ideas for everyone. Synthetic data can only take you so far. Invest in real consumer research to create advantage.
- **Create your strategy or define whitespace:** AI can't define which spaces your brand should pursue or determine growth opportunities. Only people in the business can define, with much broader context, where the business should invest.
- **Replace critical thinking:** AI may make connections that aren't meaningful or overlook others. It doesn't distinguish between correlation and causation, between signal and noise, or understand nuance, cultural context, or emotions.

# Standing out has never mattered more or been harder to achieve

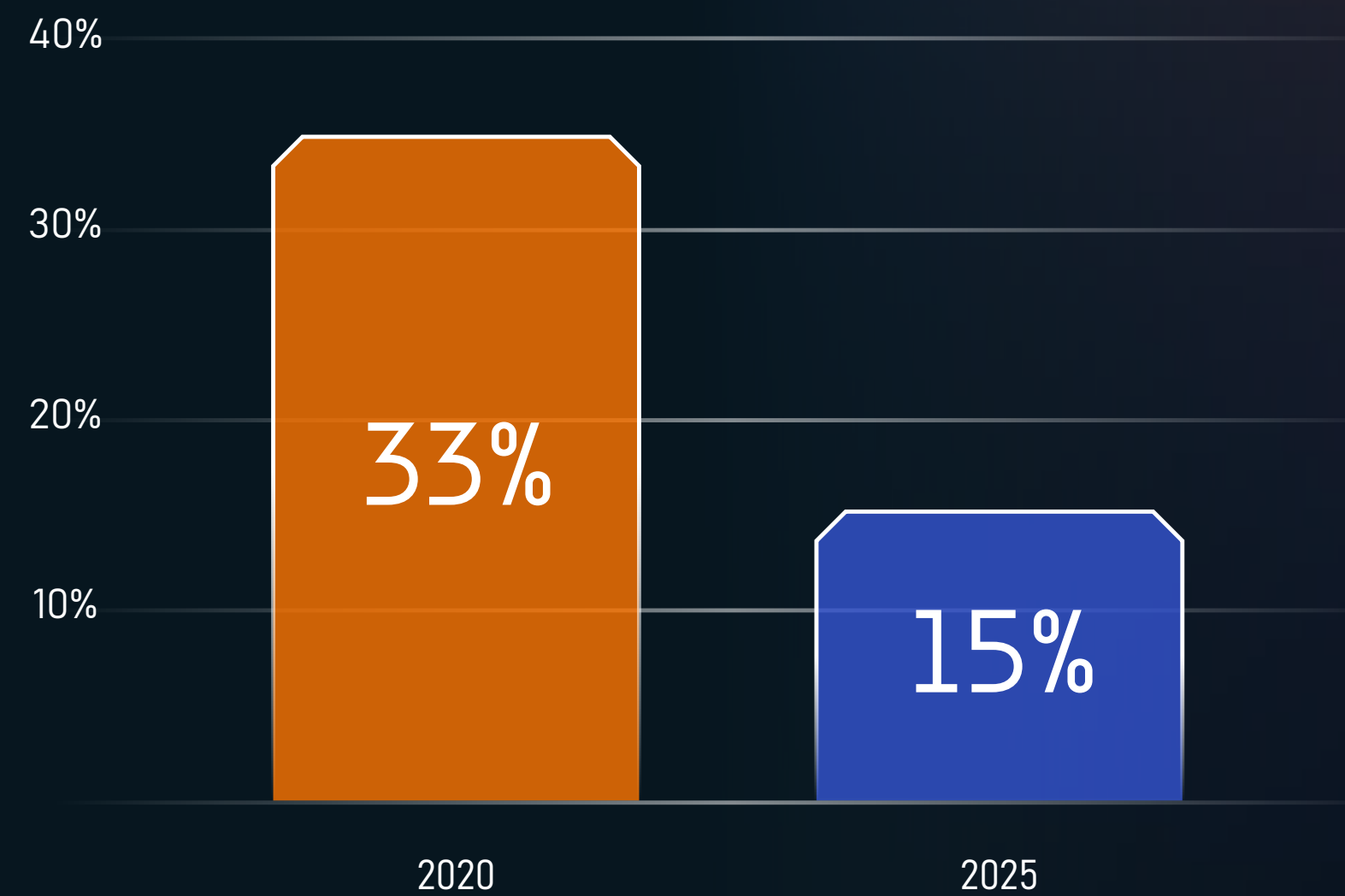
C-SUITE RESEARCH FINDING

In CPG, differentiating from competition is top barrier

#2

Stated barrier to meaningful innovation

And consumers don't perceive products as unique



Ideas perceived as highly differentiated by consumers in Ipsos' database

Half as many ideas stand out to consumers as they did in 2020<sup>5</sup>

## Pressures driving the need for differentiation

### 01. Consumers demand more.

They expect brands to evolve continuously and deliver improvements that are relevant and valuable, not just different for the sake of it. They seek better performance, new benefits, and more convenient solutions. If launches don't deliver, consumers will switch, trade down, or disengage entirely.

