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Important: Market Simulation Modeling, and NOT Traditional Survey Research Techniques, Will Drive Innovation and R&D in Coming Years

The following has significant impact on those who will be engaged in innovation, R&D, marketing or branding assignments, and for whom traditional survey research and testing are a usual protocol as part of the process.

Based on discussions WACS I & S has held with clients over the past several years, and recurring industry-wide signals we are receiving, the message is becoming clear that traditional survey research and testing have declined as tools for optimum guidance and solutions, as well as for forecasting successes of new product efforts made by stakeholders in innovation, R&D, marketing and branding.

While traditional survey research will always represent a significant option for collecting fresh data relative to current marketplace status and structure, the most exciting buzz and compelling successes for generating maximum predictive power and guidance for identifying new product opportunities have occurred via MARKET SIMULATION MODELING (MSM).

Diligently crafted MSM, using superior Bayesian Network approaches, provides highly accurate, predictive direction minus the usual end-game disappointments often encountered with traditional survey research. **There is no more potent, cost efficient tool** than re-purposed data from previous research for use as input into algorithmic development for delivering superior direction and solutions.

HERE IS WHY YOU SHOULD BE PLANNING MSM PROGRAMS IN 2014:

—MSM will become more integral to Innovation to offset the expense of conducting NEW surveys. MSM is now a major player in R&D's and Marketing's arsenal, as evidenced by growing numbers of corporate marketers who commission MSM programs. Re-purposing previous research data—i.e., consumer test data, customer retail data, attitudinal, behavioral and emotional survey data—leads to a smarter and more cost efficient way to gauge marketplace response to future R&D, marketing and messaging tactics.

—MSM is a more powerful and flexible tool than surveys and testing, one which incorporates a wider range of data sources to simulate marketplace response. This creates a far more

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dynamic statistical tool affording greater opportunities:

1. **Instead of spending time debating** merits of targeting, key driver strategies, the “consumer mindset” or anecdotally citing what someone else overheard his daughter and her friends say, we can devise and test empirically based “what if” scenarios via MSM.
2. **There are now methods to accurately simulate marketplace effects** of the more ‘baffling’, complex DISRUPTIVE INNOVATION (both ‘low end disruption’ and ‘new market disruptive innovation’).

"Low-end disruption" targets customers who don't need the full performance valued by customers at the high end of the market.

"New-market disruption" (NMD) targets customers whose needs were previously unmet by existing incumbents. NMD, as embodied by Steve Jobs' products, occurs when a new product fits a new or emerging market segment unserved by existing incumbents in the industry. NMD serves not to give customers what they say they want, but 'what they don't know that they want yet'—and because of this complexity, we used to think that response to NMD innovations couldn't be simulated, but we now know better, given our understanding of the emotional dynamics that drive NMD. Thus, we now have more sophisticated tools than ever to forecast response to these more complex NMD innovations.

3. **MSM inspires marketers to become more cost efficient** by encouraging a repurposing of previously collected product test and attitudinal data for deeper analytic drill-downs of under-analyzed segmentation, conjoint, tracking studies, sales data, product and concept tests. Studies that had gathered dust, been under-reported or under-utilized can now input into algorithmic development of simulations, thus serving their intended purposes.
4. **MSM optimizes our understanding of marketplace dynamics.** It serves as a potent 'pre-test' to weed out failed value propositions before marketers risk spending money on developing, testing and introducing them, and alerts us to dynamic opportunities through post-analysis. By continually addressing “what if” scenarios and pre-testing them via MSM, we can run and learn from experiments, less expensively than conducting traditional tests-surveys. A surprisingly accurate estimation of market shares, projected trial, repeat rates

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and volumetrics for products yet to be developed and launched can be calculated based on algorithms derived from previous data.

5. **All this affords a more opportunistic approach to marketplace learning.** Whereas before, you decided what customers wanted, then ideated, then tested ideas via surveys— now, you pre-test (simulate) in a virtual environment built by real world data at much lower levels of cost and risk. Rather than trying to develop the right idea to test, you can now run market simulations at lower cost without risk. Rather than needing to get it right at first cut, you can iterate (and re-iterate) quickly and simply strive to reduce error over time. Rather than trying to surmise what's occurring by extrapolating from a smaller universe, simulations examine an entire marketplace and adapt to changes in real time. Algorithms recognize patterns which identify further opportunities— i.e., what and how much target customers will buy and repeat. You can now test our wildest ideas, tweak, re-test and then turn them into realities. That's why the future of Innovation IS MSM.

WACS I & S provides a dynamic program of systematic MSM to reduce YOUR need for spending on new surveys, thus enabling you to benefit from cost efficient, more accurately conceived new product and marketing successes.

For further information on MSM, please request our PDF file by replying to asavitt@wacsurvey.com