

CROSS-CATEGORY INNOVATION:

GAINING A COMPETITIVE EDGE WITH ADVANCED ANALYTICS

Every brand knows that innovation leads to growth. The question is how to identify which path to take on the road to creating truly breakthrough innovations. The answer could already be out there – but in an adjacent category.

Uncovering cross-category dynamics and influences give brands a competitive edge, while effectively mitigating risk when bringing proven trends from an adjacent category into their own.

Remember when bottled water contained just water? Walk into a convenience store today and you'll find alkaline water, coconut water, caffeinated water, and a variety of other water products. The growing market for enhanced water is a result of cross-category innovation. Many of these innovations originated in adjacent Food & Beverage categories, such as energy drinks, coffee, and juice, before cascading into bottled water as brands began to integrate these trends into their products.



While competitive intelligence is critical, it generally lacks the foresight or timeliness needed to be first to market with breakthrough innovations. Given product development typically spans one to two years, being reactive to competitor innovations can result in missed opportunities and playing catch up behind innovators. Uncovering cross-category dynamics and influences gives brands the first-mover advantage while effectively mitigating risk when bringing proven trends from an adjacent category into their own.

In this white paper, we explore challenges in surfacing cross-category insights and how to leverage advanced analytics to uncover these unique findings. This involves connecting thousands of rich data sources, extracting context and applying powerful visualizations that help to rank and prioritize the most promising opportunities, and how to activate them to drive growth throughout the product lifecycle.

Cross-category product innovations drive growth opportunities



FUNCTIONAL BENEFIT ATTRIBUTES account for over 33% of consumers' purchase intent



25-34 year olds are most likely to find **PERSONAL CARE PRODUCTS INSPIRED BY FOOD AND DRINK** flavors appealing



DESIRE TO EXPERIMENT among consumers is a driver for cross-category innovation



Food and beverages, beauty, and technology are the top three sectors that are **HEAVILY INFLUENCING CROSS-CATEGORY INNOVATION** within hygiene, household, and pet products

Source: Research & Markets, Research Gate



Data-driven organizations are 23 times more likely to attract new customers, six times more likely to retain customers, and 19 times more likely to be profitable.



Challenges in Surfacing Insights

Big data and analytics have become critical to how business decisions are made today. Much has been said about the performance of data-driven organizations; they are 23 times more likely to attract new customers, six times more likely to retain customers, and 19 times more likely to be profitable¹. Nonetheless, if you actually survey most companies to understand how well they use data, numerous challenges begin to surface.

Data challenges faced by organizations²



DATA ACCURACY - 25% say that accessing accurate data is a problem.



PROCESSING CAPACITY - 23% say that analyzing and processing data is their biggest challenge.



DATA SILOES - Access to data (20%), sharing data between different teams and functions (18%) and linking the data in the organization (17%) are common concerns.



TIMELINES - Gaining insights that can be accessed in a useful timeframe (18%) and whether the data is real-time (17%) are worries for business leaders.

The above statistics are reported by companies that continue to mostly rely on internal data, which may be good for representing what was sold and the real cost of goods, but ultimately, it only provides “lagging” insights. Futuristic or predictive insights about what will be sold tomorrow can only come from a myriad of external sources: understanding forward-looking consumer trends, changing demographics, and competitor insights. External data provides an unbiased view, a continuous lens into what is happening outside the company, and if used strategically, it can unleash powerful new corporate directions, like cross-category innovations.

1. Source: McKinsey Insights

2. Source: Dun & Bradstreet

Signals Analytics has vast, continually updated and contextual data lakes in four business verticals: food & beverage, personal care, beauty (collectively: fast-moving consumer goods or FMCG), and pharma. Clients can zero in on dozens of product categories in FMCG or therapeutic areas in pharma. More than 13,000 data sources are continually connected and refreshed to maintain timeliness and relevance of the output.

Gaining a Competitive Edge with Cross-Category Insights

Obtaining this type of competitive advantage, however, can be a challenge in a constantly evolving landscape with trillions of data points across disparate categories, data types, and data sources.

It begins with the core advanced analytics capabilities:

1 Connecting disparate external data sources

As stated above, most organizations rely primarily on internal data to create predictions and analyses, when in fact the most valuable data sits outside an organization. If they are used, external data sources like social listening, e-commerce tracking, news portals, demographic data, market sales data, competitive insights and more, are managed in multiple siloes. This is because it is extremely difficult to connect them into a single portal. But only when combining and connecting the sources, can the “signals” or true value begin to emerge.

2 Extracting context leveraging AI and patented NLP

The “signals” are surfaced by extracting context from the disparate data sources; this refers to understanding the meaning behind different words in the context that they are used. Using the old adage, “Let’s eat, grandma”, has a very different meaning than “Let’s eat grandma”. Generic taxonomies may cover broad topic areas but to get deep insights that are meaningful to understand category-level trends requires curated taxonomies that are specific to the business question being addressed.

