SINCE THE PUBLICATION OF LAST YEAR’S 2014 BREAKTHROUGH INNOVATION Report, we have spent time with executive leadership teams at more than 100 companies in North America, and our Innovation Practice peers around the world have done the same, as the Breakthrough Innovation Project has gone global. Despite heroic efforts, extensive investment, and a steady stream of scholarship, the leaders we meet continue to struggle with the consistency of innovation outcomes.

The 2015 Breakthrough Innovation Report doesn’t offer a quick fix, but it does argue for a decisive course correction—toward an innovation future defined by consistently successful innovation outcomes.

Reforming innovation will not be easy, but at least it’s not risky.

It would be hard to come up with something riskier than the present state of innovation, in which 85% of innovations fail, and 20% of launches produce 70% of the sales with a long, long tail of innovation duds that fail to recoup their costs.

Our research is unequivocal: persistently high innovation failure rates are not an immutable law of nature. We know the core disciplines applied by Breakthrough Winners, and we know the causal mechanism that propels their success.

We know the same construct that unites and explains past Breakthrough Winners will also explain winners in 2016. We already know how the future winners will win; we just don’t know who will apply the predictive principles to bring those products to life.

Why not you?

Innovation is neither magic nor random. It is a science. It is the rejection—at times tacit and at times explicit—of the available science that sustains a culture of innovation failure.

It’s time to fix this.
THE BIG, HAIRY QUESTION

Is innovation success largely random?

A visual assessment of Breakthrough Winners reveals no telltale markers or outward signs of their high achievement. The drivers of success are not obvious. As a senior client executive recently remarked while viewing images of the 40 winners since 2013, “[It] looks pretty much like a cross section of the average store.”

Perhaps, then, managers should mostly keep doing what they’re already doing: trying their best in a game largely of chance in which odds are long and the play is tough.

Alternatively, is there a causal mechanism—invisible to the naked eye—that not only unites the Breakthrough Winners but also explains their success?

THE CAUSAL MECHANISM OF SUCCESSFUL INNOVATION: A JOB TO BE DONE

The beauty of the Breakthrough Innovation Project is that it is an unprecedented study of 20,000 successes and failures, and it is the study of causality, not correlation.

The answer to the “big, hairy question” is that success is anything but random and unpredictable; it is a science. There is a causal mechanism that reveals why consumers pull brands into their lives, and it is a job to be done. Successful innovations resolve poorly performed jobs in consumers’ lives. This is the basic principle of what we call Jobs Theory.
DEMAND DRIVEN INNOVATION IN ACTION: JOBS THEORY APPLIED

We introduced the Demand Driven Innovation principles in the 2013 report and further developed them in 2014. Because the Breakthrough Innovation Project is virtually unique in its sample of many successes, as well as thousands of failures, we know that Demand Driven Innovation is the proven pathway to successful innovation. That said, we know from extensive, firsthand experience that the challenge remains high and the journey hard. That is why the 2015 Breakthrough Innovation Report is focused on Jobs Theory, the core of Demand Driven Innovation.

There is a stubbornly wide gap between the state of knowledge and the state of performance in the practice of innovation, and the single best way for managers to close that gap is to require every innovation initiative to resolve a poorly performed job in consumers’ lives.

The Job of This Report
This report hopes to address two circumstances of managerial struggle:

1. How do I launch the next breakthrough success in my organization?
2. How can I improve our overall innovation performance from slow, expensive, and inconsistent to fast, resource-efficient, and consistently successful?

This report will not resolve these struggles single-handedly, but like all successful new products, it will enable its users to make important progress in their lives.
JOBS THEORY
HOW INNOVATIONS SUCCEED

To understand what causes a person to consume a particular product in a given situation, we need to understand the progress the person is trying to make in that particular circumstance.

It turns out that people don’t so much buy products as hire them to perform jobs in their lives. Consumers pull brands into their lives to address circumstances in which they need some help to resolve a struggle or fulfill an aspiration—to make progress.

Consequently, for marketers to develop successful innovations, they need a deep understanding that centers neither on the consumer nor on the product, but rather on the circumstance. What causes a person to consume is neither the identifiable qualities of the consumer (such as demographics) nor the product attributes, but rather it is the circumstance-specific job to be done.

So what exactly is a “job” in the context of innovation?
WHAT’S A JOB?

- A “job” is the progress that an individual seeks in a given circumstance.
- The job to be done generates the energy required for someone to take an action, such as pull a brand into his or her life or develop a compensating routine.
- While many of the jobs in our lives have adequate solutions, successful innovations resolve circumstances of struggle and fulfill unmet aspirations:
- Because jobs occur in the flow of daily life, the circumstance is the essential unit of innovation work—not customer characteristics, product attributes, new technology, or trends.

WHY ARE JOBS SO IMPORTANT?

- Understanding the job reveals why (the cause) people purchase and use products and services, as well as why they sometimes behave in ways that involve no purchase at all (nonconsumption).
- Innovation initiatives that are organized to resolve well-defined yet poorly performed jobs proceed with purpose and efficiency. Conversely, initiatives untethered to specific jobs lack meaning and proceed haphazardly, if at all.
- Viewing the marketplace through the lens of consumers’ jobs to be done redefines categories (typically far larger than conventionally envisioned) and reframes competitors (typically more numerous and diverse than conventionally considered).

WHAT DOES A JOB LOOK LIKE?

- Jobs Theory focuses the insight process on the search for circumstances of struggle, unmet aspirations, and pools of nonconsumption. Demand Driven Insights identify poorly performed jobs.
- Jobs Theory creates a shared purpose and common language that facilitates communication and integration across diverse functional areas. A well-defined job enables efficient development as well as in-market success.

DIRECTLY VERIFIABLE ELEMENTS INCLUDE:

- CIRCUMSTANCE
- Who, when, where
- Desired progress, outcome, experience, or solution

- COMPENSATING BEHAVIOR
- Complication, compromise, trade-off, or struggle
  1. Buying and using a product that imperfectly performs the job
  2. Cobbling together a workaround solution involving multiple products
  3. Nonconsuming compensatory behavior

- Remember: Sometimes the struggle is discernable and quite clear; other times, especially when consumers have developed compensating routines, the struggle is far less obvious.

YOU CAN VISUALIZE A CIRCUMSTANCE IN WHICH A JOB ARISES AS A SHORT STORYBOARD CAPTURING ESSENTIAL ELEMENTS. SOME OF THESE ELEMENTS CAN BE DIRECTLY VERIFIED, AND OTHERS NEED TO BE INFERRED AND VALIDATED.
JOBS THEORY

Remember!

- The essential unit of innovation work is the consumer circumstance, not product attributes, consumer characteristics, or trends.
- Because the circumstance exists before any innovation enters the world, some compensating behavior must be “fired” in order for a new solution to be “hired.” For every innovation initiative, managers should know what will be fired and why—the circumstance-specific consumer criteria for making choices.
- As noted, all products can be viewed as services that successfully resolve circumstances of consumer struggle.
- The “job spec” reveals the benefit bundle that will perfectly address the circumstance. The job spec is the innovation blueprint. Identifying a job provides remarkable clarity to the innovation process, enabling bigger wins, faster development, and fewer misfires.
- Because jobs-based innovation systematically eliminates waste, jobs-based innovation is lean innovation. Risk tolerance is not a quality of successful innovators.
- Innovation risk is a function of failing to nail a poorly performed job. Risk level is independent of any investment requirements.
- While technologies, priorities, and daily routines evolve, jobs remain relatively stable over time.

WANT TO SEE JOBS THEORY IN ACTION?

Read the seven Spotlight cases in this year’s Breakthrough Innovation Report. Better yet, read these firsthand chronicles of struggle and success, and then read the 14 Spotlights in the 2013 and 2014 reports, and you will experience immersion learning in Jobs Theory. The Breakthrough Spotlight Series covers a diverse cross section of categories, company circumstances, competitive situations, company sizes, brands, and launch strategies, but the fundamental architecture of these stories is strikingly similar. Breakthrough Winners nail poorly performed jobs.

ELEMENTS THAT NEED TO BE INFERRED INCLUDE:

- The criteria that people apply in evaluating “job candidates” (i.e., potential solutions).
- Understanding the job dramatically reconfigures category structure and competitors. For a given job, consumers regularly consider an array of solutions that extend well beyond a given store aisle—and often beyond the store as well.
- Remember: criteria are always circumstance specific.
- The functional, emotional, and social dimensions of benefit that collectively constitute the ideal solution for the job: the “job spec,” or blueprint for successful innovation.

BREAKTHROUGH WINNERS NAIL POORLY PERFORMED JOBS:

Coffeehouse taste without the coffeehouse hassle.

CRITERIA

SOLUTION

Wow! It’s like they’ve been reading my mind.

complicated... time consuming...

can never get the flavor right

they always mess up my order... it costs too much... don’t like waiting in line
don’t want to go to the coffee shop...

make my own?

it’s morning... it’s hot out... an iced coffee would be great...

too complicated... time consuming...

directly verifiable elements include:

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2015 Nielsen Breakthrough Innovation Winners

Atkins™ Frozen Meals
PG 32

Duracell® Quantum

L’Oréal® Paris Advanced Haircare
PG 35

Lunchables Uploaded
PG 38

Monster® Energy Ultra

Mountain Dew® Kickstart™
PG 41

= See Winner Spotlights

The Nielsen Breakthrough Innovation Report
CONGRATULATIONS

THE MAKING OF WINNERS: NIELSEN BREAKTHROUGH INNOVATION CRITERIA

DISTINCTIVENESS
Deliver a new value proposition to the market. Ingredient reformulations, repackaging, size changes, repositioning, and other minor refinements to existing brands are excluded.

RELEVANCE
Generate a minimum of $50 million in year-one U.S. sales.

ENDURANCE
Achieve at least 90% of year-one sales in year two. This measure confirms a sustained level of consumer demand while allowing for some drop in revenue during the transition from trial to adoption.

= SEE WINNER SPOTLIGHTS
The insights that fuel Breakthrough Innovation reside in the circumstances of struggle and unmet aspirations that abound in people’s lives. Many of our recurring tasks have perfectly adequate solutions, but periodically each of us makes trade-offs or unconsciously employs some compensating fix so that we can perform the jobs that crop up and get on with our lives. Innovation opportunities lurk in these moments of compromise.

In crowded consumer goods categories, these struggles, hassles, trade-offs, and unfulfilled aspirations may not look like much when consumers have found a workaround. If asked, consumers may not even surface the problem, but they can certainly describe desired outcomes or progress they seek, and they can also reveal the array of solutions currently employed—their current compensating behaviors. By exploring these behaviors, marketers can uncover the requirements of the job, the real composition of category and competitors, and the relevant criteria consumers apply in making choices.