### 02. The fight for visibility is fierce.

Shelf space is limited. Digital platforms reward algorithmic performance or paid placement. Social commerce adds a new set of gatekeepers. From buyers to influencers, those controlling access expect innovation that drives category growth, not just share shifts. If a launch doesn't offer clear incrementality, it won't earn attention – or distribution.

### 03. Private label has raised its game.

With stronger branding, quality, and design, private label has become direct competition, not just a budget alternative. In one study, **72% of consumers couldn't tell private label from branded products** in side-by-side comparisons.<sup>6</sup> And it's not just retailers: content creators and influencers are launching their own lines, further fragmenting the market.



### 04. Copycats are faster and better than ever.

Global players, digital-native challengers, and retailer-owned brands are replicating innovation in weeks, not years, often with comparable quality and lower price points.

### 05. Brand growth has slowed.

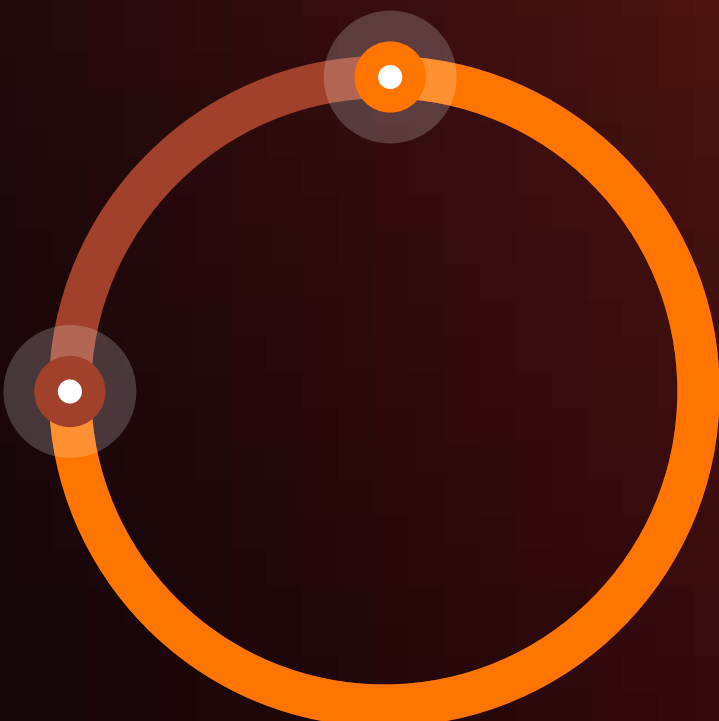
With fewer paths left for expansion or acquisition, mature CPG brands must turn to innovation to fuel revenue and rebuild equity. With differentiation of new products declining over the past few years (55% decrease in innovations seen as highly differentiated over the last five years<sup>5</sup>), risks to brand perception and equity are sure to follow.

# Renovation alone isn't **enough**

C-SUITE RESEARCH FINDING

LAUNCHES HAVE SHIFTED MORE TOWARDS RENOVATION

26%  
Innovation



74%  
Renovation

Bolder innovations take longer. They demand more resources. They may even challenge existing business models. But they offer something renovation can't: real upside and lasting differentiation.

✓ Renovation has the potential to:

Reinforce brand value and relevance

Meet evolving consumer expectations

Fulfill retailer demands

✗ Renovation is unlikely to:

Provide breakthrough growth

Attract new users

Differentiate a brand

# Insights should fuel **innovation**

C-SUITE RESEARCH FINDING

Less than half of innovations come from consumer research



only **45%** selected “consumer research” as the place where innovation ideas come from

C-SUITE RESEARCH FINDING

Most CPG innovation ideas are derived from competition

WHERE BULK OF INNOVATION IDEAS COME FROM:

**1** Competitive Innovation

**2** Technology  
Consumer Research

When innovation (and brands)  
stop standing out

## Innovation and brand can build each other

**Innovation isn't separate from brand — it's one of the most powerful ways to shape, reinforce, and grow a brand.**

When done right, innovation brings your brand positioning to life. It delivers functional and emotional benefits that make your brand more distinct, more defensible, and more valuable over time. And when consumers experience those benefits, brand equity grows — improving not just the success of a launch, but the strength of the brand behind it.

**“Create a constellation of consumer engagements that are authentic to the brand”<sup>8</sup>**



**Chris Down,**  
EVP and Chief Design Officer  
**Mattel**

# Gauge your innovation funnel for differentiation

If you're unsure if an innovation is different, ownable, or brand-reinforcing, it may be time to revisit your strategy. Because if it isn't, sell-in, sell-through, and growth will be a challenge.

A truly differentiated pipeline should deliver **clear incremental value** for consumers, **build your brand**, and be **hard to replicate**. To pressure-test your current funnel, ask these questions of each project:



### Is it insight-led?

Was this idea sparked by a proprietary research finding, unique tension, or consumer need that gives you a head start over the competition?



### Does it add clear consumer value?

How much more functional or emotional benefit does this deliver vs. current solutions, substitutes, or alternatives? Is it enough to command attention — and a premium?



### Does differentiation stay intact from idea to launch?

Has the idea stayed true through development, or has it been diluted by feasibility, cost, or compromise? Are differentiated launches supported commercially for success?



