Innovating in challenging times

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Why Brands should Innovate

What should brand do in times of crisis

Ipsos Solutions adapted to challenging times

Key Take Aways
Challenging Times?

Covid 19 driving global economy towards the South and Nigeria is not left out
Our world is evolving

Highest inflation rate seen in 3 years -12.6%

Unemployment rate increased to 27.1% in August’20

All high recession projected for Nigeria in 30 years by IMF -3.4%

Our foreign exchange reserves dipped by $454.05m between June/July’20

Most countries of the world experienced different phases of lockdown in 2020

Source: NBS, World Bank
...and our consumers are changing

- **The Oblivious (15%)**
  - They are uncertain about whether COVID-19 is a threat to them. They don’t believe COVID is real.

- **The Apprehensive (8%)**
  - They are changing plans and stockpiling household supplies to prepare for what comes next.

- **The Cautious (25%)**
  - They are reacting day by day to new restrictions, developing new routines.

- **The Resigned (19%)**
  - They have settled to the new routines to the day to day realities.

- **The Economist (18%)**
  - Businesses and government services are beginning to re-open.

- **The Futurist (15%)**
  - Settling into the new normal for the future.

Source: Ipsos Consumer Pulse Study, April '20
When is the right time to innovate?

“‘Innovating during crisis time can help understand what actions need to be taken to adapt to new business realities’.”
“Organizations who innovate during the last recession were better able to predict what would happen afterwards and prepare for what to do next.”
…and now is the time

History suggests that companies that invest in innovation through a crisis outperform peers during the recovery.

**Normalized market capitalization, index (Q1 2007 = 100)**

Not only did through-crisis innovators' outperform in the crisis by 10%... … but they also outperformed the market by upward of 30% in post-crisis years

1. Understand the changing Consumers
2. Adapting pipeline for the new Landscape
3. Finding the right innovation for the time


Identified as companies on the Fast Company World’s 50 Most Innovative Companies list for 22 years through a crisis, normalized to 2007.
How do we talk about our competitive benchmarking advantage during crisis?

**WHAT WE ARE LIKELY TO BELIEVE ABOUT RUNNING RESEARCH TODAY**

- Results are biased because of these unusual conditions – respondents do not answer as usual
- We don’t know how deep short-term changes will be / how long they will last

**What happens during a crisis can impact how consumers view a new product AND their most often product**

**As our approach evaluates an innovation relative to consumers’ most often consumed product, our evaluation of innovations takes into consideration how the crisis may have impacted consumers’ view of a new product and also of their existing product.**

We do not compare a new product against a database of norm that was collected under “normal” circumstances
Interesting things we also found out from our database are that:

1. **Percent of Concepts with a High level of Trial Potential**

   | Financial Crisis (2008 – 2009) | 39% |
   | Recent years (2016 – 2019) | 34% |

During crisis, consumers are open to new product ideas.

2. **Ratings of Current product were lower during the last financial crisis**

   | Rating of Current Product on Relevance (Recent year scores are indexed to the scores during the financial crisis period) |
   | Financial Crisis (2008 – 2009) | 100 |
   | Recent years (2016 – 2019) | 106 |

During a crisis, some innovations will do better because they reflect the sentiments of that time.

3. **Among Concepts with a High level of Trial Potential**

   | Value | Premium |
   | Financial Crisis (2008 – 2009) | 27% | 11% |
   | Recent years (2016 – 2019) | 17% | 35% |

“Some changes triggered by this crisis is expected to become a new way of life.”

Source: Ipso Database of 45,000 Concepts across 93 countries including Nigeria.
This was further confirmed during Covid 19 lockdown that consumers are still open to innovation in crises times.

<table>
<thead>
<tr>
<th>Concept</th>
<th>Trial Index</th>
<th>Relevance</th>
<th>Expensiveness</th>
<th>Differentiation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concept A</td>
<td>117</td>
<td>H</td>
<td>L</td>
<td>M</td>
</tr>
<tr>
<td>Concept B</td>
<td>106</td>
<td>MH</td>
<td>L</td>
<td>ML</td>
</tr>
<tr>
<td>Concept C</td>
<td>104</td>
<td>M</td>
<td>ML</td>
<td>M</td>
</tr>
<tr>
<td>Concept D</td>
<td>99</td>
<td>M</td>
<td>L</td>
<td>ML</td>
</tr>
</tbody>
</table>

Note: Color code reversed for Expensiveness

*NB: This is from a recent concept test study conducted in Nigeria May/June 2020*
What should brands do at this time

Marketers need to optimize their portfolio and make their brands relevant in crisis time
Understand your category and what **consumer** needs they meet