Remember, most managers look at the world and see consumption, but innovators look out and see nonconsumption and compromises. Where can you find nonconsumption and compensating behaviors in consumers’ lives? How many Breakthrough Winners succeed in categories widely regarded as mature or declining? It’s not some; it’s most of them. So challenge your assumptions.

When Kimberly-Clark launched their 2014 Breakthrough Winner, Depend Silhouette and Real Fit Briefs, they weren’t competing against other incontinence products. Instead, they were primarily competing against the compensating behavior of not going out—staying home instead of going to restaurants, movies, friends’ houses, and events.

Mastering a new form of market research is not required. The trick is in learning how to look. If there’s one research technique most commonly applied by Breakthrough Winners, it’s empathy.
THE RIGHT STUFF

The Demand Driven Insights that reveal jobs to be done are more story than statistic. Successful innovation requires the “small data” of storytelling and the “big data” of quantitative inquiry.

There’s a misconception so prevalent that it is tacitly embedded in many organizations: “Qualitative data are subjective, and quantitative data are objective.” In truth, all data are man-made. We configure data to represent, explain, and predict actual phenomena. Both qualitative and quantitative data can reveal—and obscure—truth. Artfully applied quantitative techniques can be empathetic and explore emotions, just as traditional qualitative techniques can. The compartmentalized language often applied to qualitative and quantitative approaches obscures the reality that there is much overlap and integration.

Decisions to invest often hinge on the forecasts of quantitative work rather than on the narrative outputs of qualitative research. Because analytics are powerful and insights are fragile, caution and expertise are required to apply analytics in the right ways. Insights get compromised when we shape the data to fit the tool, rather than employ diverse tools to reveal what we don’t yet know. Ultimately both classes of technique are essential; just use the right tool for the job.

Remember that innovation work is “future work.” In ways large and small, Breakthrough Winners create a future that is different from the past, and it is the job of the Consumer Insights Team to create the data that reveal the path into the future.
In response to requests to provide tactical guidance and how-to advice based on the evidence, we’ve prepared this section to accelerate valuable discoveries. Unsurprisingly, there’s no “best” way. Breakthrough Winners apply a diverse array of research techniques in their quest for Demand Driven Insights, revealing poorly performed jobs to be done.

The following approaches are illustrative, not exhaustive. They highlight some of the things winners look for. Note that many winners showcase multiple approaches and strategies in their efforts to understand and fulfill consumer jobs:

1. **TRADE-OFFS:** Are there circumstances of compromise in which consumers are forced to choose between imperfect alternatives? Perhaps more than any other innovation strategy, resolving undesirable trade-offs underlies many Breakthrough Winners. Consider how Tidy Cats LightWeight resolved the trade-off between weight and efficacy. Special K Flatbread Breakfast Sandwiches and Sargento Ultra Thin Cheese Slices (2014) resolved trade-offs between products being healthful and delicious. Allegra Allergy (2013) resolved the trade-off between drowsiness and fast efficacy in allergy relief. Trade-offs are everywhere, and Breakthrough Winners resolve them.

2. **WORKAROUNDS:** Are there circumstances in which consumers develop a compensating routine to deal with a job that only has imperfect solutions? Rather than buy a frozen meal that didn’t fulfill their nutritional criteria, many Atkins adherents simply didn’t shop the category—relying instead on a frustratingly limited repertoire of dinner solutions. The Purina Tidy Cats team discovered that many cat owners would scoop cat litter out of the trunks of their cars rather than lug the heavy boxes indoors.

3. **HIRING AND FIRING MOMENTS:** What can we learn from the moments at which consumers first try or ultimately renounce a product? As strong as the Lunchables brand is with younger kids, these loyalists were predictably “firing” the brand as they approached their teenage years. What about the kids’ criteria was changing such that they saw a previously terrific solution as no longer so great? Exploring this question led to the Breakthrough Winner and category expander, Lunchables Uploaded.

4. **UNEXPECTED USES:** Are consumers using our products in circumstances we didn’t expect and/or to deliver benefits we hadn’t prioritized? The Mountain Dew team noted that the brand overindexed in the morning hours and decided to dig deeper. When they discovered customers routinely adding orange juice to their Dew, they had the tip of the insight that led to the Kickstart Breakthrough Winner. Although NyQuil was designed as a cold remedy, some consumers found it to be an effective sleep aid as well. ZZZQuil (2014) offered consumers the good night’s rest they wanted without the other active ingredients they didn’t need.

5. **COMPLEX PROBLEM SOLVING:** Are there circumstances in which consumers are compelled to develop multistep solutions to fulfill a recurring job? The WhiteWave team observed consumers struggling with the challenge of preparing iced coffee at home. They pursued the finding to flesh out the insight and produce International Delight Iced Coffee, the 2014 Breakthrough Winner and Category Creator. Effective teeth whitening previously involved a trip to the dentist, purchasing expensive and inconvenient strips, or buying ineffective whitening toothpastes. Colgate alleviated this cumbersome routine with its Optic White product line (2013).

6. **CIRCUMSTANCES OF NONCONSUMPTION:** Are there circumstances in which we might expect consumers to buy our brand or category but they do not? In developing Redd’s Apple Ale, the innovation team at MillerCoors was taking square aim at outdoor social occasions in which sweeter, lighter beverage options
were beating out traditional beers. Similarly, the Reese's team at Hershey discovered that even their devoted customers chose other options when they were on the go. Immersing themselves in these special circumstances, the Reese's team identified the criteria that mattered most and developed an innovation brief based on their findings that individually wrapped candies were inconvenient for on-the-go snacking and large-format candies were too much and too messy. Reese's Minis (2013) addressed these circumstances of candy nonconsumption by eliminating the packaging hassle with an unwrapped, “snackable” format in a resealable pouch.

7 NONCONSUMERS: Are there neglected populations who would embrace a solution tailored to their specific criteria? The Monster Energy brand is a “hard, blue-collar brand,” as CMO Mark Hall describes it. “How can we soften the edges to appeal to more consumers and more use occasions?” This focus on expanding Monster Energy’s user base led to the development and ultimate success of Monster Energy Ultra. The team behind Kimberly-Clark’s remarkable 2014 Breakthrough Winner, Depend Silhouette and Real Fit Briefs, found millions of consumers opting to withdraw socially rather than shop for incontinence products. The Atkins team saw adherents not buying frozen meals and asked why. The innovation team at L’Oréal observed that women’s hair truly does live in a “hostile environment,” especially with the growing use of chemical and heat treatments. Further investigation revealed that millions of women were eager to repair and restore the health and vitality of their hair but found limited solutions. Most marketers look at the world and see consumption. Successful innovators look at the world and see nonconsumption, poorly performed jobs, and unfulfilled aspirations. Where is the nonconsumption that you can address?

8 SURPRISING PRODUCT COMBINATIONS: Are consumers combining products in unexpected ways to create a solution that no existing product offers? Think of the way consumers were pouring orange juice to Mountain Dew, which contributed to the insight behind Kickstart. Anheuser-Busch discovered multiple unexpected uses of beer: some consumers were pouring it over ice, treating beer as a cocktail; in very different settings, consumers inverted a bottle of beer into a margarita. Exploring and synthesizing these unexpected uses led to the huge success of Bud Light Lime Ritas (2014). What looks like “fringe” behavior just might signal the glimmer of a breakthrough opportunity.

9 DISSATISFIED DABBING: Are consumers moving not only across brands but also across entire categories to resolve a recurring job? The Special K team found that customers were trying everything from fruit to leftovers to bars to cookies in an effort to find the ideal solution to their “at-home, on-the-go” breakfast occasion. The Atkins Nutritionals innovation team observed their adherents repeatedly pursuing an array of unsatisfactory approaches in their quest for a no-fuss, delicious dinner that would fulfill their whole-foods lifestyle. The consumer struggle had nothing to do with the frozen-meal category, but when the Atkins team developed the perfect solution for the customer’s job, that solution happened to take the form of a frozen dinner.

10 SHIFT FOCUS FROM PRODUCT ATTRIBUTES TO CONSUMER EXPERIENCE: Can you unlock opportunity by shifting focus from “configuring a bundle of benefits” to “delivering a desired experience”? When the Tostitos team explored the restaurant experience of visiting a great cantina, they realized that the chips-and-salsa moment had a catalytic effect of kicking off the evening. This “kick off the fun” experience—which required innovation around chips, salsa, brand, packaging, and communications—became the focus of the effort that became their Breakthrough Winner. While Meow Mix Tender Centers (2014) broke through with an innovative resolution to the perennial dry-versus-wet trade-off, the innovation was rooted in creating a moment of connection and perfect feeding experience for cats and their “parents.” Unilever’s Magnum Ice Cream (2013) offered a luxurious escape from the daily grind. The Magnum team never saw themselves as competing for share in the crowded ice-cream category, but instead as enabling an emotional experience with a brand unlike any other ice cream in the market that drew millions of new customers into the category.

11 LOOK IN THE INNOVATION MIRROR: Are you systematically harvesting the lessons of your own organization’s past experiences? On the basis of thousands of executive interactions across hundreds of companies, we’re confident in saying that even as leaders seek external illustrations, their own innovation histories generally reveal examples just as rich as any third-party case study.

What are the three most successful launches your organization has commercialized in recent years? How were the insights underlying those initiatives generated, and what story did they tell? What did your organization do differently in the context of these successful initiatives?

Our bet is that you’ve practiced Demand Driven Innovation unconsciously and intermittently. The promise of Jobs Theory is the opportunity to apply Demand Driven Innovation every time.
WE KNOW HOW TO DO THIS, SO WHY IS BREAKTHROUGH STILL SO RARE?

One of the truly remarkable aspects of the Spotlights is that while they are told by a diverse array of managers in different companies, contexts, and competitive circumstances, if we strip away many of the surface details, the Spotlight stories follow remarkably similar arcs. Each of them identifies a poorly performed job to be done as the core Demand Driven Insight. The featured companies develop offerings with uncompromising fidelity to the insight. They launch into market with a robust, sustained effort that connects the new offering to the job to be done in the mind of the intended consumer.

In short, we know how to do this. Breakthrough Winners have done it. They have shared their stories; we have documented the lessons, isolated the causal drivers, and validated the transferable principles. Nonetheless, many winners fail to win again on a consistent basis. These are incredibly smart, talented, hardworking professionals who seem to have cracked the code, so what’s the explanation for the inconsistency?

THE LAW OF THE LENS

Neuromarketing giant and Harvard professor emeritus Gerald Zaltman calls “our tendency to shape the world to our intellectual comfort zones” the Law of the Lens. In other words, when observed phenomena conflict with our belief about how the world works, belief predictably trumps evidence. This tendency for knowledge disavowal has been well established by social scientists and researchers in diverse fields. Everyday observers of human nature see the same thing: in a comment paraphrasing Winston Churchill,

MEN OCCASIONALLY STUMBLE OVER THE TRUTH, BUT MOST OF THEM PICK THEMSELVES UP AND HURRY ON AS IF NOTHING HAPPENED.

