

New Products for Tough Times

By Jerry W. Thomas

Every change in the marketplace, every upheaval in the economy, every shift in technology, and every change in consumer attitudes and outlook creates opportunities for successful new products. Since these changes are amplified during tough times, new product opportunities are actually more numerous during economic turbulence.

The companies that develop and deploy new products during downturns in the economy tend to outperform their more timid rivals during the recession and come roaring out of the starting gates when the economy begins to expand.

One way to keep new products flowing to market during tough times is to rely on “hypercreatives” and idea-centric creativity. This is the creativity of innovative individuals with relevant product category experience who are personally experiencing the shifting sands of a declining economy. These hypercreative ordinary consumers are not bound by corporate bureaucracy, dissuaded by corporate politics, or discouraged by dour economic news. Hypercreatives can help generate hundreds of new product ideas to keep companies driving forward through tough economic times.

Many companies tend to cut or defer new product development during economic downturns (a big mistake), but even during the best of times many companies struggle with inherent obstacles that undermine their new-product development efforts:

- **Group Think.** We are all copycats. We all think we are original and creative when we are only thinking what our “group” has ordained as true or acceptable. Conventional wisdom is just that: conventional.
- **Targeting Error.** If you were permitted to review the marketing plans of the top-100 brands in the U.S., you would think that most people in the U.S. die by the age of 35, or certainly by 50. Why are older consumers ignored? How many new product opportunities are overlooked?
- **Lack of Customer Knowledge.** If you read the annual reports of Fortune 500 companies and listened to the speeches of their executives, you would think that these companies spend massively on marketing research and know every detail about their markets, customers, and prospects. Sadly, the truth is that most companies do not really understand their customers or prospective customers, because they don’t do their research homework—or don’t do it well.
- **Complexity.** Large companies employ many extraordinarily smart people, many with

Idea-centric creativity is the ability to generate highly original ideas for new products and new services.

advanced degrees from the best-known universities where they have learned the value of “complexity” and complex thinking. This initial training in complexity continues as they graduate and move into large corporations, where complexity is often the currency of advancement. The more complexity one can offer, the smarter that person is perceived to be, and the more qualified for promotion. Complexity is another name for confusion and diffusion (both barriers to new product development).

- **Lack of Empathy.** Corporate decision makers tend to be out of touch with their target audiences in many instances. These executives tend to be better educated, higher in income, and isolated in upscale neighborhoods, with very different lifestyles than the average man on the street. It’s often difficult for these executives to relate to and understand the common consumers who make up their target markets.
- **Too Many Cooks.** Large companies are made up of many ambitious individuals and fiefdoms, all competing for attention, power, and influence. New product ideas tend to get torn to pieces by this internal competition. New product efforts, particularly during the formative stages, must be tightly controlled by a very small group to have much chance of success.

These commonplace barriers, combined with budget cuts during economic downturns, often make it very difficult for companies to develop new products during economic adversity. One solution is to use hypercreative consumers (i.e., people in the target market) who are exceptionally creative in coming up with new product ideas. These individuals can generate many more new product ideas than the average person, and the quality of their ideas far exceeds the output of their noncreative neighbors. This ability is called “idea-centric creativity.”

Creativity alone, however, is not enough. Hypercreatives must also have relevant product category experience. If you are trying to develop a new toy, you want to find hypercreatives who have children in their lives—not only parents, but grandparents, aunts, and uncles. Their personal experiences

with the product category, and their households’ experiences, will implicitly guide the new product ideation process. These experiences will also help ensure that the product ideas are relevant to the target market.

One more thing is important in tough economic times. The hypercreatives selected for new product ideation must be on the front lines, in the trenches, personally experiencing the recession and its effects. That is, the hypercreatives selected for new product ideation must be aware of—and sensitive to—the changes and shifts caused by the economic downturn.

Who are these hypercreative people? We have tested more than 200,000 consumers over the past decade for idea-centric creativity, and here is what we have learned.

Hypercreatives

If you ask people directly if they are creative, a large majority of the general adult population in the U.S. classify themselves as “very creative and imaginative,” but our testing indicates that less than four percent of the population falls into this hypercreative category.

Who are these hypercreative individuals? Younger people tend to be more creative than older people, but surprisingly the falloff in idea-centric creativity as people age tends to be minimal until the age of 54, after which “creativity decay” appears to accelerate.

Age Range	Idea-Centric Creativity Index
18-24	114
25-34	109
35-44	106
45-54	93
55-64	77
65 or older	53

While idea-centric creativity declines with age, there are still many older consumers (aged 55+) who retain high levels of idea-centric creativity.

Education tends to positively correlate with exceptional creativity. That is, educational achievement tends to be predictive of idea-centric creativity.

