

QualQuant Signals - Scientific & Psychological

Innovation starts with an idea/insight
Ideas/Insights evolve by customers collaborating (peer to peer evaluation)
And then there is a EUREKA Moment
QualQuant Signals gets you to that EUREKA MOMENT

Ideas/Insights That WORK!

An Article by QualQuant Signals Innovation

Customer Discovery - Identifying High Value White Space

There are many methods & techniques to identify white space, and we have written this article to expand your knowledge related to a scientific QualQuant approach to identify high value white space (gaps) through customer discovery (insights).

High Value Opportunities = High Market Reach Potential X High Customer Strength



Author – Hemen Patel
Principal – QualQuant Signals
hemenpatel@qualquantsignals.com // 201-665-6465

Article Theme



This article is written by QualQuant Signals team to illustrate the value of 'CUSTOMER DISCOVERY' and a systematic approach for identifying high value white space opportunity.

Customer discovery could be the most effective tool within your toolset to identify high value white space.

1. The customer transformation & the importance of white space today.
2. Why customer discovery (insights) is critical to innovation success?
3. A detailed view of white space (The QualQuant Signals Method).
 - What is white space?
 - Different forms of white space opportunities?
 - The significance of white space within the innovation process?
3. The QualQuant Signals method to identify high value white space opportunity.
4. Example & case studies.

Key Takeaway

Learn about the QualQuant Signals systematic method to identify high market reach & strength white space opportunities for which no products exists and intent is high if product introduced.

Customer Transformation & the Importance of White Space Today

A large volume of white space opportunities are lingering out there and needs to be identified for leverage. Why? Customers are evolving rapidly which is driven by enhancement of existing & introduction of new categories / products.

This rapid evolution is mainly driven by consumers being exposed to new products, services and technologies that promote creativity and make consumers more innovative in their thinking. This change is leading to a barrage of white space (innovation) opportunities.

Customers have new frustrations, emerging expectations, unmet needs, and want to increase quality of their lives, etc. These are a few of customer discovery areas that lead to identifying white space opportunity.

Why Customer Discovery (insights) is Critical to Innovation Success?

There are numerous triggers that lead to white space opportunities such as...

1. Government policies (example – green initiative, Obamacare, etc.)
2. Market dynamics (example – new competitor, new category, dying category, etc.)
3. Consumer driven (example – emerging expectations, trends, frustrations, etc.)
4. Science driven (example – new materials, new technologies, new processes, etc.)

In the arsenal of methods to identify white space, the consumer should always be central in nature as proven in the below findings.

Research shows understanding customer needs is critical for innovation success.

Research on product development and innovation effectiveness over the past decade has shown that understanding customer needs is critical to success.

. The innovation processes used by companies with high new product success rates are considerably different than those used by less successful firms. **The best innovators make customer needs discovery a key part of their front-end of innovation process. That leads to better idea generation, concept development, new product success rates, and profitability.**

Success	Failure
1. Understanding customer needs	1. Ineffective process
2. Systematic process	2. Not understanding customer needs
3. Management support	3. Resource management
4. Cross functional teamwork	4. Insufficient funding
5. Right skill	5. Lack of clarity in objectives
PDMA Foundation's CPAS 2005	

This was followed by having a systematic innovation process in place. The top reason stated for failure was having an ineffective innovation process, while not understanding customer needs was the second most important factor associated with failure.

Research Findings Source- The Product Development and Management Association (PDMA) Foundation's Comparative Performance Assessment Study (2005) included over 400 firms across industries. The survey gathered various new product development metrics such as percent profit and sales from new products, new product success rates, and survival rates for ideas through each step of the innovation process, as well as what management in the firms considered being the top factors for success and failure.

A Detailed View of White Space (The QualQuant Signals Way)

What is White Space?



White space is defined in various ways based on business category and roles within organizations. However there is a common ground as to the final result of what white space is and that means an opportunity gap to sustain & grow your business. For the purposes of this article, QualQuant Signals defines white space as an opportunity (gap) to leverage by innovation or making product/brand based improvements.

Different Forms of White Space Opportunities & Gaps

White space is an opening for a business to connect with customers through innovations & improvements. These openings (white space) present themselves in various forms of opportunity, as shown in the below table.