In 2013 and 2014, we wrote about the challenge of Demand Driven Development—the grueling work required to keep insights whole and intact in the face of myriad, powerful forces that would bend insights to conform with established capabilities. The resources, processes, financial hurdles, and individual incentives that sustain the current business are explicitly designed for focus and efficiency. When data, ideas, and opportunities challenge the current capabilities, they are systematically rejected. In fact, unless senior leaders take active measures to protect the fragile Demand Driven Insights, these fledgling opportunities will generally be filtered from view long before they make it to the executive suite.

JOBS THEORY IS THE CORE OF LEAN INNOVATION

How would our behavior change if we saw ourselves not in the consumer packaged-goods business but rather in the innovation process business? If we were to make that switch, we would see every failure and defect as an
A process is based on beliefs and knowledge about the best way to organize a series of connected activities in order to produce desired outputs consistently and efficiently. A process, just like a theory, is a construct based on an understanding of causal relationships.

Innovators would be well served by learning and applying the real secret of total quality management and lean production, which is to approach the process as a scientist approaches a theory. A theory is an explanation of what causes what under specific circumstances. A valid theory, whether consciously or unconsciously applied, is what enables each of us to make predictions about future events.

Think of the lean manufacturing process as a real-world manifestation of a theory: what are all the inputs and activities that cause defect-free cars? When the engineer encounters a defect, it is treated as an anomaly—a set of circumstances under which the theory isn’t predictive. The anomaly enables the manufacturer to refine the process (the “theory”) to make it more predictive, or yield fewer defects. This is exactly how scientists work: they search for anomalies that enable them to make theories more precise and more predictive.

This is how we all need to work as innovators: as innovation scientists. When you experience a “defect,” treat it as an anomaly that allows you to improve your innovation process.

Your innovation process is a real-world theory that should predictably generate consistent, successful outcomes. So the question is, How sound is your innovation theory?

A POWERFUL IDEA: EVERY PROCESS IS A REAL-WORLD MANIFESTATION OF A THEORY

If we leverage every innovation anomaly to improve our innovation process, we can systematically take waste, time, risk, and failure out of our process while steadily improving our speed to market, success rate, return on investment (ROI), and contribution to growth. We would be practicing, in short, lean innovation. Jobs Theory is the touchstone.

As reported earlier, the knowledge generated by Breakthrough Winners combined with careful study of thousands of less successful launches establishes unequivocally that there is nothing natural about innovation failure. Nonetheless, operating under the fallacy of innovation failure’s inevitability, marketers design inconsistency and defects into the process, just as manufacturers systematically did with their processes prior to the quality revolution of the late 1980s.

Consistently successful innovation outcomes should be a mandate in companies large and small, across geographies and industries. Just as US auto manufacturers initially dismissed the teachings of quality legend W. Edwards Deming, innovation is waiting for its “Toyota” to play the forcing function—driving quality, science, and consistency through the innovation world.

WANT TO LEAD?

JOBS THEORY IS FOR YOU.
CONCLUSION
There are two final sections of the 2015 Breakthrough Innovation Report, and they are intended to help you convert ideas and inspiration into actions and outcomes. The Spotlight section is always the highlight of the Breakthrough Innovation Report. It brings the stories of winners to life in their own words. In our experience, nothing has proven as inspiring and instructive to the Breakthrough Community as the Spotlights. For that, we want to extend a note of gratitude to those winners, who are also proving themselves to be leaders by improving the craft—and the science—of innovation.

In addition to the Spotlights, we are introducing a new section to the Breakthrough Innovation Report for 2015: Breakthrough Hot Topics. In this section, we share the high-impact findings of real-world application of Jobs Theory and Demand Driven Innovation: What are practitioners learning that you can apply to improve your innovation outcomes?

We hope you enjoy this new addition, and we encourage you to make 2016 your year to be a Breakthrough Winner. As noted, we already know how the 2016 winners will win. We don’t know who, but they will apply Jobs Theory and the principles of Demand Driven Innovation to convert great ambition into game-changing outcomes.

As Virgil said,

“FORTUNE FAVORS THE BOLD”

Why not you?

Finally, the Breakthrough Community has become just that—a network of connected practitioners who embrace the enlightened belief that when we share our ideas, we improve our own thinking. The authors of this report and leaders of the Breakthrough Innovation Project have certainly found it to be the case.

The community offers an open, energetic forum with a simple purpose to help practitioners improve innovation outcomes. Reach out to us, and we’ll eagerly connect you with the ideas and leaders who will help you improve. Aspire greatly and join the community; we’d love to accelerate your success and share your story in the pages of future Breakthrough Innovation Reports.
STAGE GATE 0
Think about the manufacturing operations in your organization, and consider the exhaustive requirements imposed to ensure consistency of the process inputs. Engineers know that the process will deliver as required only if the inputs meet specifications.

Where’s the similar precision regarding inputs to the innovation process? Too often, the screen for consistency and quality of inputs is porous or altogether absent. The process deeply compromised, downstream stage gates provide only the trappings of rigor. Worse, precious resources get allocated to initiatives that never should have entered development.

If you are eager to improve your innovation outcomes and willing to make one powerful change to your innovation process, add Stage Gate 0 to make sure the innovation process inputs meet the exact spec for a Demand Driven Insight. Insights are the currency of innovation, so do not devalue them or clog up your innovation pipeline with uninspired clutter. If you insist on insights that nail poorly performed jobs, then the innovation process proceeds with effectiveness rather than empty efficiency.

INSPIRED STAGE GATES
At last year’s Consumer 360 Conference, we introduced the notion of Inspired Stage Gates. Inspired Stage Gates ask whether you are satisfying two unique criteria:

• Are we staying fully faithful to the Demand Driven Insight and the consumer’s job to be done?
• Are we making this initiative as big as possible?

Dysfunctional stage gates exert a satisficing pressure with incentives for managers to meet minimum thresholds for acceptability rather than push for perfect fit with the job spec and maximum in-market impact. Similarly, stage gates that prioritize speed and short-term economics at the expense of the Demand Driven Insight amount to little more than sweet poison: it feels good in the moment but dooms the initiative to failure.

In the name of “leveraging existing capabilities,” every major US airline’s efforts to create a low-cost carrier was unintentionally, yet predictably,
sabotaged. Similarly, many innovation stage gate processes formalize “efficient failure.”

By contrast, inspired stage gates enable the right decisions, eliminate waste, and drive enduring results.

**CATEGORY EXPANSION**

Looking for room to grow in a crowded category? As detailed in our 2013 and 2014 reports, Breakthrough Winners generate nearly 50% of sales through category expansion. This is not just a symptom of success, but also a direct consequence of seeing marketplaces through the lens of jobs and making category expansion an input to the process:

- Who are the consumers not consuming our products, and why aren’t they?
- Where are the circumstances in which our products might be consumed but consumers are resolving the struggle in other ways?

Innovators who prioritize category expansion end up redefining existing categories and creating entirely new ones.

**CROSS-FUNCTIONAL COLLABORATION**

There are very good reasons why cross-functional teams do not routinely form in the natural course of business, as well as critical reasons why cross-functional teams provide a vital underpinning to the kind of success experienced by our Breakthrough Winners.

In the context of established business processes producing existing products, the interfaces between functions in the value chain are specified and understood, and work that is performed by one functional team can be handed over to another group with confidence that nothing will be lost in translation.

In the context of Breakthrough Innovation, however, these interfaces are not modular, and the implications of changes in one functional area can
Breakthrough Hot Topics (continued)

2 of 3
“Front Line” CPG Professionals Ranked Collaboration as One of the Top 5 Most Critical Factors to Innovation Success

produce unexpected complications in another. The Lunchables Uploaded Spotlight provides a terrific example. Fifteen to 20 elements come together to form a Lunchables kit. Because Uploaded was a new-to-the-world offering in many respects, changes in product type and size had implications for the internal-operations team and for the packaging team. When the insight led to a new design for the overall container shape and structure, this similarly had unknown implications throughout the process. Oscar Mayer succeeded because cross-functional leaders sat together, and changes in one area were discussed in concert with implications for other functional areas. Interfaces that are modular can be efficiently managed through the linear process of normal operations. Interfaces that are interdependent, by contrast, require cross-functional communication and collaboration so that changes in one aspect of an initiative don’t cause confusion, waste, and delays in other parts of the new-product development system. Notably, Jobs Theory provides a “language of integration” whereby marketers and engineers, for example, can communicate with each other rather than talk past one another.

Pervasive Leadership
In the 2013 Breakthrough Innovation Report, we wrote at length about the specific role of leadership in Breakthrough Innovation. We return to it here because it is critical and, in too many organizations, is lacking.

Many organizations segment their innovation portfolios into three tiers, but for the sake of simplification, we’ll reduce it to two:

1. Incremental, close-to-the-core innovations required to keep current customers happy and stay ahead of competitors
2. Breakthrough Innovations that expand existing categories or create new ones

Pursuing both types of innovation requires an organizational ambidexterity that does not naturally occur in large-scale, productivity-minded enterprises. Absent active leadership, virtually all innovation activity gravitates to the incremental. It is managers’ entirely rational and predictable response to the established incentives and resource allocation rules.
If senior executives truly seek the breakthrough successes that are often promised at many investor meetings, they need to take an active hand in the process:

- Create incentives for managers to nail jobs rather than hit arbitrary launch dates.
- Allocate the resources to ensure that innovation initiatives fully and faithfully resolve jobs to be done.
- Protect developing ideas from the pressures to cut corners, compromise insights, and rush to launch.

Ironically, the retreat to close-to-the-core innovation does not lead to higher success rates. The Breakthrough Innovation fact base is conclusive that even incremental initiatives overwhelmingly fail to fulfill even their modest expectations for sales, distribution, and endurance.

Demand Driven Innovation requires leaders to think and act in ways that are generally quite different from past practice, but the improved performance rewards the courage and the effort.

**CULTIVATE YOUR INNOVATION COMMUNITY**

If you are seeking Breakthrough Innovation success, arguably the single most valuable resource is the Breakthrough Community of industry leaders. As the 21 firsthand Spotlight cases of 2013–2015 reveal, Breakthrough Winners overwhelmingly understand that solitary confinement provides a lousy environment for innovation. An idea shared is an idea improved, and we all need bigger, sharper ideas.

