

# Research Ruins Innovative Ideas

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With a reported 90% of innovative ideas failing globally within 3 years of launch, there is a need to understand what is ruining innovative ideas to try and avoid the costly mistakes of a flawed innovation process. This white paper looks at what, in my opinion, is the most common oversight within the innovation process and offers a working case study to highlight the possible benefit of utilizing the wisdom of crowds approach within the early stages of an innovation process.

## Background & context

Popularised by James Surowiecki in his book ‘The Wisdom of Crowds’ the notion that a crowd is wiser than an individual is having an impact on the way in which we as researchers are approaching common research objectives. Most commonly adopted as an alternative to election exit polling where voters are asked ‘who did you vote for?’, the wisdom of crowds approach, often referred to in research as ‘predictive markets’ instead asks voters ‘who do you think will win the election?’ The difference may seem small but it changes the focus from personal behaviour to a prediction about the crowd behaviour.

As Linus Pauling famously said, “The best way to have a good idea is to have lots of ideas.” A typical innovation process will include a rigorous creation stage for the development of ideas that address the unmet needs of the category or consumer. The problem is that when done properly, you have what seems like an unmanageable number of ideas. Focussing on this early stage of the innovation process, we conducted independent research that compares traditional research metrics of overall liking, purchase intent and ranking question to using a gamified predictive market approach for idea screening.

## Key findings

Using an online methodology we screened eight idea statements for new product ideas relating to coffee amongst a general population audience. The ideas were tested in two different cells:

- Cell 1 - traditional research key metrics
- Cell 2 - gamified predictive market approach

Each idea was presented as a 1-2 sentence description that focused on the core of the idea only.

The traditional research metrics failed to effectively identify which of the eight ideas should be prioritized. There are no significant differences in overall liking and the weighted purchase intent is

quite low for each idea. The focus of the traditional metrics on personal appeal towards the idea means that a large number of people will answer around the mid-point of the question, whether that be on a 100 point linescale such as the overall liking or a categorical scale such as purchase intent.

The gamified predictive markets approach separated the ideas more than the traditional approach, and in so doing, shows which ideas should be prioritized within the innovation process. This approach differs from traditional research in how the question is posed. Instead of asking consumers about their personal liking or intention to buy a product, consumers are instead asked what their investment strategy would be in a company developing this idea. Based on the answers to this question, a ‘priority score’ is calculated. This takes into account a number of other factors more than just whether or not shares are bought or sold such as whether it was the only idea that a respondent indicated they would invest in amongst a number of other factors that give more weight to the priority score.

Idea number	Traditional metric: Overall Liking	Gamified Predictive Market: Priority score
1	5.5	200
2	5.7	105
3	5.8	<b>680</b>
4	5.7	230
5	5.9	295
6	5.9	240
7	5.5	40
8	5.8	545

## In conclusion

Our independent research into the gamified predictive markets research techniques highlights one of the main benefits of the wisdom of crowds approach, that the idea does not need to resonate with the individual. This approach does not need someone to personally find the idea interesting, it only needs them to understand that others would be interested in it. It does not matter whether the respondent would personally buy the product, what matters is their perception of how popular the idea would be amongst others.

## Want to know more?

This white paper is supported by a full length presentation that incorporates the independent research and experience of the researchers at pod research & strategy. We would be only too happy to organize a time to present the full version to you.