White Space Gaps	→ Opportunity Areas	→ Resulting In
	<ol style="list-style-type: none"> 1. New product development 2. Improve existing product (new or improve existing feature) 3. Brand strategy innovation (perceptions, positioning, equity, etc.) 4. Customer service 5. Marketing innovation (messaging, creative, etc.) 6. Packaging innovation & improvement 	<ul style="list-style-type: none"> Establishing new category Meeting emerging expectations Satisfying underserved needs Entering new markets Redefining category Creating new segments Filling a market niche Product to stand out

Below are two examples that show white space (gaps) based on product availability and areas of innovation that can be pursued.

Customer Discovery Area	Product Availability Status	The White Space (Different Forms)	Area of Innovation
Customer Frustration	No	No products to reduce frustration	<ul style="list-style-type: none"> - Develop new product - Establish new category
Customer Expectations	Yes	Expectations not met or emerging expectations	<ul style="list-style-type: none"> - Improve product

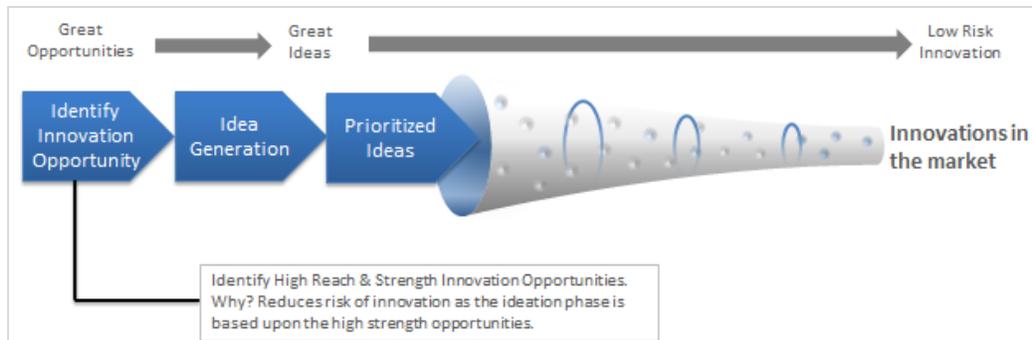
The Significance of White Space within the Innovation Process

The innovation journey begins by identifying white space and this being the first step; it dictates the level of innovation success along the journey. The key is to minimize innovation risk by avoiding misclassification of white space opportunities (type 1 and type 2 errors).

Type 1 Error – Considering an white space opportunity to be of high value which is not.

Type 2 Error - Missing out on high value white space opportunity by classifying them not be.

High Value Opportunities -> Low Innovation Risk (Marketable Products / Services)

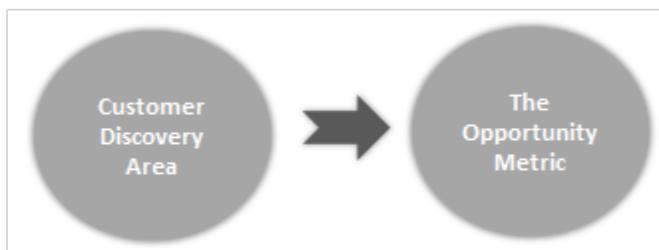


Next, we will illustrate the QualQuant Signals method to identify high value white space opportunities powered by patented algorithm to minimize misclassification of white space opportunities.

The QualQuant Signals Method to Identify High Value White Space

Identifying white space necessitates a systematic exploration with regards to understanding the current market status and what lies ahead amid a rapidly shifting market & customer landscape. Successful innovations are driven by white space related to the pain experienced or the craving of enhanced experiences by customers. The more acute the pain or expectations, the bigger the value created.

QualQuant Signals has established a systematic two dimensions based approach powered by a patented algorithm to identify high value white space.



Identifying high value white space opportunities from a customer's perspective

1st Dimension: Customer Discovery Area

The first dimension is related to customer discovery areas to understand the customers in detail based on behaviors, expectations, perceptions & experiences. This level of detailing helps to view the markets from a customer’s perspective.

The key is to connect with what customers are thinking, the pain points they have, and understand the changes they are making to make their life better, etc.

Below are a few customer discovery areas QualQuant Signals uses to identify high value white space opportunities.

Customer Discovery Areas	Leading To	Whitespace Opportunity Areas
<ol style="list-style-type: none"> 1. Frustrations 2. Expectations 3. Purchase barriers 4. Dissatisfaction / turn offs 5. Current & changing behaviors 6. Category & brand perceptions 7. Brand selection drivers (purchase factors) 8. DIY approach 		<ol style="list-style-type: none"> a. Establish new category b. New product innovation c. Improve existing product d. Marketing innovation e. Brand strategy innovation f. And other areas

Customer discovery areas are selected based on being aligned to business objectives. Other considerations such as category status, product landscapes and customer status are taken into account.

