

PLAYBOOK

The **One Consumer** **Insight Problem** your Company Must Crack



38%

of new products fail because of unmet consumer needs

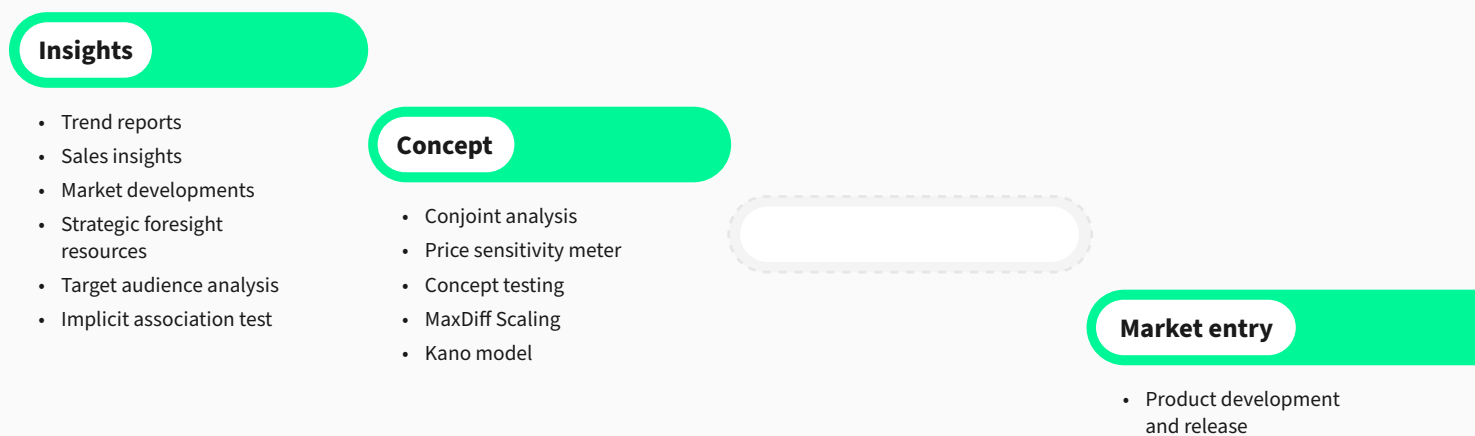
You read that correctly. A recent study conducted by CB Insights that analyzed over 100 new product failures since 2018 discovered that 38% of those failures can be attributed to unmet consumer needs.

These products that shut their doors aren't any old small startup in a garage either; they are businesses that have tens if not hundreds of millions of dollars in funding. We can only assume a business of this size did their fair share of market research to ensure their product was going to be a success, so why have such a high percentage of them failed because of unmet consumer needs?

Because the current market research process is broken, it's missing a critical piece that can give you precise data to understand whether your product will be successful or not.

Current new product consumer research process

The current new product consumer research process looks like this:



Consumer Insights teams gather mostly qualitative data through consumer surveys, interviews and other field engagement tactics. While these insights are valuable and can give you a good understanding of the Why, the market and hypothetical demand post-launch, they are based on a snapshot of that period as declarative data.

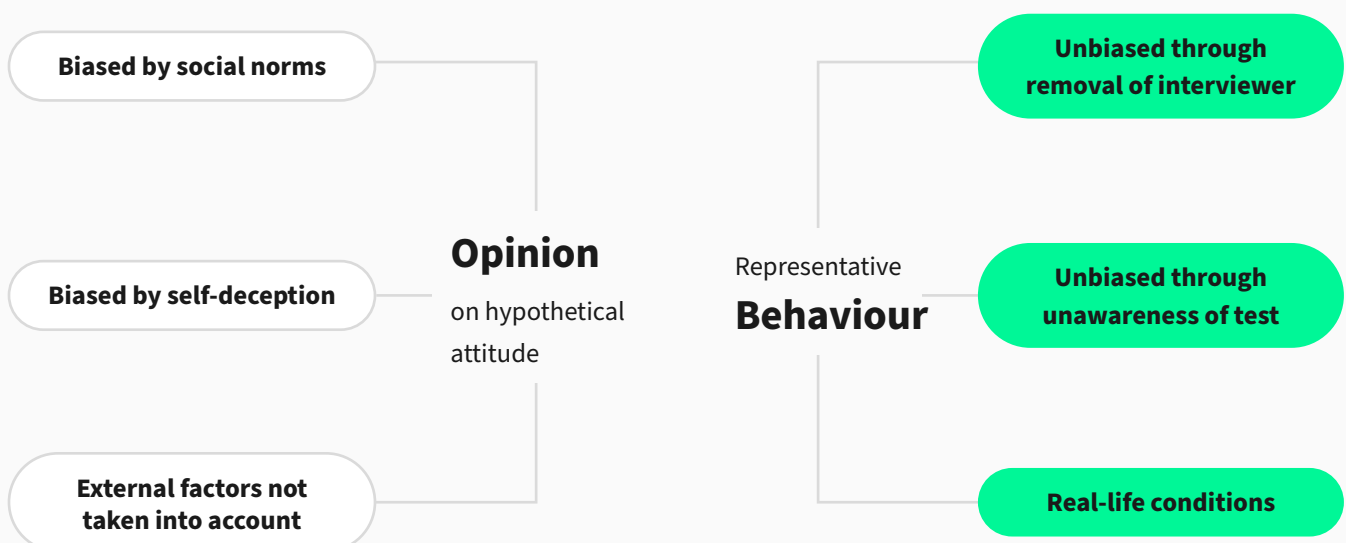
Why is this a problem for the product's success?

Using only opinion-based data will mislead you because of its biased nature.

