

# Pointofview



## Discovering What People Want Before They Do

Building Innovation Platforms  
with Latent Consumer Needs

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## Dove knew it. Danone knew it. Mr. Clean and 3M knew it too.

These brands knew they needed to go beyond finding new ways to meet consumers' existing needs. In order to achieve long-term growth they needed to uncover something different: new needs to address.

So, instead of focusing exclusively on developing new flavors and scents and finding ways to improve product effectiveness, these companies looked for unconscious consumer needs that had not yet emerged: latent needs.

While marketers continually tap into current drivers of brand choice to maximize their market share, they also need to think about their innovation platforms for tomorrow. One way to do this is to uncover latent needs that consumers cannot easily articulate. The discovery of latent needs is one way marketers can identify insights, which is a critical step during the fuzzy front end of innovation. Marketers who can awaken latent needs among consumers have a strong competitive advantage. They can develop innovation platforms based on benefits that are not yet delivered by any other player in the market.

Case in point: the shower gel category in an Asian country in the early 2000s. During that time, the importance of moisturization in driving brand preference in the shower gel category was only 3%. When Dove introduced a shower gel that offered moisturization as its core benefit, importance of moisturization among consumers jumped to over 12% within two years. Moisturization was a latent consumer need on which Dove was able to capitalize.

Trying to discover a need that consumers don't even know they have sounds intimidating. Exactly how do marketers identify these hidden needs and how can they be sure they have hit upon the right ones? The solution comes from observing consumer behavior and knowing the right questions to ask.

## The Power of Latent Needs

Marketers face quite a challenge in trying to manage efforts across present and future opportunities, and often the exploration into latent needs becomes a less important priority compared to optimizing present drivers of brand choice. However, given the impact that capitalizing on latent needs can have on a brand, it should be an integral part of the growth strategy. Some examples of the power of latent needs:

### Danone® Activia Yogurt

Danone realized that rich, creamy traditional yogurts were not as appealing in the U.S., which trailed far behind France in terms of yogurt consumption. To help grow the brand in the U.S., Danone identified a latent need in the form of digestive health and launched Activia, which was already commercialized in Europe. Activia was a hit in the U.S., generating \$130 million in sales in the first year.

### Mr. Clean® Magic Eraser

Mr. Clean Magic Eraser realized that consumers would gladly relinquish their old habit of cleaning household surfaces with a sponge and spray cleaner in favor of a self-contained sponge that cleaned surfaces using water alone. Mr Clean addressed the latent need for effective removal of dirt with the convenience of just a swipe – no additional cleaning solutions necessary.

### 3M Post-It® Notes

3M hit upon a latent need when it developed Post-It Notes. The product was not a great success at first as consumers had never seen anything like it and did not appreciate its usefulness. However, free sampling and demonstration activities convinced consumers of the product's relevance and it became a worldwide success. Post-It Notes addressed the latent need for a convenient way to hang a note wherever you want without using tape.

## Consumer Delight Holds the Key to Awakening Latent Needs

So, how can marketers uncover latent needs and how do they know if they will resonate with consumers? The key is to uncover which new needs or unsolved needs could delight consumers.

Sources of consumer delight can be derived through a qual-quant approach that leads to the discovery and validation of latent needs.

### Step One: Qualitative Exploration

The first step is a qualitative approach to uncover the potential latent needs in a category.

The goals are to understand:

1. What are the potential unsolved needs in a category; and
2. What new needs could emerge in the category, based on macroeconomic, socio-demographic and consumer trends?

The qualitative research should result in an initial list of potential latent needs, which will be further explored and verified through quantitative research. The upfront qualitative work is a pre-requisite to quantitative work, as it incorporates the voice of the consumer into the quantitative survey and leads to greater specificity of the attributes that will be tested.

The qualitative research will vary from study to study and may entail ethnography, consumer ideation, or internal ideation based on prior problem resolution studies. The qualitative research should decipher which consumer needs are unsolved with respect to category usage and consumption and identify potential new (and possibly unconscious needs) which would delight consumers.