Of course, there are valuable thought leaders to be found around the world. Seek the diversity and discomfort that will serendipitously open the doors to lateral thinking, breakthrough ideas, and unexpected connections and discoveries. Active engagement in a diverse community of thinkers, doers, and leaders is an indispensable innovation resource.
CONTINUOUS LEARNING AND IMPROVEMENT

As we wrote in the 2014 Breakthrough Innovation Report, Demand Driven Innovation is lean innovation, and a core tenet of “lean” is continuous learning and improvement. Learning starts not with books, meetings, or consultants but with behaviors: studying how work actually gets done in your own organization. The postmortem on past initiatives is a basic building block for improvement, providing invaluable, inexpensive learning. As an industry, we conduct way too few of them: opportunity lost.

Breakthrough Winners provide a striking example – and in this case, not in a good way. Often it is difficult to track down individuals with knowledge about these most successful efforts. People rotate into new jobs or are promoted into new functions, so we’re often forced to sleuth around to piece together the fragments of these unbelievably successful initiatives. Our friend Pat McGauley, former vice president of innovation at Anheuser-Busch and architect of Breakthrough Winner Bud Light Lime Ritas, famously protected his innovation team from rotations and transfers. He created career tracks within innovation to safeguard the talent and institutional knowledge. But learning from the past should be standard practice, not the stuff of lore and exceptionalism.

In the race from meeting to meeting, project to project, and career assignment to career assignment, reflection—individual and organizational—is a common casualty. Every innovation should be better than the last. If mistakes are made, they should be new mistakes, not repeated ones. New mistakes generate new learning, and the system improves. Otherwise we find ourselves, to borrow a line made popular by Yogi Berra, “totally lost but making great time.”

THE NEED FOR SPEED

As noted, Demand Driven Innovation is lean innovation because it systematically engineers waste, risk, cost, and time out of the innovation process. Demand Driven Innovation achieves these goals because it is rooted in the predictive model of Jobs Theory. Absent this grounding, the need for speed predictably takes one of two courses:

• Shortcuts and compromises that doom potentially good ideas to lousy outcomes
• Close-to-the-core incrementalism wherein breakthroughs are virtually nonexistent but failures are unspectacular

The Spotlights are instructive: Breakthrough Winners are regularly able to go faster when guided by a Demand Driven Insight, because the path is so much clearer and more motivating. Corey Rudd reflected on all the meetings they didn’t have to have when launching Lunchables Uploaded. MillerCoors brought new brand- and category-expanding Redd’s to market in six months. Bigger doesn’t mean slower. Better (insights) does mean faster.

However, consumer packaged goods are not software, and launching a crummy product under the guise of “agile development” is rarely a successful path. Software firms are able to release new versions daily, or faster, but we cannot do the same. CPG firms need to iterate and optimize before launch, in the form of prototypes and in-home use tests. We’re actually seeing a disturbing trend in the opposite direction, with more firms forgoing rigorous prelaunch assessments and opting to accelerate unproven launches in the hopes of hitting the mark or fixing in the future. Rarely does this approach end happily.

INNOVATION RISK

Jobs Theory presents an important correction to prevailing assumptions about risk. Successful innovators do not embrace huge leaps of faith or gamble on big bets. Quite to the contrary, successful innovators systematically engineer risk—and waste—out of the innovation process by validating their Demand Driven Insight and keeping it as their unwavering North Star throughout the innovation process. Risk comes not from the size of the bet but from deviations from—or absence of—a Demand Driven Insight revealing a poorly performed job to be done.

It should come as no surprise that some CEOs are opting out of Breakthrough Innovation in favor of a strategy of incremental innovation coupled with acquisitions. This makes sense when the organization’s historic rate of innovation return is meager and the assumption is that success is somewhat random. The lesson from Breakthrough Winners is that there is a much more attractive alternative that delivers innovation’s benefits without unacceptable cost and uncertainty.
BREAKTHROUGH INNOVATION IS REMARKABLE AND RARE

IN MORE THAN 20,000 LAUNCHES SINCE 2008 THERE HAVE BEEN 74 WINNERS

WHAT MAKES A BREAKTHROUGH INNOVATION?
THERE ARE 3 CRITERIA

1. RELEVANT
   - Minimum sales of $50M in Year 1
   - $50M
   - $119M
   - The average is more than 2x

2. ENDURING
   - The award allows for a 10% drop in sales from Years 1 to 2
   - 86% held or increased in Year 2
   - +39% average change Year 1 to Year 2

3. DISTINCT
   - Deliver a new value proposition to the market
   - 40% average sales from category expansion

AND IT CAN BE ACHIEVED BY ANY COMPANY

OF ANY SIZE

WINNING COMPANIES RANGED IN SIZE FROM LESS THAN $25M - MORE THAN $90B BASED ON ANNUAL SALES
BREAKTHROUGH INNOVATION IS REMARKABLE AND IT CAN BE ACHIEVED BY ANY COMPANY IN MORE THAN 20,000 LAUNCHES SINCE 2008.

WHAT MAKES A BREAKTHROUGH INNOVATION?

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   - AVERAGE CHANGE YEAR 1 TO YEAR 2 +39%

3. DISTINCT - DELIVER A NEW VALUE PROPOSITION TO THE MARKET

4. ADVERTISING SPEND IN FIRST YEAR RANGES FROM $1M - $160M
   - MEDIAN SPEND WAS $16M

IT’S NOT HOW MUCH YOU SPEND BUT HOW WELL YOU ALIGN SPEND TO STRATEGY

RANGES FROM $1M - $160M

MEDIAN SPEND WAS $16M

34% FOOD

3% FABRIC CARE

11% OTC

3% HOME CARE

9% PERSONAL CARE

18% BEVERAGE

8% ALCOHOL

5% PET

4% CONFECTIONS

3% FEMININE CARE

5% PET

18% BEVERAGE

8% ALCOHOL

5% FABRIC CARE

3% HOME CARE

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34% FOOD

IT'S NOT HOW MUCH YOU SPEND BUT HOW WELL YOU ALIGN SPEND TO STRATEGY

ADVERTISING SPEND IN FIRST YEAR RANGES FROM $1M - $160M

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WINNER SPOTLIGHTS
SPOTLIGHT 1
ATKINS™ FROZEN MEALS

SPOTLIGHT 2
L’ORÉAL® PARIS ADVANCED HAIRCARE

SPOTLIGHT 3
LUNCHABLES UPLOADED

SPOTLIGHT 4
MOUNTAIN DEW® KICKSTART™

SPOTLIGHT 5
REDD’S APPLE ALE

SPOTLIGHT 6
SPECIAL K® FLATBREAD BREAKFAST SANDWICHES

SPOTLIGHT 7
TIDY CATS® LIGHTWEIGHT
SPOTLIGHT #1

ATKINS™ FROZEN MEALS
INNOVATION THAT ENABLES A LIFESTYLE

“One of the research findings that really excited us,” recalled Scott Parker, CMO of Atkins Nutritionals, “was that when we measured the current market size, it was virtually nonexistent.” The frozen-meals category untapped? It makes you wonder what they were measuring. Parker explained, “For Atkins adherents, there were very few options.” Like many Breakthrough Winners, Atkins discovered that what fueled explosive growth was nonconsumption, not massive consumption.

“We have a very active online community of more than five million members,” Parker explained. “They share with us, we share with them, they share with each other, and we all learn. We know that most people come to Atkins for weight loss and that many stay because of the way they feel—more energy and fewer health issues. Eating a lower-carb, lower-sugar diet with lots of vegetables is just a better way to eat. While we’re a for-profit company, we are mission-based, and we believe in these principles.”

“There was a time a few years ago when the company lost sight of the healthy-lifestyle focus. Externally, the Atkins
name was swept up in a full-blown craze associated with anything but healthy living, and internally our product portfolio exploded in response to surging demand. Product quality suffered, and when the dust settled, the company was bankrupt. So we learned the hard way, and we returned to the breakthrough thinking and research of Dr. Atkins.”

“We returned to our principles, and we also returned to our core adherents. That’s when we created the online community and gave them a real voice. We also spent time in their homes, shopped with them, and prepared meals with them. Of course, we invested in ethnographies and other forms of research as well. We had two objectives: there’s the commercial motive of engaging valuable customers, but much more important was to cultivate a real community that would share its struggles and unmet needs. In this latter activity, we were effectively creating an asset that provides an enduring advantage.”

Parker illustrated how the investment in community building generated big returns. “One of the things that our adherents really struggled with was preparing a whole-foods dinner from scratch on a consistent basis. That struggle led to a range of compensating behaviors that were pretty unsatisfactory. In many cases, folks would have a small number of go-to staples—chicken with green beans or a turkey burger—and these go-to meals got pretty boring. These people had real energy for finding better solutions, and we wanted to help them. That’s when we realized that a category that probably looked incredibly crowded and competitive to existing players appeared relatively untapped for us.”

“This was a big opportunity for us—and really exciting for our retail customers when we could show them that Atkins adherents weren’t buying frozen foods because there were no good options—and this extended across day parts and occasions, from on-the-go breakfasts to at-home dinners. In other words, this initiative would be highly incremental both for us and for retail partners.”

“We had this great insight, but we faced three big issues in terms of development and commercialization,” Parker continued. “One was technical and required significant innovation from our R&D team: developing great-tasting, nutritionally compliant low-carb pizza dough and English muffins for breakfast sandwiches. Second challenge: convincing a skeptical customer base that a small company with no experience in frozen could actually pull this off. Moreover, most frozen items serve a mass audience. With scarce freezer space, retailers were understandably hesitant about stocking a relative niche offering. The third hurdle was price. Starchy carbs such as pasta are really inexpensive, and many frozen entrees are full of them. Furthermore, traditional frozen foods compete in crowded space with rampant discounting and promotion. There was no way that we were going to offer high-quality proteins, premium sauces, and abundant vegetables at a comparable price. This was a phase in which we really had to ‘go slow to go fast.’ We spent time and resources getting the product right—testing it with consumers via in-home use tests. Ultimately, we got the product to a place

"IN MANY CASES, FOLKS WOULD HAVE A SMALL NUMBER OF GO-TO STAPLES—CHICKEN WITH GREEN BEANS OR A TURKEY BURGER—AND THESE GO-TO MEALS GOT PRETTY BORING... ATKINS ADHERENTS WEREN’T BUYING FROZEN FOODS BECAUSE THERE WERE NO GOOD OPTIONS."
where it really nailed the core job these customers were struggling with, and they were willing to pay the price we needed. Consumer reaction to our prototypes validated the hypothesis that we really weren’t competing against other frozen offerings: the ‘frozen meals’ category wasn’t our category.” That is breakthrough thinking.

While launching a premium-priced offering in a promotion-heavy category would give many marketers pause, Parker explained, “It’s really important to be clear that these consumers were not comparing our product with the other frozen offerings. They weren’t buying these other products to begin with. We were competing with their same old boring dinners, so the competitive reference point and value proposition were totally different—and the price was not a problem. We involved our major retail customers in the conversation early and shared the fact base and research with them throughout. Though they were initially skeptical, our engagement strategy really paid off, because they ultimately embraced and supported our initiative. We were able to demonstrate that our adherents, while small in terms of the overall population, were very involved with the category, and that a small number could actually buy a lot of product. In fact, when we launched, one of our single biggest issues was keeping up with demand. Consumers were so excited that instead of buying the one or two units that we’d anticipated, they were buying eight to ten to stock up. It was a little bit crazy trying to keep up.”