Lastly, to get a detailed view of the customer, it is important to take a multi-angle view of customers because it provides a broader view of a customer’s perspective.

Example:

Objective - To identify white space within each stage of a hotel experience (before, during and after).

End Result Desired – To stand out and gain market share.

The Customer Discovery Areas -

1. Before – Type of experiences the hotel can deliver while planning, making reservations, etc.
2. During – Type of experiences you expect to make your stay stylish and comfortable.
3. After – What can hotel do after your stay to reinforce the experience you expect?

This type of sequential technique identifies white space opportunities across the complete spectrum of a hotel experience which leads to developing products & services to excel throughout the experience.

2nd Dimension: Identifying High Value White Space (The Opportunity Metric)

The second dimension is related to quantifying the value of white space (gaps) based on the customer discovery areas. The Integrated QualQuant peer to peer consensus building process prioritizes & ranks the white space (gaps) based on the ‘Opportunity Score’ assigned by the patented algorithm.

The ‘Opportunity Score’ is tabulated based on the below modeling equation...

NOTE – The modeling equation is explained using customer frustrations as an example.

White Space Opportunity is a Function (Mr,Cs, Os,Pi)

Mr = Market Reach (proportion of customers expressing frustration)

Cs = Customer Strength (intensity level of frustration)

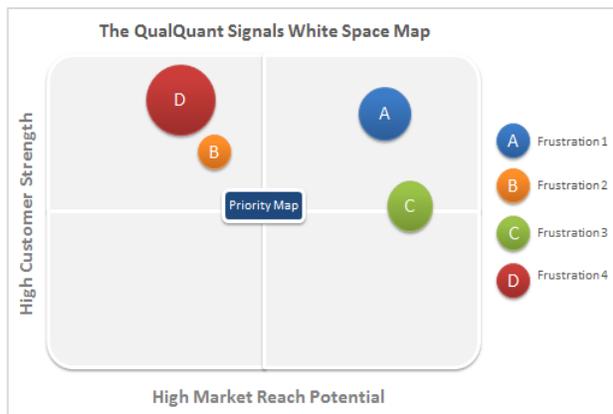
Os = Opportunity Strength (product not available to handle frustrations)

Pi = Intent if product available (to fill gap to reduce frustration)

The White Space Opportunity score is tabulated based on the below algorithm equation...

Value (OPP) = (Mr * Cs) + (Os * Pi) -> Value calculated for every customer frustration

Value ranges from 1 to 1000 where a score of 1000 indicates a high value wide open white space gap.



The white space opportunities are categorized within the 'White Space Map' based on the score.

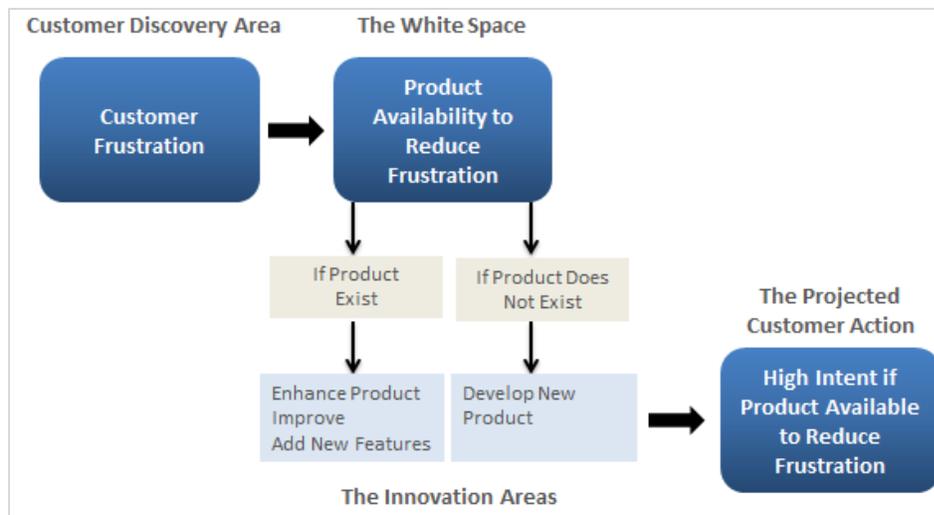
X-axis = Market Reach

Y-axis = Customer Strength

Bubble Size = % of customers that claim product is not available and intend to buy if introduced.