Sentence:	“This cream makes my face non-greasy and smooth.”	
Constituency representation	Core component	Phrase
(ROOT (S (NP (DT This) (NN cream)) (VP (VBZ makes) (NP (NP (PRP\$ my) (NN face)) (ADJP (JJ non-greasy) (CC and) (JJ smooth)))) (. .)))	carrier: cream	NP (DT This) (NN cream))
	bearer: face	(NP (PRP\$ my) (NN face))

ADOPTING TRENDS

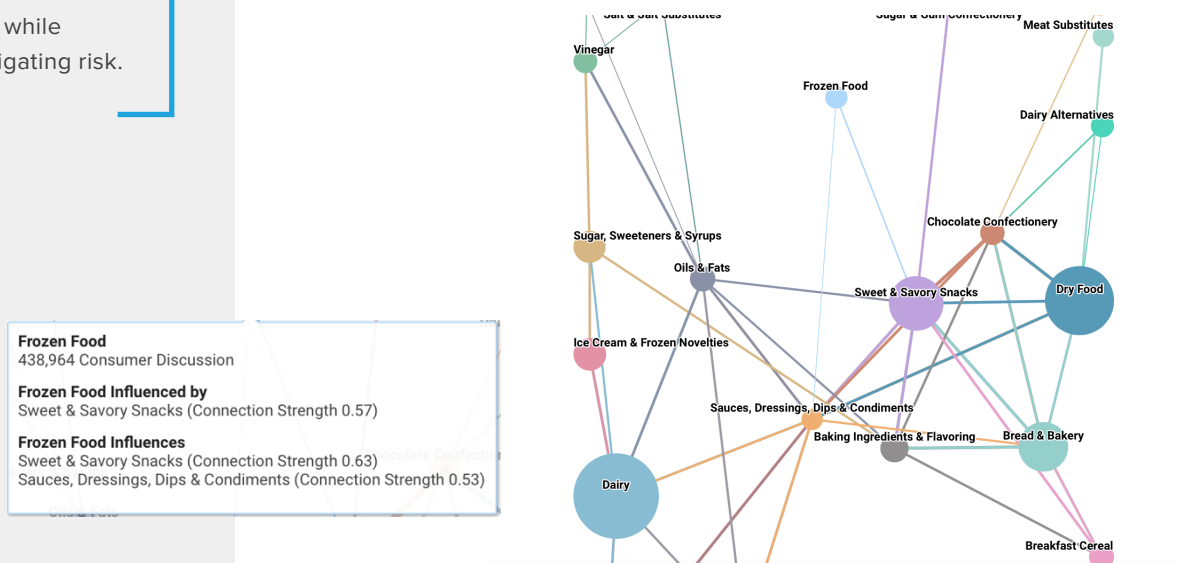
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understanding the dynamics and interactions different segments. This is where early intelligence on the movement of trends across categories lies. By understanding which categories impact another, brands can adopt proven trends from adjacent categories into their own to gain first-mover advantage within their category while effectively mitigating risk.



Source: Signals Analytics Food Market Overview App - Category Interactions, March 31, 2020

Understanding the direction of influence can also uncover great business opportunities. For brands looking to expand into other new categories, this helps to identify the categories to enter. For brands that play in multiple categories, understanding cross-category relationships aids in monitoring the interactions between those categories and identifying potential cross-category synergies.



A HOLISTIC VIEW OF THE FOOD UNIVERSE



Innovation,
consumer demand and
the market



4

Discover & Rank Trends

Having a holistic view of the category ecosystem allows brands to surface and compare trends within key categories or against the total market. Evaluating trends across indicators of innovation, consumer demand, and the current market helps to measure and gauge the potential business opportunity.

- The level of innovation is measured by signs of growth in key indicators such as patents around new technologies and new products entering the market.
- Evaluating consumer demand for a trend by the level and rate of growth in consumer discussion helps identify which trends are generating significant discussion and highest growth potential.
- Understanding the market is critical to assess the saturation of products in-market already claiming the trend. Layering in consumer sentiment assists in gauging whether these products are successfully fulfilling the consumer need and highlights the shortcomings of competitor products that can be capitalized on.

Trends	Innovation Score	Consumer Score	Market Score	Total Score
Gluten Free	<div><div></div></div> 100	<div><div></div></div> 68	<div><div></div></div> 100	<div><div></div></div> 100
Organic	<div><div></div></div> 76	<div><div></div></div> 66	<div><div></div></div> 79	<div><div></div></div> 84
Vegan	<div><div></div></div> 45	<div><div></div></div> 100	<div><div></div></div> 25	<div><div></div></div> 70
Keto	<div><div></div></div> 40	<div><div></div></div> 80	<div><div></div></div> 5	<div><div></div></div> 52
Kosher	<div><div></div></div> 56	<div><div></div></div> 11	<div><div></div></div> 68	<div><div></div></div> 48
GMO Free	<div><div></div></div> 66	<div><div></div></div> 13	<div><div></div></div>	
Whole Grain	<div><div></div></div> 39	<div><div></div></div> 45	<div><div></div></div>	
Vegetarian	<div><div></div></div> 32	<div><div></div></div> 54	<div><div></div></div>	
Sugar Free	<div><div></div></div> 40	<div><div></div></div> 41	<div><div></div></div>	