“We were all-in on this launch,” Parker recalled. “We basically shifted the company’s entire advertising budget to support this launch. I guess some might look at that as a risky move, but this never felt risky to us—challenging for sure, but the insight was so strong and the consumer struggle so compelling that the innovation brief was very clear. The risk was just executional. We had to nail it, and we did. It was an incredible team effort across so many different functions.”

The company ran television spots featuring celebrity spokesperson Sharon Osbourne, but the real energy of the launch came from the retail partnership and the digital strategy. “We identified influential members within our five-million-plus community, and we also engaged relevant, independent bloggers. We shared advance information and products with them, and it really paid off, generating strong initial demand and trial. We could see the word-of-mouth effect online and in the stores. As I said, one of our biggest challenges was keeping up with demand.” In a category with flat demand and margin pressure, Atkins may have been a small newcomer, but these were enviable problems.

As with so many Breakthrough Winners, success fueled success. The Atkins team sustained the initiative well past initial launch. “We started with 8 items and by the end of year one were already up to 20, and with our most important customers, we have a full door in the freezer section.”

With $68 million in year-one sales, 40% growth in year two, premium pricing, and 50% category incrementality, Atkins Frozen Meals showcased textbook Demand Driven Innovation and delivered a healthy Breakthrough Win—for customers, consumers, and the company. ■
“We spent five years getting this right,” recalled Said Dabbagh, L’Oréal’s assistant vice president of global marketing for haircare. “Initially we had hoped to launch in 2010 and then 2011, and then we finally launched late 2012. There was always a sense of urgency, but it was urgency in getting it perfect, and we were never going to compromise. We had clarity around the consumer circumstance that we were solving for, and we have a deep cultural commitment to perfection.”

“This was a high-priority initiative,” Dabbagh explained.

“In most major global markets, L’Oréal is number one or number two in haircare, but we were still a relatively small player in the United States and generally focusing on a more premium offer. From a strategic standpoint, we wanted to compete and win in the United States, and we also wanted to expand our focus to offer mainstream consumers advanced solutions. It would have been easy just to lift and adapt a successful brand from overseas, but our ambition was bold, and we wanted to build a L’Oréal Paris solution that would transform and expand the US haircare marketplace.”
“There were some special things we learned about the United States and American women in general,” Dabbagh elaborated. “First of all, you spend time with women, and hair is the persistent beauty priority. They talk about it with friends, they interact on social media, they spend time and money in pursuit of the hair they want—and for many women, it’s a struggle. This struggle is what we really wanted to understand.”

“It turns out,” Dabbagh continued, “that women in the United States use more heat tools and perform more chemical processing than many of their global peers. In much of Europe, for example, the ethos is ‘Less is more,’ but in the United States, women take a more active approach to processing and treating their hair. These treatments as well as unavoidable exposure to the outdoor elements mean that hair really does live in a ‘hostile environment.’ Not only is this something we can document, but women are actually keenly aware of and concerned about the stress they put on their hair. They want beautiful hair, which is why they treat and process, but they know that this is hard on hair, which is inherently fragile.”

“We invested a lot in research and a great deal of conversations with consumers,” said Yukiko Tanaka, vice president of consumer and market intelligence. “And these observations fed into perfecting the idea and our product development.”

“It’s amazing how our insight work transformed our assessment of the US market,” Dabbagh explained. “At a distance, you could come to the conclusion that haircare was mature, even commoditized, because there were numerous established brands, very low brand loyalty, and extensive discounting and promotion. What our research revealed was that there was a massive pool of underserved consumers—women who were struggling to have the hair they wanted and experiencing a high degree of dissatisfaction with products that were often little more than soap in a bottle.”

“L’Oréal’s heritage is in hair, being the founder of hair color. Where we saw a category need was in haircare. Women embrace science as much as they aspire to more emotional and transcendent notions of beauty. We know that science and beauty are synergistic, not oppositional, and an emphasis on science was lacking in haircare. The marketplace void aligned with our L’Oréal DNA.”

“We saw the opportunity to democratize beautiful hair,” Tanaka summarized. “There were millions of mainstream women who would be thrilled with superior, salon-quality products that would deliver transformational benefits that they could feel and see.”

“That was really the sweet spot in terms of what these women wanted,” Dabbagh corroborated. “Instant results and lasting transformation.”

“We saw the opportunity to democratize beautiful hair. There were millions of mainstream women who would be thrilled with superior, salon-quality products that would deliver transformational benefits that they could feel and see.

“Needless to say, we had our R&D challenge plainly before us. More than 3,000 L’Oréal scientists working in five global centers contributed to this project. More than 5,000 women participated in early prototype testing. We experimented with 40 fragrances before resolving on one. We even evaluated three quite different manufacturing techniques until we devised the perfect solution. This was a unified, global team determined to create a set of products that would delight American women and redefine the haircare industry.
“It’s hard to overstate the amount of original and impactful science that went into the development of L’Oréal Paris Advanced Haircare products. This is a category awash in claims, to the point that many consumers just tune them out, so we knew that we had to not only have claims but also have science to back them up. What we ultimately developed were totally unprecedented haircare solutions, engineered from the molecular level up. We created a portfolio of products that really perform and feel dramatically different from other products in the category,” Dabbagh asserted.

“We spent considerable time and expense to have our products independently clinically tested to prove their efficacy. We knew we needed the backing of independent testing, so we did the work, spent the money, and took the time,” Tanaka added.

“To emphasize these points of difference visually,” Tanaka continued, “we conducted extensive packaging research. We knew standing out at shelf was a critical success factor in the low-loyalty, cluttered hair category. Not only did our black pack jump off shelf against the sea of white bottles, but also consumers found our design to be luxurious, salon-quality, modern, but importantly, embodying the bold promise of transformation through science.”

“Furthermore,” Dabbagh added, “typical product bundles were shampoo and conditioner. We launched five distinct sublines, and each was a complete regime, including a haircare treatment. What this means is that consumers were buying a full system of products to deliver instant improvement to their particular needs. A year after our initial launch of the first five lines (Total Repair 5, Power Moisture, Triple Resist, Color Radiance, and Smooth Intense), we launched Advanced Haircare Volume Filler, and sales continued to soar. This was always a bigger idea than just a new-product launch. We wanted to create transformational customer experiences and redefine the haircare category in the process.”

“This was never a one-off or just a single product,” Dabbagh explained. “This was always a platform and a long-term strategy to transform a market for mainstream consumers, for our retail partners, and of course for L’Oréal Paris.” The years of uncompromising hard work paid off: L’Oréal Paris Advanced Haircare is sitting pretty with a huge Breakthrough Win.
SPOTLIGHT #3

LUNCHABLES UPLOADED
REDEFINING A BRAND TO WIN WITH OLDER KIDS – AND EXPAND THE CATEGORY

AT THE END OF 2012, THE LUNCHABLES LUNCH Combinations brand team reflected on where they were and where they wanted to go. The brand had experienced a very successful 2012, growing retail dollar sales by 6%. However, all the team members felt they were leaving money on the table. They had been wildly successful at helping elementary-age kids bring something awesome to the lunchroom table, but most of those same kids would leave the franchise a few years later when they became teenagers. Was it possible to win with this cohort, or was the brand the antithesis of what was trendy with teens?

Marketing vice president Joe Fragnito challenged the team to find a way to win with teens.

There were a lot of theories on why the brand had not yet been able to win with this older group, and the team embarked on a research journey to determine which were fact and which were fiction. “The first myth the team debunked was that teens were ‘too cool for school’ when it came to Lunchables,” said the director of marketing, Geoffrey Feil. “The Lunchables brand still resonated with teens. They actually have very favorable opinions of the
brand, and despite being only a few years out of elementary school, they are a bit nostalgic about the brand and the excitement they felt when they realized their moms had packed them a Lunchables. “However, the product itself was no longer relevant, as their appetites had grown, and their tastes had matured. “As is often the case, the simplest insights result in the biggest breakthroughs,” remembered Feil.

With a clear set of objectives, Corey Rudd, senior associate brand manager and a former army officer, embarked on the impossible: get a new product platform out the door quickly enough to secure distribution and support with advertising prior to the ultimate litmus test, the back-to-school season.

Armed with consumer insights, the team pushed hard for a quick breakthrough launch. “We decided to accelerate the launch, and the only way to do so was to develop a cross-functional team dedicated to the project,” said Rudd. The team aligned on new components in record time. In addition, new manufacturing processes and schedules were devised. “R&D and operations enabled this innovation through creative thinking that included utilizing plants during scheduled downtime and accelerating approvals for new suppliers. It was a true team effort.”

And while the Lunchables brand still resonated with teens, Rudd and his team realized it was important to distinguish the new line from its elementary-school version. This was not your everyday Lunchables. It was uploaded. In addition to branding and food changes, the team also changed the packaging graphics. The traditional Lunchables yellow and red were replaced with more aged-up and bold graphics featuring silver and black as dominant hues.

For readers of the Breakthrough Innovation Report, these thoughts will echo a recurring refrain. Demand Driven Innovation is lean innovation. It is more efficient and more effective because the objective is clear and compelling. It is rarely easy, but it’s not complicated. Risk is not a function of the size of the prize: Uploaded sold more in year one than 99% of evaluated initiatives. Instead, risk—like waste—is the predictable if unintended consequence of any activity that deviates from the “North Star,” as Rudd called it, of the insight.

Retailers also were anxious for a teen solution. They, too, lamented that formerly brand-loyal parents left the brand’s shelves when their children became teenagers. The brand team shared its research and insights with retailers early on, and as a result, distribution ramp-up was accelerated.

With distribution in place, the brand was in a position to roll out its national advertising campaign. But once again, the team recognized that it needed to do things differently. To gain credibility with the teen cohort, Lunchables Uploaded formed a partnership with Rob Dyrdek, former professional skateboarder and host
of the über-popular MTV shows Fantasy Factory and Ridiculousness. The brand liked Dyrdek because he personified the central idea of the new subbrand in that teens could “upload” their lunch options while doing the same to their life.

Together, Dyrdek and Lunchables created 17 digital shorts that showed Rob demonstrating in his own unique way the essence of what it meant to be “uploaded.” Teens obviously found the content compelling, as video completion rates ranged from 71% up to 95% across media partners. To ensure the content was accessible, the team decided to push content out to where teens were spending their time (versus attempting to pull them into a brand website). As a result, the brand was able to garner over 73 million online video views. Lastly, the brand ran television spots on MTV to clearly differentiate Uploaded from its Lunchables advertising on Nickelodeon and Cartoon Network.