*Ipsos Nigeria conducted a survey among 2,213 respondents during the lockdown period.* In the survey, consumers grouped product categories into these four groups:

- **Essentials**
  - necessary for survival

- **Treats**
  - indulgences whose immediate purchase is considered justifiable

- **Postponables**
  - items whose purchase can be reasonably put off

- **Expendables**
  - items perceived as unnecessary

Attitudes and behaviors may change during this pandemic, but motivations and core values don’t. One such motivation is the desire for pleasurable experiences.
Understanding where your category / brand falls is critical

<table>
<thead>
<tr>
<th>Essentials</th>
<th>Treats</th>
<th>Postponables</th>
<th>Expendables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toothpaste 87%</td>
<td>Carbonated soft drinks 45%</td>
<td>Bleaches 37%</td>
<td>Cigarette 73%</td>
</tr>
<tr>
<td>Bathing Soap 87%</td>
<td>Fruit Juices 44%</td>
<td>Sport Drinks 35%</td>
<td>Bitters 60%</td>
</tr>
<tr>
<td>Detergent 81%</td>
<td>Malt Drinks 43%</td>
<td>Nutrition Drink 32%</td>
<td>Spirits 57%</td>
</tr>
<tr>
<td>Body Cream 67%</td>
<td>Biscuits 37%</td>
<td>Disinfectants 31%</td>
<td>Beer 53%</td>
</tr>
<tr>
<td>Noodles 59%</td>
<td>Drinking Yoghurt 35%</td>
<td>Cereals 29%</td>
<td>Baby cereal 53%</td>
</tr>
</tbody>
</table>

Consumers don’t walk away from “Treats”, they don’t want to deprive themselves of what they like especially during difficult times but they just want to prioritize and indulge with affordable product or category at the time. Any product that satisfies this need / desire of the consumers at this time will attract more spending.
Positioning a product as an affordable indulgence help brand thrive during downturn

Cold Stone Ice Cream Example.

“We bring you affordable indulgence all day every day 😊.
Get any of these our delicious creations for N800 only.
- 2 Belgian Bites
- A Like It cup of Ice cream float
- One Choco Bottom
Available in all stores.

“Crisis period is the best time for manufacturers with portfolio of brands to make brands in the 2\textsuperscript{nd} tier price point more \textit{Visible} and \textit{Available} to consumers”

Toilet Tissue Example

<table>
<thead>
<tr>
<th>Premium</th>
<th>Pocket friendly</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 Pieces@ #7,000</td>
<td>24 Pieces@ #3,600</td>
</tr>
</tbody>
</table>

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Ipsos’ readiness for the future

Duel
Innotest
Virtual Lab
Our Principle: Real People + Real Behaviour = Real Success

Consumers are making decision faster than what marketers think 10 years ago!

Fast & Real

CHOICES EMBEDDED IN STRONG HABITS
Engaging consumers is a challenge
Disconnect between a survey & real life

We adopt choice as metric (no more 5 or 10 point scales)
We analyze through behavioral science
We link to a true reference (MOPP)
We measure in a realistic context (Simstore, device agnostic)

CHOICES MADE IN THE BLINK OF AN EYE
SHORTER MESSAGES TO CONVINCE
TIME TO MARKET IS SHRINKING

We have protocols installed for fast tracks (Agile sprint, fast screening, ...).
We validate any stimulus type (idea, concept, tweetified concept)
We test your packaging in a close-to-real context.
...and we have the right tools in challenging times

Future ready behavioral innovation testing suite from screening to forecasting

<table>
<thead>
<tr>
<th>Your research need</th>
<th>Ipsos' solution</th>
<th>Behavioural metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGILE</td>
<td><strong>Duel</strong> Fast and agile screening for short marketing stimuli.</td>
<td>Choice</td>
</tr>
<tr>
<td>EFFICIENT</td>
<td><strong>InnoTest</strong> Innovation evaluations from ideas to full concepts vs. competition. Forecast ready.</td>
<td></td>
</tr>
<tr>
<td>PREDICTIVE</td>
<td><strong>Fast Pack Screener</strong> Pack evaluation with the incorporation of behavioural metrics</td>
<td></td>
</tr>
</tbody>
</table>

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DUEL
Fast, Agile and Intuitive solutions to screen short marketing propositions - ideas, claims, names or visuals

**BENEFITS**
- Screens up to 100 stimuli
- 5 minutes questionnaire
- Result delivered within 3-5 days after Fieldwork is completed compared to 4-6 weeks of traditional idea testing
- It mimics real life behavior of consumers
FLEXIBLE STANDALONE PRODUCT