Educational Level Attained	Idea-Centric Creativity Index
High school or less	35
Trade school/Technical school	75
Some college/Associate's degree	108
College graduate/Bachelor's degree	127
Graduate work/Advanced degree	137

This correlation between educational attainment and idea-centric creativity suggests that achievement in school helps develop creativity, or at least helps to identify creativity. Since younger people tend to be better educated than older people in the U.S., part of this “education effect” is related to youthfulness rather than the benefits of education. However, our testing over the years has identified many hypercreatives with little formal education.

Gender appears to be a poor predictor of idea-centric creativity. Men and women tend to be roughly equal in creativity (when scores are adjusted for education and age differences), although each sex does better in generating new product ideas in product categories where their interests and relevant experiences are concentrated.

Ethnicity is a poor predictor of exceptional creativity (when adjusted by age and education). Minorities, on average, tend to be as creative as the Anglo majority.

Other types of creativity (artistic, musical, literary, and theatrical) are only weakly predictive of idea-centric creativity. No matter how the regression techniques were manipulated, other types of creativity (alone or in combination) never showed up as major variables in predicting idea-centric creativity.

Where people live is not predictive of idea-centric creativity. Hypercreatives live all over the U.S., in large urban areas, in small towns, and in rural areas. Hypercreatives also live in Europe, Asia, Latin America, and elsewhere.

You can't spot these new-product geniuses on the street. They look like everyone else, dress like everyone else, and talk like everyone else. But they are unique in two special ways: ask them to come up with new product ideas, and they will come up with many more new product ideas than the average person, and the originality of these ideas will be exceptional.

Hypercreatives and Ideation

What is the best way to use these creative individuals to generate new product ideas? First, creativity does not take place in a vacuum. New product creation demands starting points and focal points. Creativity must have rails to run on, a purpose, and a destination. Client involvement is critical to the success of a new products project because clients are the experts on their companies' goals, technical capabilities, risk tolerances, marketing strengths, and budget capacities. Clients' knowledge and understanding, as well as their feedback along the way, create the guidelines and context that help ensure the successful outcome of a new product ideation project.

Once the new product development goals are fully understood, these goals are translated into starting points for the ideation process. Ideation sessions can be in-person (all-day group sessions with eight to 10 hypercreatives and facilitators) or online with a larger number of hypercreatives.

In-Person Ideation

In-person sessions are usually led by two innovation facilitators, who take the hypercreative participants through a carefully selected series of fast-moving, high-energy creative exercises focused on the project's goals. A typical session lasts from 9 a.m. in the morning until 4 p.m. or 5 p.m. in the afternoon. Client observation of these sessions is extremely valuable. During the lunch break, clients meet with the facilitators to discuss the morning session, and to select new product ideas (or new starting points) to build upon in the afternoon session. The group interaction and creative exercises are stimulants to hundreds of new ideas or idea frag-

ments, and the client's involvement helps guide and augment the creative process.

Online Ideation

Online sessions involve a larger number of hypercreatives, usually 20 or more, and take place over a period of seven to 10 days. One advantage of the online session is the power of more minds over the eight or 10 in an in-person session. A second advantage of online ideation is the power of time. As these imaginative consumers think about a product category over a period of days, more and more ideas come to mind. Like in-person sessions, online sessions are fueled by a series of creativity exercises organized around the objectives of the project, and client involvement in the process is essential to success. The outcome is hundreds and hundreds of relevant new product ideas and idea fragments.

New Product Concepts

But the real work has just started. The hundreds of raw product ideas and idea fragments must be sorted through, analyzed, melded with other ideas, and checked against the client's development objectives and constraints. Typically, an Innovation team mines the raw ideas and idea fragments, identifies the better ideas, and then shapes them into more fully developed, integrated "first-stage" concepts. A first-stage concept consists of a rough copy and perhaps a

rough illustration. At this point, perhaps 20 to 30 first-stage concepts might be created.

Now it's time for the "first-stage concept review" with the client. Based on client feedback, 10 to 15 of the better first-stage concepts are identified for final development. These concepts then go through an online qualitative "communication check" to ensure they are fully understood by target consumers. Based on consumer feedback, the concepts are edited and the artwork is refined. Now the final, test-ready concepts are presented to the client for final review.

At this point, the client has new product concepts that communicate as intended, and the next steps are concept screening and concept testing. If the number of concepts is large, the screening step is always recommended to identify the stronger concepts. Then the best new product concepts go through a final monadic concept test, to quantify the market potential represented by the new product idea. Concepts with high potential then become the focus of R&D efforts to deliver a product that lives up to the concept's promise.

Opportunity Knocks

Recessions create many new product opportunities. Hypercreatives who are experiencing the economic downturn have more sensitive ears than the rest of us and can hear the faint sounds of opportunity's faraway tapping. Hypercreatives can help power growth during tough times.

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