### Does it reinforce the brand?

Does it align with your positioning and strengthen what you want to be known for? Or could it just as easily belong to a competitor or private label? Better yet, is it something that only your brand can uniquely offer?



### Is it uniquely ownable?

Can this innovation be protected by IP, brand equity, exclusivity, or trade secrets? Would consumers still attribute it to your brand without the logo? What makes it hard to copy?

# Building a funnel that leads to growth

Differentiation builds defense and drives growth, but only when your business strategy, brand positioning, and innovation efforts are working in sync.

**Innovation needs ambition, alignment, and investment.**

“First you have to set the vision for what 10 years from now is going to look like... and innovate towards that”<sup>9</sup>



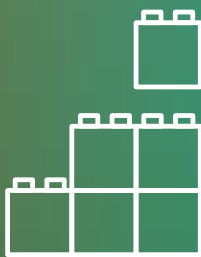
- **Gonzalve Bich**,  
former CEO of BIC,  
from the Innovation  
Reignited webinar

Why you need more ideas than you think:



Push past the obvious.

The first ideas are rarely breakthroughs. Early ideas tend to be the most expected and the ones competitors are likely to think of, too. A higher volume of ideas pushes thinking further to new, differentiated possibilities.



Build to better ideas.

The first ideas aren't usually the best. Early concepts are often underdeveloped. There are countless ways to execute a single idea. Rushing to the first version can lead to missed potential or create churn in development.



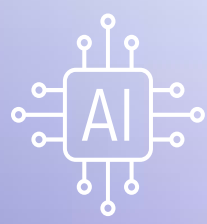
Plan for failure.

Not every idea will survive. **Anecdotal evidence suggests that a third of ideas fail before development, and another third fail in market.** You need enough ideas to account for inevitable attrition and leave room to prioritize the strongest ones.

Innovators need to generate a wide range of ideas, and a lot of them. Of course, it's not just about quantity, quality is equally important. Ruthless prioritization determines which ideas move forward. A surplus of high-potential concepts is needed to withstand natural fallout due to feasibility challenges, failed validation, etc.

# Think you have enough ideas? Think again.

If you're only betting on a handful of ideas, you're underestimating what it takes to grow.



# Dos and Don'ts of AI for... Ideation

Whether through workshops, inventor submissions, or solo brainstorming, ideas can still come from anywhere. Today, the bigger challenge is breaking from business-as-usual to generate fresh, insight-led ideas and knowing which are worth pursuing before investing precious resources to develop them.

AI can fuel ideation with speed and structure, but it can't replace human creativity or strategy. There are limitations on how much the fuzzy front end can be automated, and success depends on strategic framing, consumer understanding, and creative thinking.

### DO use AI to:

- **Compile and organize insights for ideation:** AI can quickly synthesize existing insight, trends, and research to ground ideation in consumer needs.
- **Get the obvious ideas out of the way.** AI can generate a starting list of starter ideas, so that teams can build upon them and push thinking further.
- **Stretch team thinking:** With the right prompting, AI can offer stimulus to help humans explore multiple angles on a problem or insight.
- **Iterate and refine ideas:** Properly trained AI LLMs can simulate insight-based consumer reactions to ideas, providing rapid feedback to improve or evolve ideas.
- **Support prioritization:** If trained, AI can compare ideas against defined criteria, such as evaluation against strategic fit, brand alignment, and feasibility.
- **Be part of the innovation idea:** AI can also be part of the product or service idea. Brands should ask: how can AI be used to deliver new benefits, enhance experiences, or solve real pain points?

### DON'T use AI to:

- **Replace human creativity.** True creativity that connects disparate dots, reframes problems, or imagines something entirely new still relies on human minds.
- **Displace innovation expertise or facilitation:** AI needs training, context, and structure to be effective, so the person training needs innovation expertise. AI won't lead a strategic session, ask the right questions, or push thinking on its own.
- **Write winning concepts:** AI can format or prepare first draft concepts, but it lacks the nuance, tension, and persuasion of a strong human-written concept.
- **Predict real consumer reaction:** AI can't predict how consumers will think or react to a new idea. It can help screen innovations based on historical insights, but it lacks real consumer emotion, motivation, and behavior necessary for validation. Only real testing can gauge potential.
- **Be part of every innovation idea:** Not every idea needs to include AI. Like past tech trends (e.g., IoT), AI may not need to be part of the product or service, and it isn't a solution unless it solves a real consumer problem.

## Kill the weak ones, and help the great ones thrive

High performing companies need to be killing off mediocre and bad ideas as they progress through the funnel, so resources can coalesce around the winners.

Strong idea management is just as critical as idea generation. Failure in the innovation funnel isn't just acceptable, it's essential. And success doesn't happen easily.

### Ideas will fail

That's not a flaw — it's probability. Expect it. Encourage it. The best funnels are built to absorb loss and learn from it.