For example, L’Oreal recently introduced L’Oreal® Men Expert Excell 5 hair dye, which takes only five minutes to apply and fulfils the need for fast hair color application. Further qualitative research could potentially reveal that consumers are dissatisfied with the hair coloring process being a separate grooming process – whether they realize it or not. Hence, they may have a latent need for ease of application which could be met by incorporating the dye into a shampoo product

## Step Two: Quantitative Confirmation

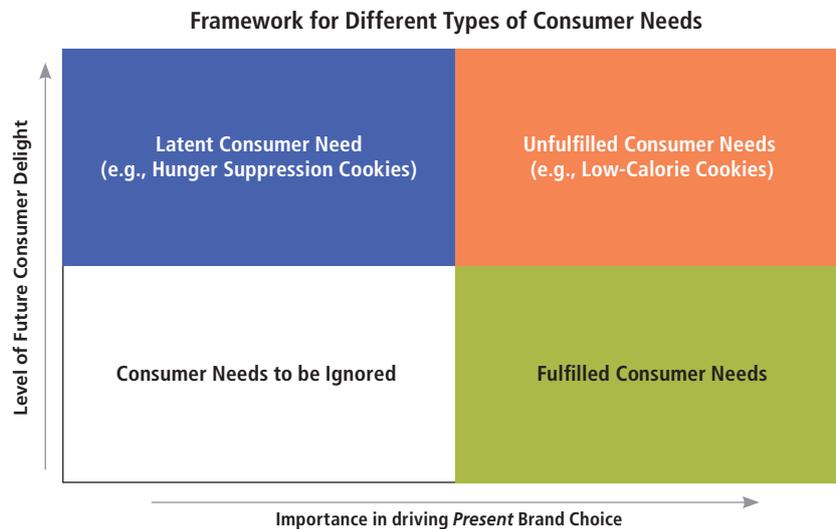
By definition, latent needs are drivers which do not drive present brand choice in the market. Instead, latent needs represent new drivers in the category which consumers would like to see. The initial list of these potential new drivers would be provided at the qualitative stage through the understanding of potential sources of dissatisfaction in the category or inferring of potential new needs which could delight consumers.

To distinguish consumers' latent needs from their current needs, we can organize needs on two dimensions: how important they are in driving present brand choice and the level of future consumer delight they would generate if the market delivered on them.

In the map below, the x-axis represents the importance of an attribute in driving present brand choice. The y-axis represents the consumer's conscious desire for an attribute. For example, consumers may proactively seek low-calorie cookies to lose weight.

The y-axis represents the potential level of future consumer delight that would be achieved if the need were fulfilled. For example, again thinking about the cookie category, consumers might be delighted by the idea of a cookie that delivered on the need to suppress hunger, even if consumers could not consciously express their need for hunger suppression.

Figure 1.



Based on these two dimensions, we can define consumer needs as follows:

- **BLUE QUADRANT: LATENT CONSUMER NEED...**This need is not important to consumers today when choosing a brand as no brand currently delivers on this need, but consumers would be delighted if a product delivered on this need in the future. This area represents a latent need as it taps into a desire which would delight consumers tomorrow and, as such, may offer good potential for long-term growth.
- **ORANGE QUADRANT: UNFULFILLED CONSUMER NEED...**This need is important to consumers today but is not delivered well by the present market; hence, consumers would be delighted if the product delivered more of this. This area represents an unfulfilled consumer need and a good potential source for growing present market share.
- **GREEN QUADRANT: FULFILLED CONSUMER NEED...**While this need is highly important to consumers today, their need is fulfilled by the present market; therefore, consumers would not be delighted if a product delivered more of this. This area represents a fulfilled consumer need.
- **WHITE QUADRANT: CONSUMER NEED TO BE IGNORED...**This need does not drive present brand choice and consumers are indifferent to the level of delivery by the present market. This area represents needs that are basically fulfilled and do not offer much in terms of present or future growth potential.

The challenge in identifying latent needs is finding ways to elicit from consumers the needs which are not addressed by any player in the present market but would delight them if delivered tomorrow (i.e., changes consumers would like to see in the future). This is what the qualitative stage uncovers followed by validation in the quantitative stage.

Ipsos Marketing R&D found that when consumers were asked directly about what changes they would like to see in a category in the future, there was very little differentiation in the data between the different potential latent needs uncovered in the qualitative stage. This makes it difficult to shortlist the true latent needs.