DUEL

FLAVORS / VARIETIES

HERSHEY'S SHAREABLES

Orange Dream
Vanilla Truffle

CLAIMS

HERSHEY’S
Made with
100% Farm
Fresh Milk
No Antibiotics

LOGOS

PACKAGING

Made with
100% Farm
Fresh Milk
No Antibiotics
Claims touched on health, packaging, sustainability, ingredients and product benefits. The intent was to consider ‘new to the world’ claims which might be relatable to COVID-19 themes

- 100% biodegradable packaging
- Improves your cardiovascular system functions
- Improves your respiratory system functions
- Packaging made from 100% new plastic for extra safety
- Packaging made from 100% recovered ocean plastic
- Balance gut microbiome to promote overall health
- Improves your immunity system depends on
- Made from carbon neutral packaging
- Made with FAIR TRADE certified ingredients
- Made with non-GMO ingredients
- Package specially designed for home delivery
- Calms your mood and helps relieving stress
- Made with organic ingredients
- Made with non-GMO ingredients
- Packaging uses less material and is better for the environment
- Contains the best mix of vitamins your immunity system depends on
- Manufactured under the highest health and sanitation standards
- Packaging uses less material to keep price low
- Gives you the energy and strength you need
- No additives or artificial ingredients
- Provides your family with immunity boost they need
- Has a very long expiration date
- Packages made with anti-viral materials
- Remains fresh taste even when stored for a long time
- Helps the local community
- Packaging "smart labelling" tells me if product contaminated
- Wholesome and natural
- Helps with memory and cognitive functions
- Packaging keeps food fresher for longer
- Helps you recover faster after illness
- With nutrients to help feel fresher after hours in front of a screen
- Helps you sleep better
- High in antioxidants
- Packaging made from 100% recovered ocean plastic
- Packaging uses less material to keep price low
- Provides your family with immunity boost they need
- Remains fresh taste even when stored for a long time
- Wholesome and natural
- With nutrients to help feel fresher after hours in front of a screen

The objective of this study was to identify the best performing product and packaging claims for food and beverage categories during an uncertain time due to Covid-19.
DUEL takes consumers away from scaled responses, directly pitting items against each other in a series of contests that are fast and intuitive…

Response Time is collected at the individual respondent and item level for every contest to measure “passion” and “conviction”.

Informed by Behavioral Science

Gamified Survey Design
Consumers indicate 
**PREFERENCE**
and winners progress along the tournament until the final round.

Preference is combined with speed of response or 
**PUNCH**
to determine the ultimate winner.
To provide graduality needed when making delicate decisions,

Ipsos DUEL | Intuitive and clear deliverables

**DASHBOARD DELIVERABLE EXAMPLE**

**PROMISE SCORES SUMMARY**

Used for ranking and prioritization, the Promise Score Index combines Preference and Punch into a single metric reflecting appeal and passion.

**PREFERENCE VS. PUNCH**

Comparing the direct measure (Preference) and indirect measure (Punch) to effectively diagnose your items.

**DETAILED PREFERENCE & PUNCH SCORES**

To provide graduality needed when making delicate decisions.
EXAMPLE OF PLATFORM REPORTING

Executive summary

Promise score
Wholesome Natural won(s) the tournament overall based on the combination of direct preference and indirect appeal, with a Promise Score of 142.
In addition to the winning item(s), Biodegradable and Additive Free demonstrated strong performance and can be considered to have strong potential.

Preference, Punch, Promise
The winning item(s), Wholesome Natural, was driven primarily by direct consumer interest, based on a Preference Score of 133. Biodegradable also shows strong direct interest, with a Preference Score of 128. However, Biodegradable generated the most consumer excitement, with a Punch Score of 120.

Preference vs. Punch
Wholesome Natural, Biodegradable and Additive Free demonstrated both above average direct interest and consumer excitement.
INNOTEST

Build, Evaluate & Optimize Concepts: Innovation Testing

BENEFITS

• 7 minutes of questionnaire
• Recommended sample size 150 monadic / 100 sequential per concept
• Result delivered within 3-5 days of end of Fieldwork
• It captures Choices, Conviction and Sentiments
Innovation Potentials are assessed by Ipsos validated metrics and this is predictive of In market success.

**RELEVANCE**
Extent to which an innovation meets consumer needs

**EXPENSIVENESS**
Extent to which an innovation is perceived to be higher-priced than competitors

**DIFFERENTIATION**
Extent to which the innovation provides unique benefits vs. competitors

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<table>
<thead>
<tr>
<th>CONCEPTS WITH</th>
</tr>
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<tbody>
<tr>
<td>High Relevance and High Differentiation</td>
</tr>
<tr>
<td>High Purchase Intent</td>
</tr>
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</table>

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To truly succeed, innovation has to be strong enough to perform against REAL life competition.