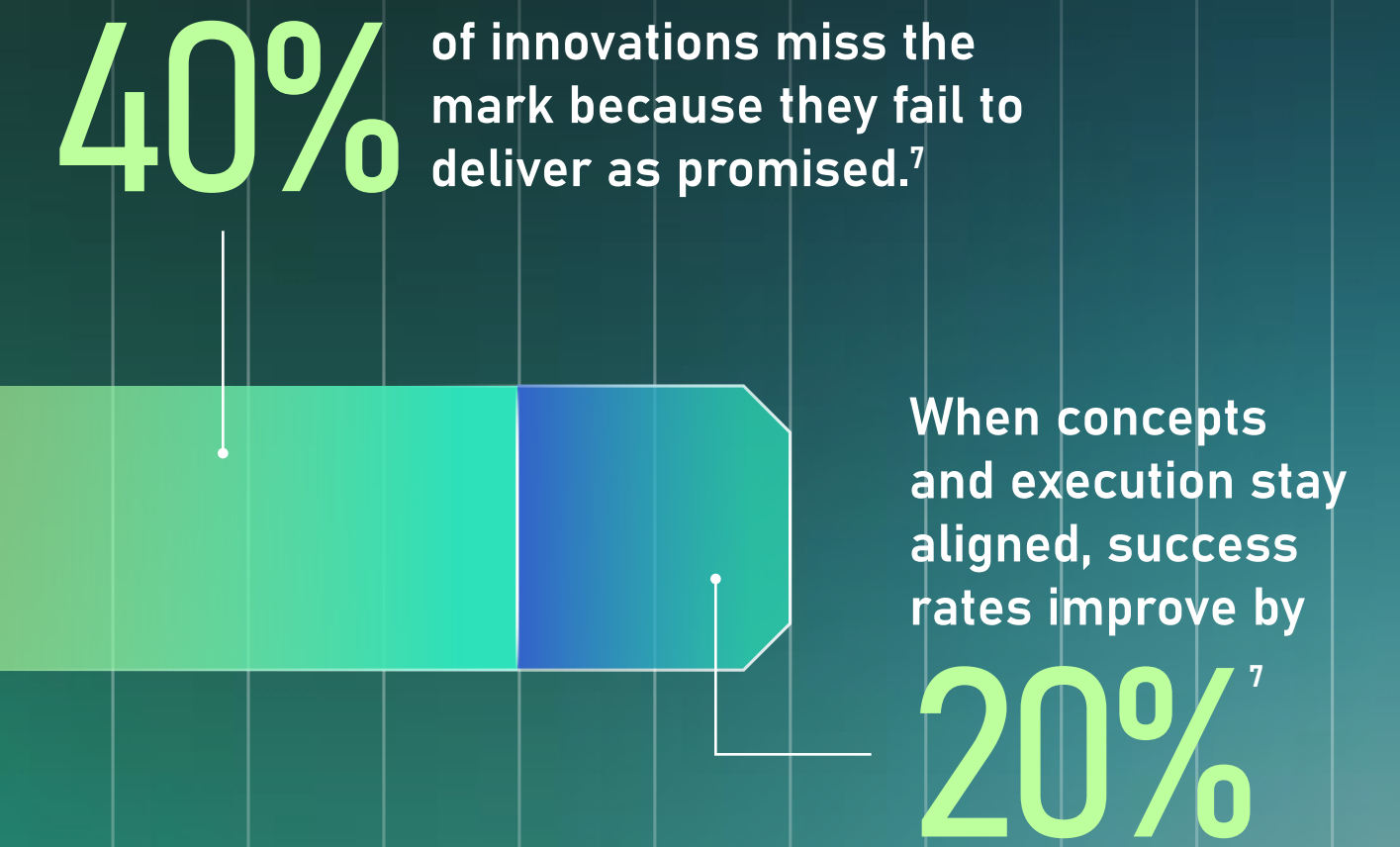
### Kill weak ideas early

Don't let sunk costs or a lack of better options drag ideas out for too long. Failure in the funnel is far better than failure in market.

### Prioritize great ideas unfairly

Resources are finite. Spreading investment equally can lead to mediocrity. High-potential ideas deserve more focus and funding.