In 2014, Lunchables Uploaded doubled down on its partnership with Dyrdek. The brand and product were integrated into an episode of the final season of Fantasy Factory, in which Dyrdek announced that he was creating an online series, Fully Uploaded, where he would spotlight individuals who were living an uploaded life. The comprehensive media plan included TV, digital, mobile, and social media to reach teens where they consume information and entertainment.

“The team approached the digital space with an open mind, which resulted in the execution of more innovative tactics across the consumer packaged goods space,” said Feil. “Digital worked hard for the new line, and we even explored new outlets, including an Xbox integration. Xbox has unique capabilities and an audience that aligns with the brand.” Lunchables partnered with Xbox to distribute the Fully Uploaded series via a custom branded destination. Teens saw the Uploaded brand on various Xbox screens, and if they clicked on it, they had access to a gallery of content that, while branded, was interesting enough to be considered entertainment.

With a singular mission and a highly motivated cross-functional team, Lunchables Uploaded was able to break through the product and marketing clutter and effectively reach a new audience. A new franchise was created, and Lunchables successfully extended its life cycle. However, despite having created a $135 million platform, the team is more focused on where it has yet to win. Rather than recount the success of Uploaded, Feil was more excited to talk about what he hopes will be the brand’s next Breakthrough Winner: “Any parent will tell you that when their teen walks through that door after school, they have a ravenous appetite but a low threshold for cooking anything. As a result, a bag of chips usually wins the day but leaves both the teen and parent desiring a better solution. We believe our line of Lunchables Uploaded Walking Tacos launching in July is just the product to best meet that need in the way that only Lunchables can.”
"DEW HAS SUCH A LOYAL AND PASSIONATE BASE," began Brett O’Brien, Mountain Dew’s senior vice president of marketing, “that we are extremely mindful of what Dew means to its loyalists when we undertake innovation. There are plenty of ways we could extend the brand with new flavors or break into new segments of the category, for example, but if it’s not authentic to the Dew brand, we won’t do it. That doesn’t mean we have a conservative approach to innovation. To the contrary, we see Dew as ‘the original instigator’ in the soft-drink category. It’s always had an edge to it. The point is that anything we pursue is going to be 100% consistent with Dew.”

It was March 2012, and the Mountain Dew leadership team was reviewing the year’s innovation plan and priorities. “From a strategy perspective, we have a strong brand but an older base,” recalled the senior brand director, Emily Silver, “and we were looking for ways to energize growth among millennial males, in particular. We were interested in occasions where the Mountain Dew brand would be relevant and also for occasions in which millennial males were seeking solutions and exploring options.”
“From the outset we were resolved that expanding the category would require more than new flavors, and that we needed to uncover neglected segments of consumer demand,” elaborated Abby Finnis, the senior director for strategy and insights. “Dew has some unique attributes: in addition to overindexing with males and having a particularly loyal user base, it also overindexes in convenience stores. For many Dew enthusiasts, Dew is part of a daily routine. And a subtext of that routine is transition and transformation. Generally that transformation is from have to do to want to do, from work time to me time. Dew also plays a role in the other direction—going to work or going to university. For many loyalists, Dew is woven into the fabric of their days in a meaningful way and in this transformational capacity.”

Silver elaborated on some of the early findings: “Our quantitative research revealed something interesting, which was that Mountain Dew was overindexing in mornings, and that morning consumption of carbonated soft drinks overall was younger than other dayparts. This finding led us to do some qualitative focus groups to learn more about the morning consumption occasion, and we were surprised to hear people talking about mixing orange juice with their Mountain Dew.”

One of the touchstones of innovation opportunity is customers using a product in unexpected ways. The Mountain Dew team didn’t miss it.

“When we explored this phenomenon,” Silver continued, “we discovered people who found themselves with a similar job almost every morning. They were busy, in a hurry, on the go, and they wanted something that would give them a refreshing energy boost to get them in gear and off to a good start. Energy was only part of the specification, and they weren’t looking for a big jolt. They just wanted to be at their best, but they also wanted great taste and refreshment, and these were qualities that energy drinks, coffee, tea, and water—some of the other beverages consumers might use in this same circumstance—didn’t perfectly provide. Consequently, we found an array of compensating behaviors, such as adding OJ to Mountain Dew to make it more of a morning-appropriate beverage in the consumer’s eye or making a trade-off by consuming a beverage that imperfectly fit the need.”

“The core job was to ‘get my day going,’” elaborated O’Brien. “Historically people hired coffee for this job, but millennials’ palates skewed much sweeter and away from the acquired, bitter taste of black coffee. We didn’t find a great deal of satisfaction or loyalty around many of the solutions millennials were employing for this occasion. We felt that if we could create the perfect solution to get your day going based on the criteria revealed in our research, then we could extend the Dew brand and expand the category in a meaningful way here.

“While we saw a compelling opportunity to create a more morning-oriented Dew, one thing you don’t do with Dew drinkers is tell them what to do or how to use the product. As much as we were attracted to this morning occasion, it was important not to be prescriptive with the product identity we created.”

With the insight clearly fleshed out and the innovation spec well defined, the team focused on development—converting the insight into a market-ready offering.

“There were a number of important variables that we had to get right in the eyes of the customer,” Silver explained. “Flavors, taste, type of juice, amount of juice, caffeine level, package, unit size and branding were just a few issues to resolve through conjoint testing and prototyping. We also explored adding different supplements and vitamins to see if that improved the fit with consumer demand, so there
was a lot of work we had to do once we had the insight to develop an offering and then validate that it really fit consumer requirements. This took incredibly close collaboration and multiple iterations among our amazing R&D team, design specialists, insights, and the brand team.”

Mountain Dew’s vice president of marketing, Greg Lyons, detailed the push to launch: “By the time we finished our development work and resolved on Mountain Dew Kickstart in a 16-ounce can, initial flavors of Orange Citrus and Fruit Punch, 5% juice, midcalorie positioning, and slightly more caffeine than a typical soda but less than an energy drink, we knew that we not only had a great product but also a fantastic innovation. In hindsight, it’s obvious that consumers saw a void between soft drinks and energy drinks. In certain circumstances, what they really wanted was the best of both, and that’s really the magic of Mountain Dew Kickstart. It’s not a typical soda in the consumer’s mind, and it’s not an energy drink; instead you get the extra energy boost you’re looking for with the great taste and familiar ingredients of soda—and a cool, accessible brand.”

“This was a product that all of our research showed would be highly incremental to our base business—targeting new circumstances of consumption and also bringing new consumers into the brand—so we were excited to launch. That said, our upfront BASES research pinpointed that stimulating trial was our biggest risk factor. The product delivery scores were outstanding, but that wouldn’t matter if people didn’t bother to try or even know that it was out there.”

“We reviewed our media plan,” Lyons recalled, “and based on our comparative strengths and weaknesses, our media plan was drastically underfunded, and I remember thinking, ‘We can’t do this halfway.’ Literally, we more than tripled our initial plan, and then we spent more in year two than year one, and more in year three than year two.”

It’s worth highlighting these classic Breakthrough Innovation disciplines:

- **Realizing that the biggest risk of all is to cut corners, hold back, and hedge.** That may feel like prudent restraint, but when you have a compelling Demand Driven Insight, these behaviors turn potential Breakthrough Innovations into near-certain failures.

- **Stepping on the accelerator in the out years.** “Like everyone,” Lyons recalled, “it’s easy to launch and move onto the next bright, shiny object, but you end up leaving so much money on the table. That’s one of the big takeaways for us from this launch: to keep the focus and sustain the effort.”

“We took two other actions to stimulate trial,” Lyons added. “We launched with single serve only, and we priced aggressively. From a total-contribution perspective, these two actions work well together. The low unit pricing and
single-serve convenience induce trial, while our lack of multipacks makes the net effect of our strategy highly profitable to the franchise.”

“It’s important to note that we had another audience we had to align with, and that’s our bottlers. The 20-ounce Mountain Dew is the top-selling flavored carbonated soft drink in convenience stores, so from their standpoint, taking space off the truck and out of the fridge for Mountain Dew Kickstart was challenging. The key was to show the research that indicated how incremental Mountain Dew Kickstart would be to the business. We also had them taste the product. They realized how awesome it was and were convinced that consumers would love it and buy it as well. Our extensive tie-in with ESPN’s Mike and Mike didn’t hurt either. Our bottlers love that show, hear it while they are on their routes, and were psyched to hear the spots touting Mountain Dew Kickstart. To their credit, they bought in and then really got behind this launch. We had great distribution, in-store execution, and point-of-sale communication that really sold the product.

“Our dialed-up media budget allowed for extensive TV advertising emphasizing the morning occasion—mid-calorie soda with a fruit taste. We connected the product with that specific consumer circumstance, and it really took off. The product made immediate sense to its target customers, and the results were remarkable.”

“The execution on this product was phenomenal,” O’Brien added, “but it’s important to note what we didn’t do. We didn’t surround the product with grandiose claims or a lot of distractions. We put a great product out there that was totally authentic and consistent with the Dew brand, and it really energized our core enthusiasts, who shared their enthusiasm with friends and network connections. Social media amplification added serious fuel to Mountain Dew Kickstart’s sustained growth.”

Since its launch in 2013, Mountain Dew Kickstart has been an energetic success. Internally dubbed one of PepsiCo’s most successful product launches in the past decade.

“This was terrific,” Lyons acknowledged, “but our focus was on where we could take it next. Morning was great because it was so underdeveloped, and when we looked at other occasions, the other daypart when soft drinks typically underperform is in the evening. If we wanted to be truly incremental, we’d need to find a way to win with customers later in the day.

“When we explored the ‘pregaming’ rituals of our customers—before a night out—we unsurprisingly found that soft drinks generally failed to pass the ‘coolness’ test in these occasions. But Mountain Dew Kickstart was a new, edgy brand that still provided the great taste people love in sodas. Also, guys aren’t looking for huge jolts in these circumstances; they just want a little boost to get things rolling. Mountain Dew Kickstart was perfectly suited to this job—delivering on the functional, emotional, and social dimensions of the occasion. We added additional flavors, developed supporting creative, and explicitly went after the p.m. ‘pregame’ opportunity.” The team’s sustained commitment to extend and accelerate Mountain Dew Kickstart’s initial success drove 50% growth in year two, with annual retail sales of nearly $300 million.

Mountain Dew Kickstart shows that even in challenging categories, breakthrough success is possible when the focus is on aligning with consumer demand rather than category norms. Winners lead, and Mountain Dew Kickstart just keeps on leading in the market, winning with consumers, and growing for PepsiCo.”
LOOKING BACK ON THE LAST DECADE OF innovation from the larger brewers,” said brand director Anup Shah, “it’s a lot of defensive activity. Wine and spirits were growing, and as an industry, we were largely focused on defending turf, rather than on addressing consumer demand. What set Redd’s apart from the get-go was a totally different focus on how do we win with consumers, versus how do we avoid losing.”