In order to reveal true consumer latent needs, we recommend a derivative of the Kano methodology. Kano methodology is a model that offers insight into the product attributes which are perceived to be important to consumers. Our approach uses one simple question, which is an adaption of the Kano methodology, for each of the needs in the category (existing needs as well as potential new latent needs). These needs were elicited in the qualitative stage but need to be shortlisted in the quantitative phase.

Our Kano-adapted question about existing and potential latent needs, alone, is not adequate to identify the latent needs. We need to understand the present drivers of brand choice as well. We can ascertain present drivers of brand choice through an Ipsos Brand Perceptor® study. At its core, Brand Perceptor identifies present drivers of brand choice through a dynamic, predictive model based on functional and emotional needs. Brand Perceptor provides the x-axis in the Framework for Different Consumer Needs (Figure 1) and the Kano methodology question provides the y-axis in the framework.

Future latent needs are drivers which consumers indicate are low in importance in a Brand Perceptor study, but say they would be delighted or happy if a brand delivered on these needs.

As is clear from the approach outlined above, the quality of the latent needs emerging from the study are dependent on the quality and specificity of attributes used, as gleaned from the qualitative phase.

We need to keep in mind that the latent needs we identify are also a function of stage of category evolution in a country – what might emerge as a latent need in a country with relatively lower category evolution may already be addressed by brands in a country with relatively higher category evolution – as was the case with Activia yogurt mentioned earlier.

## Latent Needs Help Drive Innovation

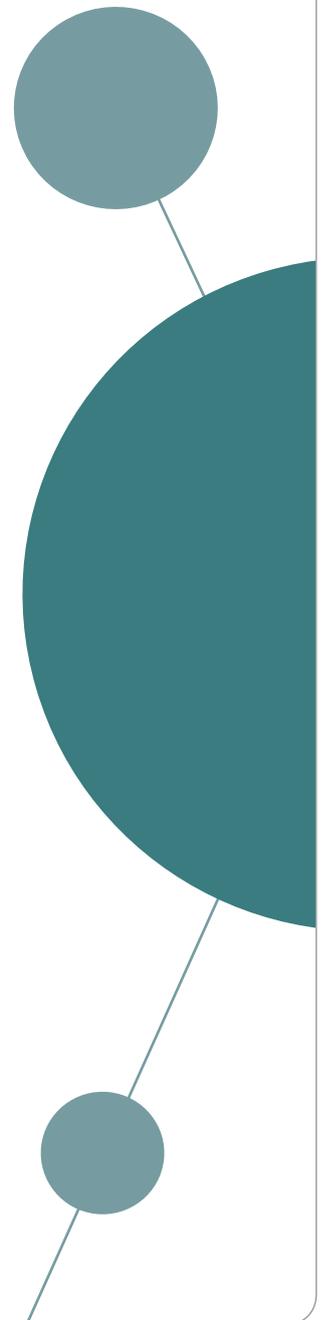
The identification of latent needs can help drive the fuzzy front end of innovation. Once latent needs are discovered and validated, marketers can leverage them to develop innovation platforms and, in turn, generate ideas and develop concepts.

Deciding on innovation platforms is a critical step during the fuzzy front end, as decisions about which platforms to pursue will have repercussions for many years. Financial investments are high; opportunity costs can be even higher.

Latent needs provide a lens for the consumer needs of tomorrow, and as such can help marketers shape their innovation platforms by helping them to decide:

- Which business opportunities should I investigate?
- Which strategic targets should I focus on?
- Do I need to re-position my brand and, if so, how?

By identifying latent needs through a qual-quant approach today, marketers are setting a course for growth for tomorrow.



## About Ipsos Marketing

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Ipsos Marketing experts transform consumer insights into our clients' competitive advantage. We offer innovative contractual models to better manage Market Research expenditures. We distribute information real-time within clients' organizations by leveraging technology and activation sessions. We integrate knowledge by combining various sources of data.

Ipsos Marketing is a specialization of Ipsos, a global market research company which delivers insightful expertise across six specializations: advertising, customer loyalty, marketing, media, public affairs research, and survey management. With offices in 84 countries, Ipsos has the resources to conduct research wherever in the world our clients do business. In October 2011 Ipsos completed the acquisition of Synovate. The combination forms the world's third largest market research company.

In 2011, Ipsos generated global revenues of €1.363 billion (1.897 billion USD), Marketing research contributing to nearly 50% of Ipsos revenues.

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