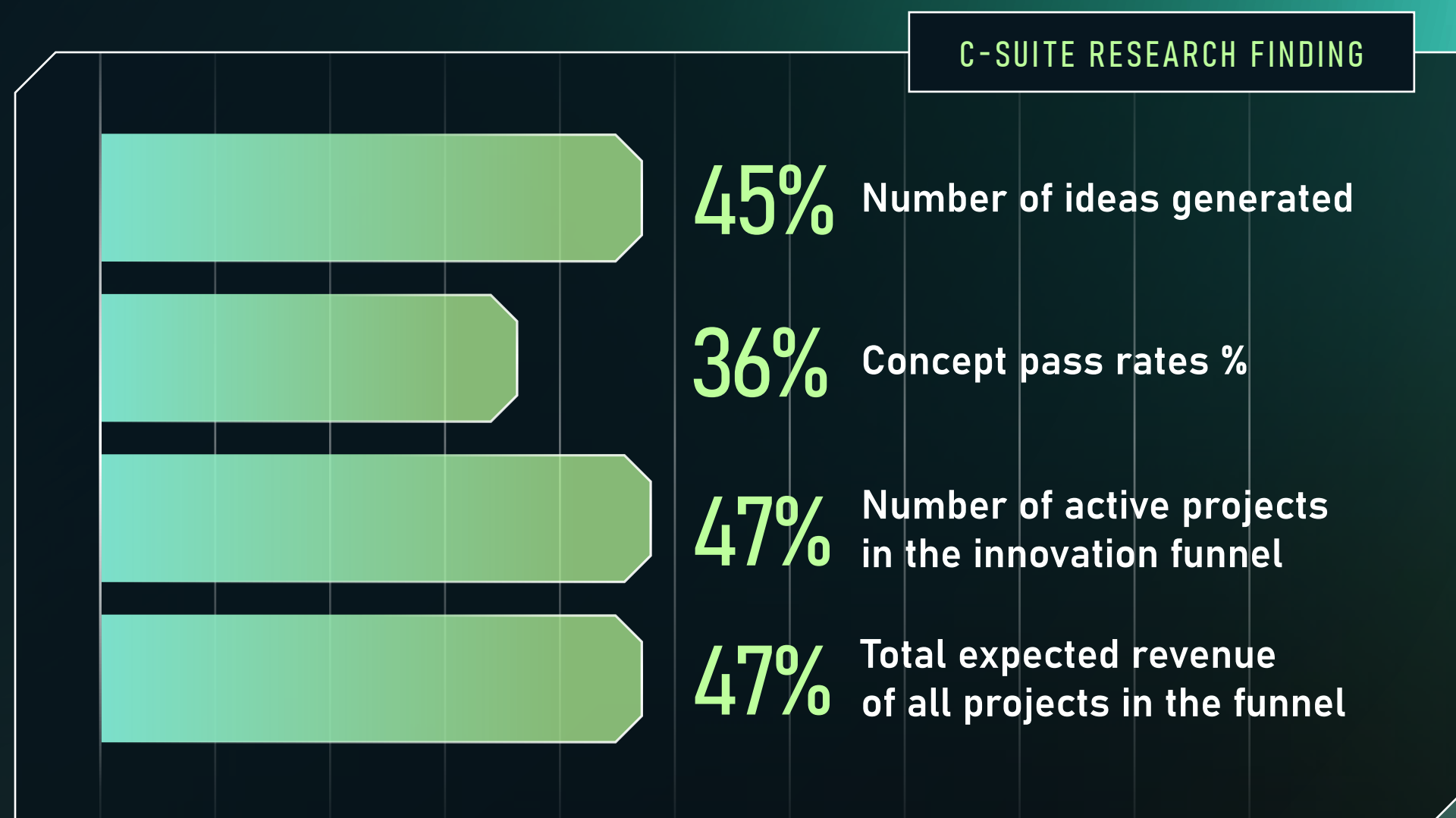
Even highly differentiated concepts can lose their edge through development – diluted by cost constraints, time pressure, or operational trade-offs. According to Ipsos' findings,



Great ideas need protection and priority. They must be nurtured to survive the journey from idea to launch and succeed in market.

# The paradoxical combination of rigor and creativity

Most aren't tracking innovation closely enough. **Less than half of executives** surveyed track these key metrics:



Innovation doesn't thrive in **chaos**. Nor does it flourish in rigid process. Striking the **right balance** means:

## Clear targets

How much growth do you need from innovation? In which segments, categories, or brands? Over-ambitious goals can overwhelm teams, while under-ambitious ones leave growth on the table. Clear targets give direction and accountability.

## Defined hurdle rates

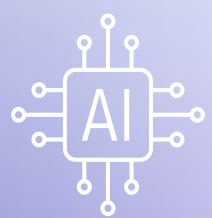
What success metrics are required at each project milestone? Too challenging and nothing will pass, too easy can lead to resource waste. Hurdle rates aren't one-size-fits-all, but they help with objective prioritization.

## Disciplined management

How are ideas prioritized, progressed, and resourced? Who decides, and when? Rigid templates, overprocessing, and unclear decision rights can paralyze early-stage ideas. On the other hand, a lack of structure leads to stalled projects and missed opportunities.

## Culture and accountability

Who owns innovation and do they have the right skills? Who generates ideas and moves them forward? Teams need room to explore—but they need training in the right methods and mindsets. Leaders can set expectations, shape the company's approach to innovation, and build teams to deliver.



# How to get more from AI in Early-Stage Innovation:

Once the strengths and limitations of AI for insight and ideation are clear, the next step is building a system that enables AI to enhance, not replace, early-stage innovation.

### 01. Define AI's role in your innovation pipeline.

Define clearly how and where AI adds value, how it integrates with existing processes, and what guardrails apply. Ensure outputs are evaluated through the lens of brand strategy and consumer insight, not just novelty or volume.

### 02. Upgrade data infrastructure.

The quality of AI output depends entirely on the integrity of the input. Treat data infrastructure as a strategic asset, not a back-office function. Consolidate and clean historical research assets, unify data sources, and establish metadata standards that make past insights discoverable.

### 03. Use the right AI.

A general purpose GPT cannot do front-end innovation or insights synthesis. Specialized models trained for specific contexts consistently outperform generic tools – particularly in areas requiring contextual understanding of consumer behavior, brand language, and cultural meaning.