Summarizing - Combining the 1st and 2nd Dimensions

The objective of QualQuant Signals systematic method is to identify high market reach & strength opportunities for which no products exists & intent is high if product introduced.



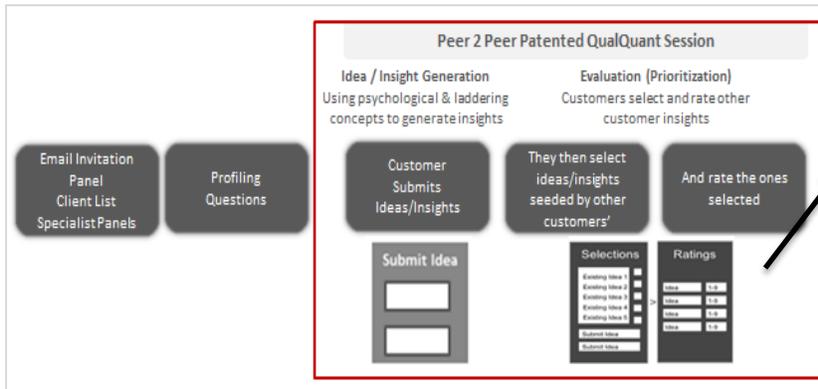
Next, bringing it to life through case studies....

Case Study 1: (Category – Medical || Area – Incontinence Products)

Confidentiality Disclaimer – This case study is summarized due to confidentiality.

Client objective	To identify white space and areas of innovation opportunities.
QQS study parameters	Sample Size – 200 Participant Profile – Incontinence Sufferers
Customer discovery areas	Uncover High Impact Frustrations 1. Frustrations related to suffering due to incontinence. 2. Frustrations about current products / treatment options.

The QualQuant Signals Process:



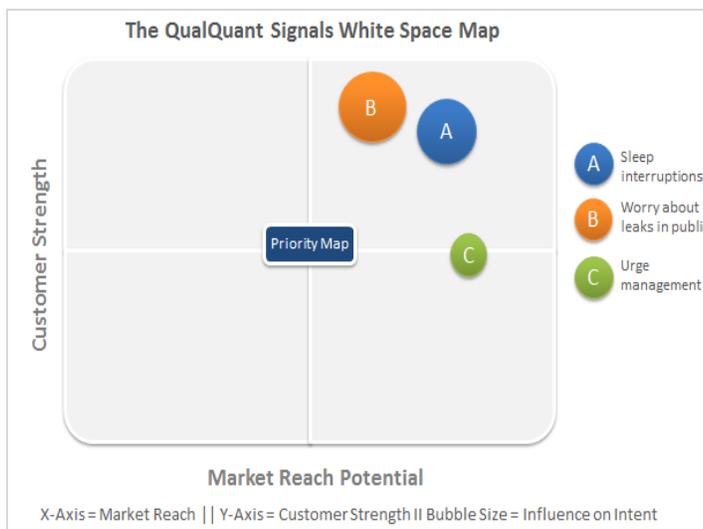
Rating Criteria – Peer 2 Peer

Participants quantified each other(s) frustrations based on the below rating factors...

- 1: Level of frustration.
- 2: Is product available in market to reduce frustration?
- 3: Purchase intent if product available.

The QualQuant Signals algorithm assigns an ‘Opportunity Score’ for every frustration based on market reach, customer strength and intent to buy if product available. Every frustration is then laid out on the ‘White Space Map’ as shown below.

The High Value White Space (Findings)



Top Level Findings

The high value white space areas for which products are not available...

1. Sleep interruptions
2. Worry about leaks in public
3. Urge management

Action

Build or enhance existing products to reduce the above areas of frustrations.

Case Study 2: (Category – Education || Area – Online School)

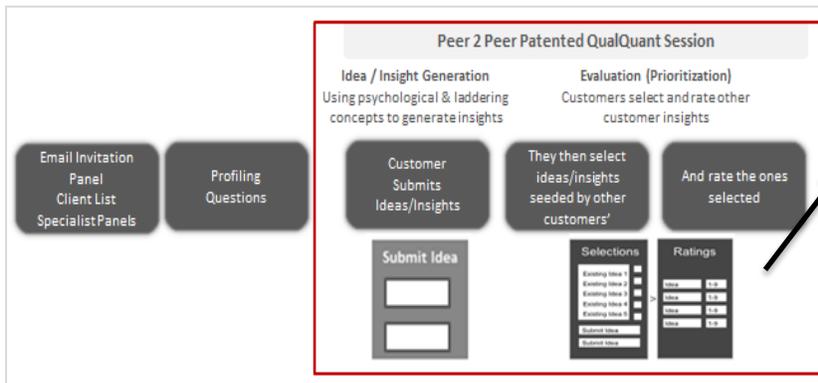
Confidentiality Disclaimer – This case study is summarized due to confidentiality.