Strategically,” Shah continued, “we sought to expand the category in four ways: (1) win back beer defectors; (2) attract more women; (3) win with millennials; and (4) compete effectively against wine and spirits. When we started exploring nonconsumption instead of current beer consumption, our eyes opened to the considerable opportunities that we hadn’t seen when we were looking at the marketplace through the narrow lens of existing brands and current beer consumers.”

David Kroll, vice president of innovation and media, elaborated: “The success of Redd’s is a result of changing our basic paradigm, which is a very limiting frame of ‘beer
competes against other beer’ and ‘big breweries versus small breweries.’ This was clearly a defensive, zero-sum approach that we needed to change, and Redd’s is a real testimony to the power of fresh thinking. It’s also a reflection on a team that took the challenge seriously and executed with excellence. To put the results in context, we went from a zero to 23% share, making us the number-one flavored malt beer in two years.”

“In 2011 we took a hard look in the mirror, and it wasn’t pretty,” Kroll recalled. “All the growth was in the above-premium tiers, and our portfolio overindexed in ‘premium lights.’ Historically our focus had been to leverage established brands, and we knew we had to change that approach fundamentally. The only way to compete in premium was to create new brand experiences that would address underserved occasions with differentiated offerings. Historically we’d been trying to convince consumers to buy what we were making, and we made a conscious pivot to put consumer demand first and then align our innovation with marketplace opportunities. This was a huge shift, but it was pretty clear that this was the only way to win.”

“Changing our thinking to a much more demand-driven perspective was energizing. We saw the marketplace in a whole new light, and it was dynamic and growing, rather than threatening and shrinking,” Shah added. “Millennials had a lighter, sweeter palate, as the growth of shandies, teas, and fruit-flavored malt beverages highlighted. When we explored specific flavors, apple and strawberry consistently topped the lists. While ciders had been growing, especially among women, nobody was doing anything with apple and beer, so we developed some initial concepts to assess potential white space around owning apple in the beer aisle.”

“The more we immersed ourselves in the consumer context, the better we understood the specific circumstance, as well as the type of beverage and brand experience that would fit perfectly,” Kroll explained. “The bull’s-eye was outdoor, multigender occasions in which beer had historically dominated but wine, ciders, and flavored malt beverages were increasingly prevalent. What would the perfect solution—in terms of a liquid, a package, a brand experience—look like? That was the brief for Redd’s.”

Kroll described what happened next: “We spent a lot of energy on getting the liquid right. It needed to be a beer in order not to alienate men. Many of the existing flavored malt beverages were so sweet that men rejected them and also, in beer language, weren’t ‘sessionable,’ meaning they were imperfectly suited to multiple-drink occasions such as a tailgate party or afternoon barbecue. Consequently, we wanted a taste profile that was slightly sweet but not sugary. Ultimately, we got to a place with the liquid that consumers loved the product in trials. Not only did consumers love it, but also it resonated in the outdoor social occasions we’d prioritized.”

“Getting the liquid aligned with the palate and the occasion was just the beginning,” Kroll continued. “This was an
entirely new product performing a different job than our existing brands, so we knew we had to create a new identity that would resonate with consumers. When we assessed past failures in the category, many were easily explained by having very murky brand propositions. You look at some of these launches in retrospect, and it’s pretty clear that the brand idea was anything but obvious. By contrast, look at the Redd’s tagline: ‘Crisp like an apple, brewed like a beer.’ You’ve got a pretty good idea that you’re getting a real beer with crisp apple taste. Clarity of purpose and clarity of communication are instrumental in Redd’s success.”

For Redd’s, as for so many Breakthrough Winners, the insight was present in the launch—brought to life through the creative execution. A series of 15-second spots all feature outdoor, mixed-gender, social occasions in which the protagonist is about to ask for a beer, when—wham!—he gets hit in the head with an apple and has the sense to ask for a Redd’s. The tagline quickly follows: “Crisp like an apple, brewed like a beer.” The spots are funny and engaging, and importantly, they connect powerfully with a very specific circumstance. They are quite literally “hard-hitting” and effective.

Reflecting on the scale-up for launch, Kroll recalled, “It’s impressive how fast you can move—and how confidently—when you know you have a great product with a compelling consumer proposition. From the moment we committed to this initiative, we were six months away from launching in market. Our retail partners played an instrumental role. We showed them the research on how incremental this product would be—taking share from spirits and wines and bringing new consumers into the beer aisle. Nothing excites retailers like great ‘beer theater’ surrounding a popular, highly incremental new product. Not only did we have displays in the beer aisle, but we had 20-case stacks with bushel baskets of apples in the produce section. This is the kind of thing you can do when you’re really transforming a category. Consumers love the product—in fact, we initially struggled to keep up with demand—and retailers helped accelerate our success.”

Shah said, “We source 50% of volume from outside of beer and brought almost as many women as men into the brand. Redd’s is 92% incremental to MillerCoors and is highly incremental for the retailers as well.”

“One of the big lessons from this launch,” Kroll added, “is to put fuel in fast cars! It’s not just in our company that marketers often launch new items and quickly move on to the next project. Managers get rotated into new positions, and support for the product dwindles. We did just the opposite with Redd’s. Six months after launching, we introduced Redd’s Strawberry, which skewed more female than apple and disproportionately sourced from wine. It truly expanded the category, because core Redd’s Apple kept on growing as well.”

Kroll added, “Another interesting paradox from this success is that while Redd’s is extremely innovative, it is totally uncomplicated. One look at the package, a billboard, or a 15-second ad, and consumers just get it. Clear strategy, compelling insight, outstanding product, right branding, strong execution, and sustained support are a pretty straightforward recipe. It’s when we overcomplicate things that we struggle.” The lesson for others: keep it simple.

By encouraging consumers to “pick different,” the Redd’s team at MillerCoors showed what can happen when you “innovate different.” The team ignored the punditry of beer’s demise and ignited a bold Breakthrough Win by taking crisp focus on consumer demand. With four flavors in market and new varieties in the pipeline targeting additional pools of demand, Redd’s highlights how Breakthrough Innovation can drive sustained leadership and growth. Impressive stuff.
SPOTLIGHT #6

SPECIAL K® FLATBREAD BREAKFAST SANDWICHES
AN ICONIC BRAND KEEPS INNOVATING—AND WINNING

“WE HAD BEEN LOOKING AT THE SAVORY BREAKFAST market for several years before we launched Special K Flatbreads,” recalled Cherie Floyd, vice president of frozen-foods R&D for Kellogg’s. “There were some changes in the breakfast market—some of them were popular trends, and others were more enduring shifts in consumer habits and priorities—that we needed to address in order to stay current with our customers. Some specific shifts: more savory, less sweet; more warm, less cold; more handheld, less plated; more on-the-go, less sit-down; and more protein.”

“There was clearly innovation opportunity, but was there a Special K opportunity? That was a big question for our team,” Floyd recalled. “We did multiple rounds of qualitative research to explore the morning occasion generally and also the fit between the opportunity and the Special K brand.”
Our focus in this research was the millions of women who use Special K products on a regular basis, and we needed to figure this out with them.”

“One thing was abundantly clear,” explained AnneMarie Suarez-Davis, vice president of marketing for frozen foods. “Women don’t want trade-offs. They want it all, and it’s our job to deliver. They want great taste, real foods, filled up not weighed down, convenience—all without sacrificing their ‘weight wellness’ priorities. They’re looking for ‘calories that count,’ rather than traditional diet, lite, or low-fat offerings.”

“But what we found is that our customers were finding a world full of trade-offs. Just as an example, we’d see our Special K customers trying quick-serve restaurant options and frozen breakfast sandwiches and then tweeting pictures with the hashtag #foodcoma. Other times they’d fix something from scratch or grab a piece of fruit, but it was like an unrequited quest with no satisfaction.”

“It’s one thing to detect a general dissatisfaction with the status quo and have a high-level understanding of trends and priorities, but innovation is all about the details…”

with the hashtag #foodcoma. Other times they’d fix something from scratch or grab a piece of fruit, but it was like an unrequited quest with no satisfaction.”

“It’s one thing to detect a general dissatisfaction with the status quo and have a high-level understanding of trends and priorities, but innovation is all about the details,” Floyd continued. “One of the most valuable pieces of research we did was one of the most granular. In sessions with individual customers, we gave them about 70 different ingredients and asked them to build their own perfect breakfast sandwich. Each customer had this huge buffet to choose from, and from our perspective, each ingredient was like a variable in an equation: How would the customers apply their unique criteria to design the perfect solution? We wanted to make sure we understood how they evaluated options and what was most meaningful to them.”

“One of the important discoveries related to our Special K customers’ consumption occasions,” Suarez-Davis elaborated. “Much has been made of the on-the-go trend, and typically images of commuting or running errands come to mind. What we found among Special K women was what we call ‘on-the-go at home.’ They had a lot to do around the house and didn’t want to sit down. They actually wanted the freedom to carry the food with them or have it on the counter so they could enjoy it as they were getting tasks done. In terms of how we thought about the product and the way we would connect it to our customers, understanding the specific context was hugely important.”

Suarez-Davis explained what happened next: “We learned some valuable lessons in these individual encounters and in the group discussions that followed. Specifically, the research identified several flaws and gaps in our ingoing assumptions. We assumed that they’d want egg whites in order to have the protein with fewer calories. Nope, they wanted whole eggs. We thought they’d prefer turkey sausage for less fat. Nope, they preferred real pork sausage. Cheese—again, here’s a product that brings great taste, but it also has fat and calories and can make dishes rich and heavy. We figured that a lighter, more delicate cheese was the way to go. Not at all, our customers wanted bold cheese flavors like pepper jack.”

“Finally, we hadn’t given nearly as much thought to the bread as we had to the fillings, and what these sessions did was to elevate the importance of the bread. They wanted real bread without many of the negatives associated with bread. Among Special K customers, established bread options such as biscuits, bagels, and croissants all had significant drawbacks. Bread needed to be tasty, provide great mess control, be not too filling, and feel good in your hand. This last piece was really interesting. Because you actually hold the product in your hand, there’s a very tactile sensory experience. People often talk about ‘mouthfeel’ in food innovation, but we discovered that ‘handfeel’ was really important in this circumstance as well.”

Listening to the Special K Frozen Team describe their
process, you can see why this brand—unique among all winners—has won three Breakthrough Innovation Awards in three different categories. There’s a masterful ambidexterity in the management of the brand: at once faithful to its core essence while remarkably adaptable to the demands and desires of its enthusiasts.