It has never been easier or more inexpensive to gather swathes of opinion-based and qualitative consumer research data with traditional opinion surveys or through sentiment analysis and natural language processing. But it still has one major flaw; it is all still opinion-based on a set moment in time.

Those opinions are influenced by many external factors that can't be taken into account and are biased on a perception that a person has of themselves or your product. In essence, it's not a valid, real-world representation of consumer needs.

Outside of the external audience being used for your research, other issues can occur when incorrect statistical methodologies create insights that result in results that are further from the truth.



The missing link:

Pre-product behavioural data

Collecting behavioural data is the best way to find out the actual preferences of your consumers, but also a method rarely used and instead replaced by surveys or focus groups.

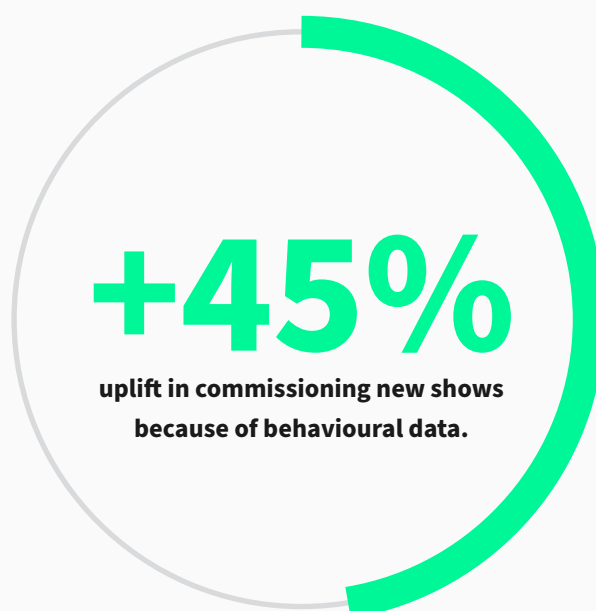
Behavioural data on the other hand, is efficient to collect, inexpensive and can deliver accurate data on what consumers actually do versus what they say they do. So much so that companies like Netflix have closed the doors entirely on focus groups.

The Netflix process was much like a consumer-centric research process. They would gather information from focus groups and traditional market research models, reference this with trusted industry reviewers and create a new show based on the insights gathered.

However, they found this resulted in more flops than successes. Until they changed their process and started using their vast data streams to study the real-world behaviour of their users. One can experience this in action easily as a viewer, with different trailers being shown, different show covers and priorities in watch lists. For their House of Cards show, if you watched many films with Kevin Spacey, they would show you the trailer that focussed on his character.

Changing their insight gathering process resulted in an uplift in commissioning a new show from 35% to 80%.

This is the power of true behavioural insights, which you need to acquire even before you develop a new product.



Where this fits into the process

Gathering behavioural consumer data should occur between your preliminary data gathering and before any prototype or product development.

The reason for this placement is that it allows you to gain an initial understanding from your consumers whether this product is worth progressing any further. Still, then the accurate data gathered in the behavioural step gives you a better understanding of whether it should go into development.

Once you have your initial insights, you can include these into your product hypothesis which will in turn help you align on what a successful behavioural data mission looks like.

Insights

- Trend reports
- Sales insights
- Market developments
- Strategic foresight resources
- Target audience analysis
- Implicit association test

Concept

- Conjoint analysis
- Price sensitivity meter
- Concept testing
- MaxDiff Scaling
- Kano model

Behavioural data

- Landing page testing as a source of unbiased data
- Works with multiple test variations
- Get real-world and timely insights

Market entry

- Product development and release

The best option to gather behavioural data pre-product is through landing page testing, also known as pretotyping or fake door testing. Running these types of tests require minimal setup and time yet offer truly unbiased, real-world behavioural data.

The challenges of behavioural data

The process involved with traditional market research methods, such as surveys and focus groups, has been used for many years and is a well-oiled machine with tried and tested methodologies.

Collecting behavioural data at scale, however, has not. It is something that only has been proven to be worthwhile and possible with recent technologies. This means that there are gaps in the knowledge and experience in consumer insights teams to effectively collect this data pre-product.

Sure the Netflix example previously shows how this type of data and collection method can have significant gains. Still, they are using an extensive database with an existing product; most of the time, we aren't that lucky.

How do you then conduct market research for a product that doesn't yet exist, with a process that has no standardized approach or tools to help you? Previously you would have to employ the expertise of an agency or connect multiple tools yourself to gather results.

With this area becoming more prevalent and more essential than ever, more tools and standardized practices are starting to come to light, producing more significant results than any opinion-based data collection could.

How to set up a behavioural data gathering mission

You are convinced on the reasons to start adding behavioural data into your consumer insights mix but still unsure about the best way to structure the process to collect this data? This is how Horizon structures tests to get the most reliable and consistent results.



Create your test hypothesis

Starting off, you need to create a hypothesis for your test. This will be the basis of how you are going to track the success of your tests.



Design your test variants

Next, you need to plan out and design the variations of your social media ads and landing pages to make sure you are getting valuable data from varied test scenarios.



Build your test

You need to build your designed social media ads and landing pages in the tool or tools you think work best.



Run it

Now you need to run your tests for the field time you have defined. Horizon suggests a week's run time. That way, you can usually achieve statistical significance and plan for other tests in your process.



Analyze your data

Now you need to collect the actionable insights that will inform you of the actual market demand for your new product and help you understand your consumer more.

Takeaways

Mix behavioural data into your pre-product market research for a higher chance of success

Declarative data is great to have; behavioural data qualifies the opinions you have gathered.

Horizon

**Crack behavioural
insights data research
with **Horizon.****

Book a demo