The competitive set is individually defined by each respondent in-survey ( Likely Substituted Product - Most Often Purchased Product).

The Innovation is compared to real in-market products, defined by the respondent, including private label and new disruptive brands — NOT OLD IDEAS THAT NEVER LAUNCHED!

By comparing the new innovation to each respondent’s competitive product (on the RD measures), we benchmark the innovation’s performance.
We asked consumers to make intuitive choices between your Innovation and what they use today

Which product better meets your needs?
PLEASE DON'T FORGET TO CHOOSE QUICKLY

Dilly's All Natural Ice Cream with Calcium

- 50% of the day recommended dietary calcium
- Promotes bone health
- All-natural ingredients
- Great tasting flavor

[CONSUMER DEFINED COMPETITION]

What sentiment does your innovation elicit?
Open-ended text with machine powered sentiment detection

Can your innovation change their current behavior?
Choice versus consumer-defined competitive product on RED measures

Are they passionate about their choice?
Response time when choosing
SNACKS

Keeping it Real

1. Challenge
A snack manufacturer manages a portfolio of household snack brands. Traditionally the business conducted innovation testing once a year for all brands. Logistically this was difficult to run, and increasingly out of step with the agile nature of their key competitors. They felt their current supplier was not innovative and were looking for a partner who would evolve their testing program.

2. Solution
With InnoTest, highlighting the Real people + Real life = Real innovation message, Bsci measurement, and enhanced tool agility, we were able to demonstrate that we could stagger their innovation testing across the year to reduce internal log-jams and frustrations, whilst meeting their budgetary expectations.

3. Business Impact
We are now the manufacturers sole provider of choice for concept testing. This is a new client for Ipsos.

We are about to pitch our third wave of testing having to date measured a couple of dozens of concepts across a variety of brands.
## Deliverable Example

<table>
<thead>
<tr>
<th>CONCEPT</th>
<th>RELEVANCE</th>
<th>EXPENSIVENESS</th>
<th>DIFFERENTIATION</th>
<th>TRIAL INDEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONCEPT 1</td>
<td></td>
<td></td>
<td></td>
<td>129</td>
</tr>
<tr>
<td>CONCEPT 2</td>
<td></td>
<td></td>
<td></td>
<td>127</td>
</tr>
<tr>
<td>CONCEPT 3</td>
<td></td>
<td></td>
<td></td>
<td>126</td>
</tr>
</tbody>
</table>

- **CONCEPT 1**: Underpriced
- **CONCEPT 2**: Good Start
- **CONCEPT 3**: Breakthrough

**Legend**
- Worst: Red
- Worst: Orange
- Best: Blue
- Choice: Green
- Response Time: Purple
- Open-ended question: Black

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VIRTUAL LABS

Optimize Products & Evaluate C/ P Fit:
Same Quant + Qual Approach, same integrated learnings

**FROM** In-Person Labs

**TO** Virtual Labs

**NOTE:** This methodology can be adapted for Products which are risk-free for participants or for the carriers (during transportation), which do not require refrigeration or special care with packaging.

For example: coffee, food cans, dry pet food, sponges, soap, shampoos, diapers, cereal, non-alcoholic beverages, etc.
Low Carb Pasta Product Test via Virtual Lab

1. Real Issue
Nestlé has developed low carb alternative noodles designed to balance nutritional and dietary needs (and provide 50% less carbs in each meal).

The client needed to assess the performance of their prototypes with consumers to better understand delivery, taste/texture perceptions, and low carb preferences in order to help determine the best product format for launch. In addition, the team was limited on resources and needed a robust yet efficient approach to get at these learnings.

2. Real Insight
Given this was a first Virtual Product Lab for the Nestle team, there was some hesitation around the approach. Ipsos was able to set the clients mind at ease, walking the client through each step of the process (full transparency) and ensure research quality/efficiency.

3. Real Outcome
The Virtual Lab was conducted over a series of 2 sessions, completed in one day. The client had results and penalty analysis in hand less than 24 hours and a follow-up report a week later. Showcasing Ipsos’ ability to adapt and provide quick and comprehensive results in a competitively fast environment.

Subsequent discussions with the brand team elicited strong feedback on the methodology and actionability of the insights & recommendations and opened doors for additional product research through this methodology.
Key Take Aways

Things we need to start focusing on
To stay ahead, businesses must...

1. Understand the changing consumers as some of the behaviour that is expressed now may be permanent

2. The role your brand play in the life of consumers is critical – Optimize your Portfolio, Leverage digital channels and respond to consumer needs

3. Future proof your business decisions by looking for hidden winners. Average performers can become winners with the right support and commitment
THANK YOU

GAME CHANGERS
BE SURE. ACT SMARTER.