“Curating a brand like Special K is a delicate art,” Suarez-Davis elaborated. “On the one hand, we have clear, rigorous guardrails about the brand, but sometimes customers actually lead and teach if you give them the chance and really empathize with their values and experiences. An ingredient like sausage or bacon, for example, is not an easy one for Special K, as it potentially conflicts with our ‘weight wellness’ pillar, but what our brand loyalists revealed is that whole foods and real foods—foods they cook with at home—are consistent with their values and their perception of our brand. To them, part of the magic of Special K is that food is delicious and satisfying, and you don’t feel cheated; you get to have it all.”

“Food is incredibly emotional, so even if egg whites taste as good and even if turkey sausage is delicious, there’s a stigma that these are diet products, as well as associations with past less-than-delicious experiences that people may have had. Perception is reality in this, so we had to find a way to make it work for customers. When brands flex to address customer demand, they get stronger, and that’s what happened to Special K. The brand is more relevant and more valuable—to our customers and therefore to Kellogg’s.”

Returning to the development of the Flatbread Breakfast Sandwiches, Floyd continued, “One of the things that made this launch so successful is that it wasn’t linear. What I mean by that is that we were developing the product and engaging the supply chain guys and working with our sales force right from the beginning. Similarly, we had customers taste prototypes early and often in the process, rather than wait until we were about to launch and do a last-minute test just to make sure we hadn’t screwed up. The team behind this launch wasn’t just cross-functional; we were totally integrated and engaged throughout—and not just marketing, insights, and innovation, but also R&D, supply chain, manufacturing, and sales. What it meant is that there were no real handoffs, just different roles for different team members who were all involved and integrated throughout.”

“The novelty of this initiative, as our first entry into breakfast sandwiches, actually compelled us to innovate around our innovation process as well,” Suarez-Davis summarized. “Because changes in bread selection would create changes in engineering and supply chain and packaging, we had to do this in an integrated way, because so many elements were interdependent. With established lines, everything is more modular, and you know what a change in one area will mean down the line.”

“Big innovation requires a different approach and process. This wasn’t linear development. If we were going to test and learn and optimize and still get to market quickly and cost-effectively, we had to parallel-process. Ultimately, we were able to go from start to launch in 18 months in a totally new category. The keys to this were the clarity of the insight, the senior-level support, the cross-functional team that drove this start to finish, and the willingness to innovate as much around process as product.”

“And that cross-functional team ultimately included our retail customers,” added Suarez-Davis. “We wanted their input based on their knowledge of frozen-foods shoppers, and we wanted their enthusiastic support. We had quantitative BASES forecasts that showed how incremental this would be to the category, and the incrementality story really got the retail customers excited.”

“We launched with considerable TV support and really leveraged our owned-media platforms as well as cross-marketed across other Special K offerings,” she continued. “Smart use of online search really paid off as well, enabling us to attract customers who were actively shopping for solutions.” Reflecting on the overall experience, Suarez-Davis summarized: “Bottom line, this was a great launch for our customers and a real achievement both for the team and the Special K brand—entering a new category very successfully. This is an innovation that is true to what the brand stands for and also cutting-edge in terms of enabling our customers to define themselves and their lifestyles without compromise.” Special K is not only an iconic brand, but also a powerhouse among the Breakthrough elite: three Breakthrough Wins in three different categories in four years. Special, indeed.
IF THERE’S A SINGLE QUALITY THAT IS SHARED BY most of our Breakthrough Winners, it is that they resolve a persistent problem that consumers confront in their daily lives.

“As the leading litter brand in the category, Tidy Cats has listened to thousands of cat owners,” explained Tidy Cats brand director Rebecca Schulz. “And what we’ve heard time and time again is that carrying litter is a burden. In fact, 61% of cat owners indicate that they would readily switch to a lighter brand, as long as there was no compromise in efficacy.” And that’s just what Tidy Cats has done with the successful introduction of Tidy Cats LightWeight scooping litter: providing all the strength of original Tidy Cats with half the weight.

“Our ethnographic work highlighted that the weight of litter posed challenges from lifting from the shelf into their cart, then carrying it into their home, pouring it into the box, and finally even disposing of it. Litter can be a real nuisance,” Schulz elaborated. “We actually found people who kept the clean litter in the trunk of their car and
replenished the cat’s litter box from the car until the box was light enough to bring indoors.”

So the problem was clear. High-performing litter needed to be made lighter. Not an easy innovation, to be sure. “Technically, how would we do this? That was a big question,” Schulz acknowledged. “But our technical team is the best in the world, and we’d been working cross-functionally from the start. The engineers recognized how big this opportunity could be, so they were as motivated as the marketers to make it happen. Truly their spirit is ‘Never say never,’ so they pursued many paths before landing on a solution that met their own hurdles for performance, as well as the consumers’. And without going into proprietary R&D technicalities, our team reinvented litter by leveraging the Tidy Cats patented engineered litter technology but substituting the core with a lightweight mineral, making this product weigh half as much as traditional scooping litter. The outer coating delivers the same clumping power as the original product, so we were able to retain high performance for our consumer. We all recognized that this technology could transform the entire category—and we were determined to make it a big launch. The whole team was ecstatic.”

This is classic Breakthrough Innovation thinking—a “How big can we make this?” mentality combined with an unwillingness to compromise on delivering on the consumers’ need. “This was never about achieving acceptable minimums,” Schulz explained. “We were focused on maximizing the opportunity. In fact, we studied other categories in which technical innovations had transformed the competitive landscape to see what we might learn and leverage. We looked at laundry detergent pods, baked potato chips, and Greek yogurt. This was an important shift in our thinking that fueled our ambition.”

CREATING A LIGHTWEIGHT LITTER WAS ONLY THE FIRST REAL CHALLENGE.

The promise of uncompromising litter performance at half the weight was such an incredible claim that it was unbelievable to the consumer. Litter consumers possessed a mentality that echoes the nickname of Missouri, where Tidy Cats is headquartered: “Show me.” Words alone were not going to be enough to convince cat owners. This required a serious partnership with retailers to make it work.

“In our work with consumers, we learned that the real ‘wow’ of the product was in actually lifting the product,” Schulz explained. “Hearing about it was nice, but consumers really needed the experience. Consequently, a big part of our launch strategy was the in-store component. Working with a select number of launch retail partners, we created in-store lift tests, where consumers could actually pick up comparable containers and experience the benefits. It was this visceral experience that triggered people to visualize all the consequent benefits: ‘I can lift this off the shelf, get it to the car, and carry it up to my apartment.’ The in-store lift test was the clincher.”

In fact, the in-store displays not only generated trial but also earned industry recognition from Point of Purchase Advertising International (POPAI) for their innovation and effectiveness.

“We also treated our TV executions differently to address the uniqueness of this product proposition. We produced 60- and 30-second spots that show Tidy Cats LightWeight being effortlessly tossed from the production line by a plant worker to the shelf filler at a retailer and then on to a wide range of consumers. The visual is memorable.
and resonates with consumers. In testing, the TV spot had the highest Copy Effectiveness Index (CEI) score for the brand since 2005, ranking in the top 5% of all ads tested. We learned that the call to action ‘Toss me that litter!’ seemed so outrageous to consumers that it inspired them to go lift it in store to prove us wrong. But we weren’t wrong; it really was light enough to toss. It was fantastic learning and a great way to drive consumers to the shelf—where we were ready.” Additionally, before the product was available on shelves, the Tidy Cats team gave bloggers, media, and active Facebook and Twitter users and influencers a sneak peek, asking them to spread the word. This ensured that when consumers heard about LightWeight or saw it in-store, there were already reviews available online and chatter happening in the social space.

As the Tidy Cats case illustrates, there is no “best practice” for activation. The best practice is a strategy that links the new offering to the specific circumstance and job in the mind of the consumer. For Tidy Cats, this meant a comprehensive in-store experience with TV playing an important awareness role.

JUST THE FIRST OF MANY LIGHTWEIGHT LITTERS.

“Our team and our savvy retail partners recognized early on that creating a lightweight litter was more than a one-off product launch,” said Schulz. “This was big—and we had great confidence in our consumer insights that we were the first to introduce an entirely new litter category. Our retailers gave us the displays needed to demonstrate the product with skeptical consumers; our management team supported our aggressive forecasting and approved capital investment necessary to meet production goals. We all saw this as an arms race: LightWeight was such a big deal that competitors were going to move on it, so we wanted to go big and go fast. As a team, we had the confidence in the insight and the technology to make this bet, and the company had the courage to back us, which was really exciting and motivating.”

Tidy Cats launched the first in its LightWeight line with the 24/7 Performance formula in the fall of 2013. As planned, LightWeight was a platform that propelled the launch of Instant Action formula in June 2014 and Tidy Cats with Glade formula in June 2015. This comprehensive strategy generated results that not only “broke through” but even accelerated. As do the majority of Breakthrough Winners, Tidy Cats LightWeight was able to command a considerable premium—not because of newfangled features, but because it answered an important problem without compromise. Tidy Cats LightWeight is easy to lift off the shelf, and it’s flying out of stores, bringing breakthrough growth to a classic brand.

Marketers sometimes write off categories as mature and saturated, but the Tidy Cats success underscores that fresh thinking, open minds, and uncompromising execution can ignite Breakthrough Innovation in any category, at any time.
Learn more about the Breakthrough Innovation initiative at www.nielsen.com/breakthrough. Explore more content on a variety of innovation topics at www.nielsen.com/innovation.

SPECIAL THANKS TO THE 2015 NIELSEN BREAKTHROUGH INNOVATION PROJECT TEAM

Every year, production of a world class Breakthrough Innovation Report requires the tireless dedication of a small army working together against tight deadlines – all in addition to their day jobs. The authors would like to extend special thanks to Kristin Behrmann, Mike Black, Meg Chari, Kim Gaskins, Courtney Gaynier, Lisa Karigan, Regine Mechulan, Gillian Mosher, Parker Noren, Andrew Oberright, Jason Plumton, Courtney Ramirez, Saul Rosenberg.

FOOTNOTES

1. For the 2015 Breakthrough Innovation Report, we reviewed 3,522 initiatives and identified 12 Breakthrough Winners.
2. In collaboration with Professor Clayton M. Christensen of Harvard Business School and Bob Moesta of The ReWired Group, Taddy Hall, leader of the Breakthrough Innovation Project, has been researching and applying Jobs Theory for the past 13 years.
3. Matt Christensen of Rose Park Advisors introduced us to this common mischaracterization of quantitative and qualitative.
4. Jerry Zaltman is a friend, collaborator, and mentor whose work has enriched our understanding of the power of subconscious processing, mental models, and beliefs to shape perception and, often, impede a change of mind.
6. For additional discussion of innovation and risk, see the 2014 Breakthrough Innovation Report, p. 15.

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