### 04. Invest in hybrid skillsets.

Innovation leaders need teams that understand how to work with AI – how to frame effective prompts, evaluate machine outputs, and spot biases, errors, or hallucinations. Upskilling should focus as much on analytical judgement as on technical training.

### 05. Pilot hybrid workflows.

Encourage teams to test combined human-AI processes on real innovation challenges. For example, use AI to draft concept territories or cluster consumer feedback, then have cross-functional groups validate and refine the outcomes. Small-scale pilots can reveal both efficiencies and pitfalls before broader rollout.

### 06. Measure impact and iterate.

Establish KPIs for how AI is improving the innovation process – speed to insight, reduction of duplication, idea-to-market conversion rates. Use these metrics to refine your approach. The goal is not to deploy AI for its own sake, but to enhance the creative and commercial effectiveness of the innovation pipeline.

Leaders who avoid the trap of technological determinism and build organizations where AI accelerates and amplifies human intelligence will succeed.

## Raising the bar: 5 practical steps for managing innovation to deliver growth

If your organization is serious about using innovation to meet future growth goals, here's where to start.

### 01. Set clear goals for innovation

Define what innovation must deliver — both when and why. How should it drive incremental revenue growth, market share, brand equity, and consumer impact? Quantify your targets for 2027, 2028, and beyond. Use historic actuals and create practical annual targets that build each year.

### 02. Audit and risk-adjust your funnel

Plot what's in your pipeline today. How many ideas? What time horizons? What consumer and business needs do the ideas serve? Risk-adjust your funnel to expect fallout. A strong funnel overfills by design, knowing that 60–70% of ideas won't make it to market.

### 03. Distinguish renovation from innovation

Both are valuable, but they're not interchangeable. Make sure you know which ideas are driving incremental growth vs. transformative potential. Determine if you have the right mix, set targets, and create a plan to balance the mix.

### 04. Generate more (and better) ideas

Ideation is more than brainstorming, it can be a structured, insight-led process. Invest in research to uncover unmet needs. Use ideation sessions to generate quality and quantity of ideas. Hold cross-functional teams accountable to test and prioritize ideas.

### 05. Manage innovation as a system

Innovation requires active management. Set goals, track progress, and course correct early. Create a culture of innovation with enough structure to keep it running efficiently. Prioritize high-potential ideas, validate quickly, and maintain strength through execution.

# Why the C-Suite must lead the return to innovation-led growth

It's a hard truth: innovation, the engine of growth for decades, is stalling. Across industries, and particularly in Consumer Packaged Goods (CPG), the pace, ambition, and success of innovation have slowed significantly.

When companies pull back on innovation, top line revenue doesn't just slow- it stalls. Without a steady pipeline of new, differentiated offerings, the top line flatlines. In response, many organizations make the short-sighted move to further reduce their investment in innovation, hoping to protect margins. But this only accelerates the decline. They fall into a downward spiral, weakening the very capabilities needed to fuel future growth.

**Yet, this is precisely when innovation matters most. It's not just a response to opportunity, it's a defense against decline.**

Brands that fail to innovate risk losing:



# Check your innovation health with these 12 questions

How do you know if your organization needs to revisit your approach to innovation?

Here's a checklist of symptoms that can indicate a health check is in order:

**01.**  
Do teams have access and awareness of existing consumer and market research?

**02.**  
Are you uncovering deeper insights than your competitors?

**03.**  
Are you connecting insights across studies to spark innovation ideas?

**04.**  
Are ideas tested with consumers before resources are committed?

**05.**  
Are in-progress ideas based on unmet consumer needs?

**06.**  
Do weak ideas get killed early, or does everything move to launch?

**07.**  
How many ideas in your pipeline are true winners - and how do you know?

**08.**  
Do top ideas get more funding - in development, for launch, and in-market?

**09.**  
Is revenue clearly forecasted for each innovation, including cannibalization risk?

**10.**  
Do in-market innovation executions deliver on the original promise of the idea?

**11.**  
Is there an effective process for managing the innovation funnel?

**12.**  
Are you planning for competitive response and product lifecycles?

# How we can help



Ipsos brings world-class research capabilities, with proven methodologies to uncover deep consumer and category understanding



Market Logic powers the DeepSights™ platform that proactively detects market signals and uncovers insights from enterprise data and research, at scale