Client Objective	To identify white space and areas of product & messaging innovation opportunities.
QQS Study Parameters	Sample Size – 400 Participant Profile – Online Education Seekers

Customer Discovery Areas - Understand Brand Selection Drivers

Think about the type of school you would choose if you have decided to get a post high school degree or career training ONLINE. What are the most important things about a school that you would look at? What would make you decide not to go to an ONLINE school? What things would you look at to help you choose one ONLINE school over another?

The QualQuant Signals Process:



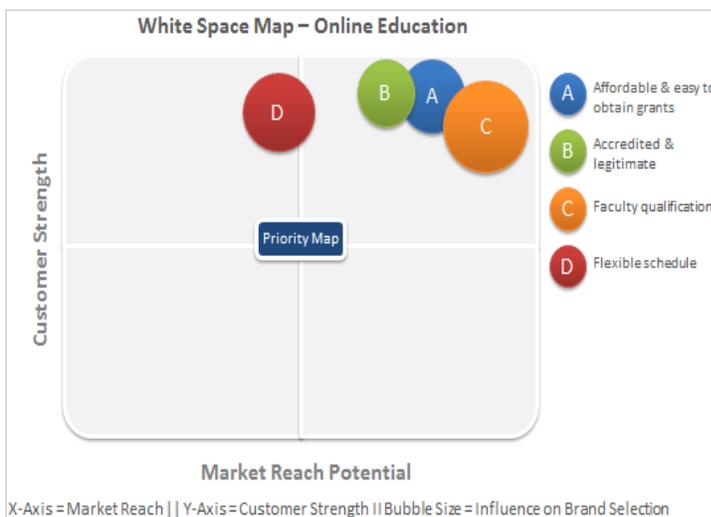
Rating Criteria – Peer 2 Peer

Participants quantified each other(s) frustrations based on the below rating factors...

- 1: Level of influence.
- 2: Is product available in market to match selection criteria's?
- 3: Purchase intent if product available.

The QualQuant Signals algorithm assigns an 'Opportunity Score' for every driver based on market reach, customer strength and intent to buy product if available. Every driver is then laid out on the 'White Space Map' as shown below.

The High Value White Space (Findings)



Top Level Findings

The high value white space areas are...

1. Affordable and easy to obtain grant
2. Accredited & legitimate
3. Faculty qualification
4. Flexible schedule

Action

these are the four most influential criteria's for which the brand needs to enhance product and communicate the benefits around these areas.

Conclusion

Discover white space through the customer's eyes! Their Perception is Reality.



Why Customer Discovery (Insights)?

Things exist in the real world because we allow it to exist in our minds in different ways. For brands & marketers, it is important to know how solutions to meet their expectations are laid out in a customer's mind because that is the reality.

For Example (White Space) – If we as customers signal that a product does not exist to reduce or eliminate a certain frustration / pain point then there is a white space (gap) open for innovation.

Lastly, it is important to innovate the way customers see and perceive.

Why QualQuant Signals Collaboration (Peer to Peer Consensus Building)?

1. To identify high value white space (high market reach / strength) opportunities.
2. Increase chance of innovation success by minimizing misclassification of opportunities.

About QualQuant Signals

Delivering High Market Potential Ideas / Insights!

QualQuant Signals is a game changing innovation Insights Company that scientifically uncovers & quantifies predictive ideas & insights that WORK through our patented integrated QualQuant customer collaboration process.

Our team, who brings innovation to innovation, strives to think differently, delivering well beyond the status quo. Sitting at the intersection of consumers' expectations and client objectives, we increase innovation effectiveness, carve out new market opportunities, identify unmet needs, help develop, test and improve concepts, and help revive brands by facilitating innovative collaboration with customers from the outside in or the inside out.

The prowess of collective human intelligence combined with our patented qual/quant algorithm sets our clients on a decision making path. A path with: concrete direction, solidified priorities, minimized risk and a path that builds market success.

And that is what we define as predictive ideas / insights that WORK!

.....
For questions, comments or enquiries please connect with...

Author – Hemen Patel

Principal – QualQuant Signals // hemenpatel@qualquantsignals.com // 201-665-6465