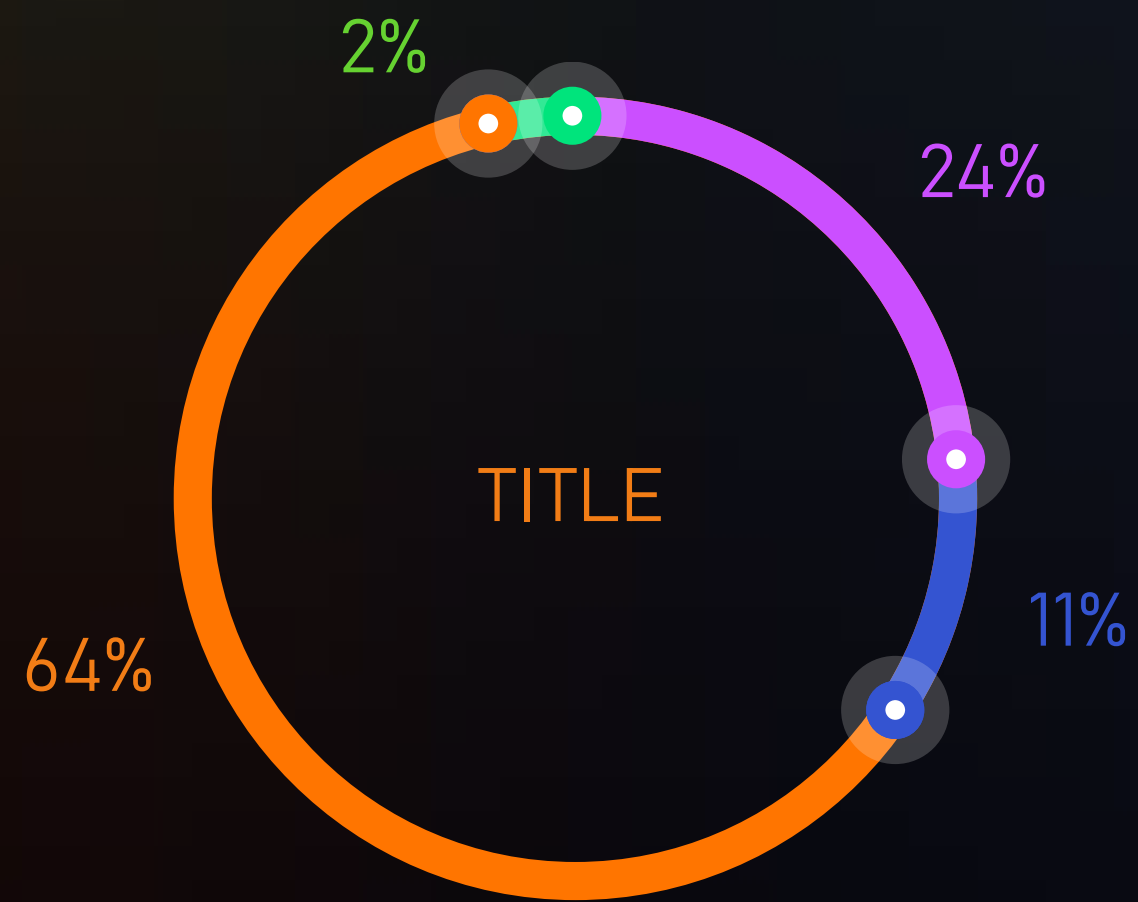


Alchemy-Rx helps organizations find and act on growth opportunities, facilitating insight-driven ideation and advising on improvements to the innovation process

C-SUITE RESEARCH FINDINGS

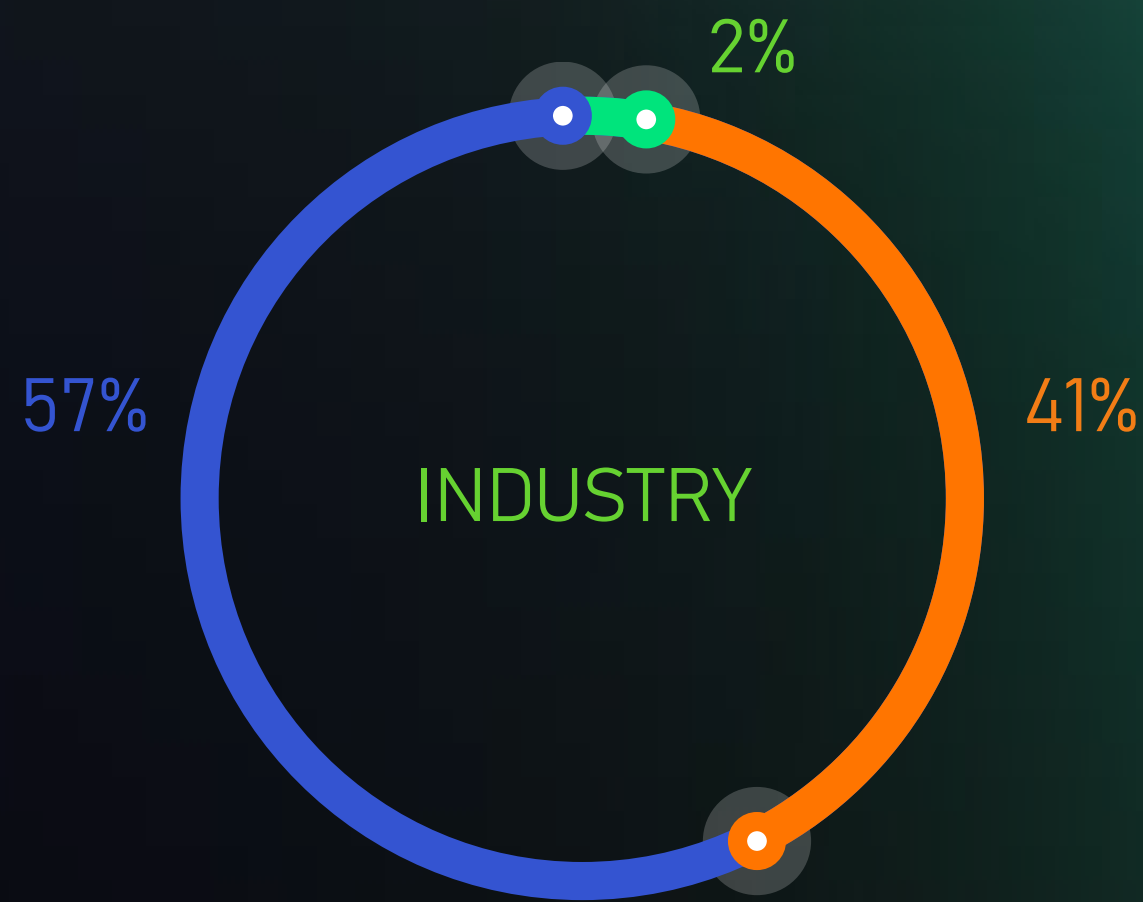
## OUR FLAGSHIP C-SUITE RESEARCH ON INNOVATION

**250 respondents**  
Within CPG and related areas



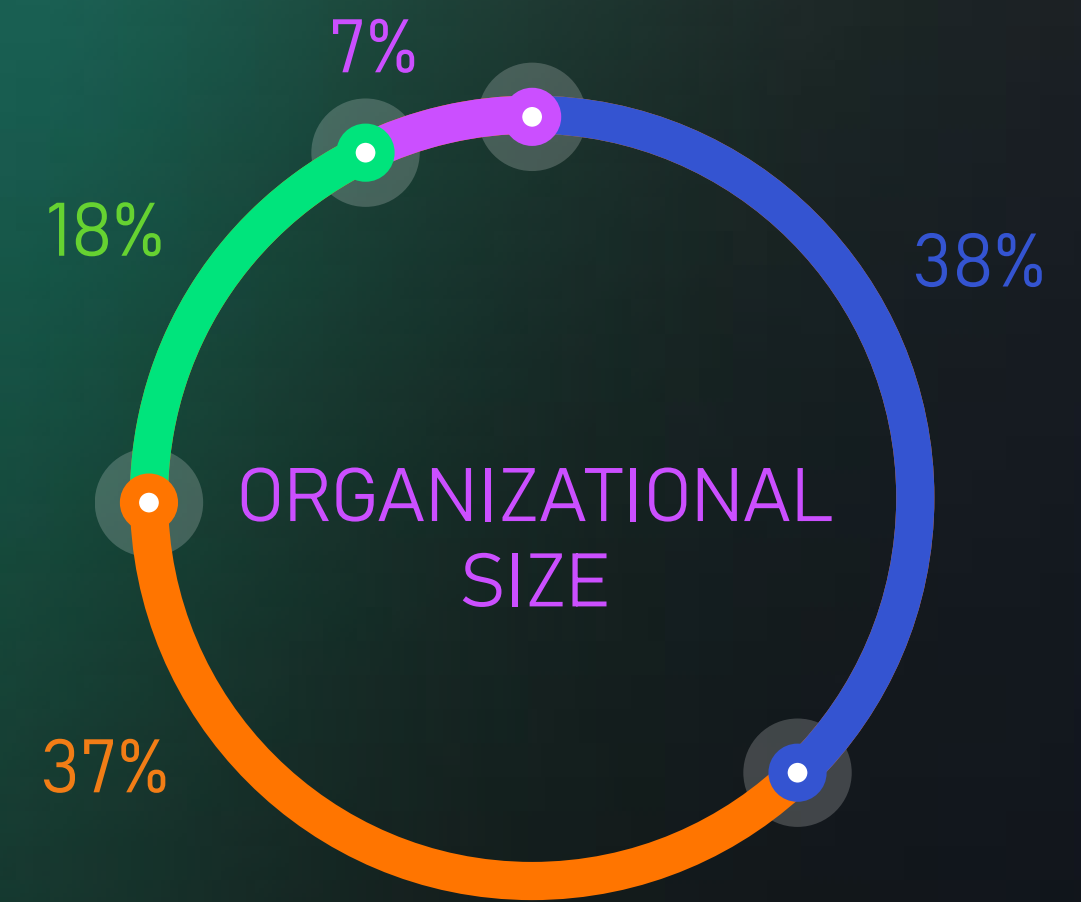
- CEO (Chief Executive Officer)
- CMO (Chief Marketing Officer)
- CGO (Chief Growth Officer)
- Regional/Market President or Regional/Market CEO

**21 days 9 hours**  
Sep. 25, 2025 - Oct. 16, 2025



- Consumer packaged goods and retail
- Healthcare and pharmaceuticals (including OTC)
- Other consumer packaged goods related industry

**73 questions**  
About innovation perceptions



- \$100MM - \$499.9MM revenue a year
- \$500MM - \$999.9MM
- \$1 Billion - \$1.99 Billion revenue a year
- \$2 Billion or more revenue a year

# Sources

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