Keto

Innovation

New Products (2 Years): 359 Growth: +26%

Patents (5 Years): 59

Consumer

KOL Posts: 2,751

Social Media (1 Year): 0.2M Growth: -10%

Reviews (1 Year): 40.0K Growth: +100%

Market

Products: 3,806

Source: Signals Analytics Food Playbook - Trends Surfacing View, March 31, 2020

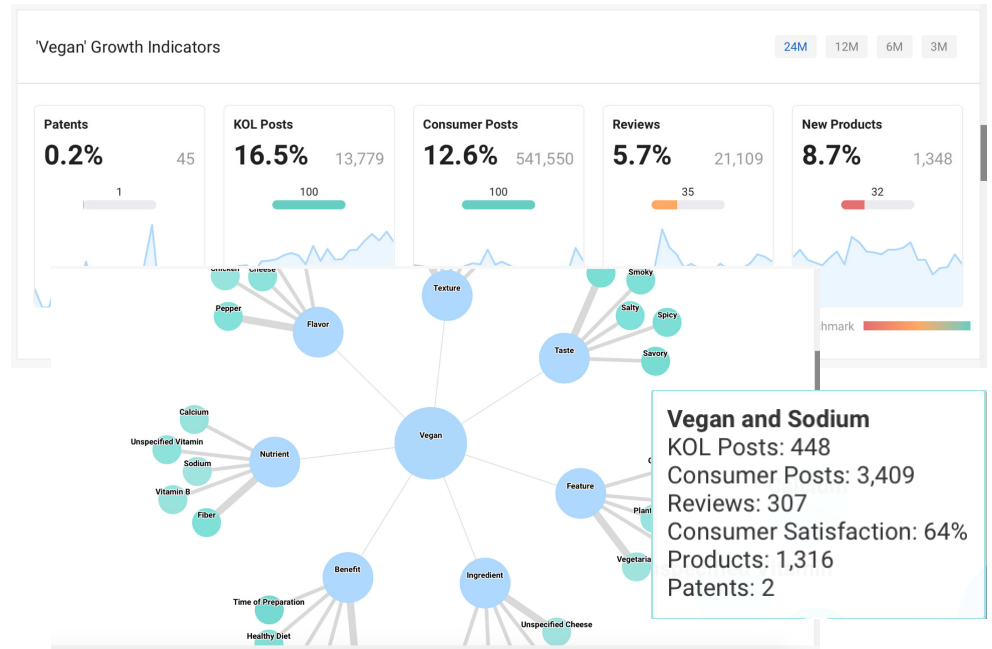
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Deep Dive into Top Opportunities

After narrowing down top trend opportunities, exploring its origin, evolution, associated attributes (like ingredients, flavors, and nutrients), and top drivers is key. Gaining a full understanding of the trend at this step guides data-driven decision-making and supports trend activation.

GUIDED BY DATA

After narrowing down top opportunities, a full understanding of the trend guides data-driven decision-making



Source: Signals Food Playbook - Trend Exploration, July 2017 - June 2019





Cross-Category Innovation is a Shortcut to Growth

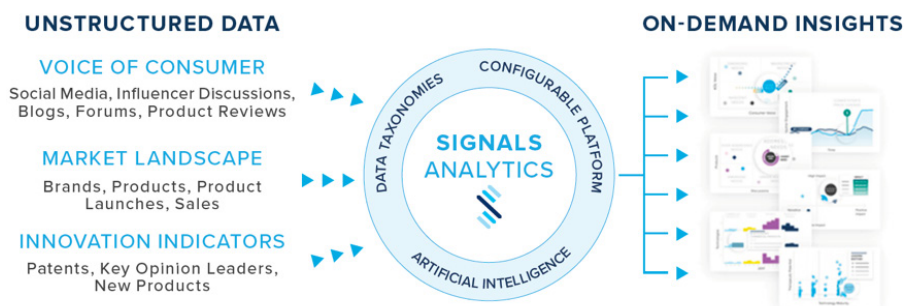
Cross-category innovation is a smart approach to growth because it involves stepping outside single-category silos to cull ideas from adjacent ones. All categories are full of fantastic, proven innovations, so why not learn from them?

Adoption of tested and proven innovations from adjacent categories – innovations that closely follow consumer demand – may be just what brands need to uncover the “next big thing” in their respective categories.



Combining the Quality of Market Research with the Scale and Speed of AI

Signals Analytics is an advanced analytics platform that provides critical market intelligence throughout the product life cycle. Instead of culling together separate data sources and using analyst resources to sift through and extract meaningful context to determine different product positioning and portfolio optimization, Signals Analytics separates the signals from the noise. The platform provides actionable insights that help brands understand consumer sentiment, identify white space opportunities, measure product performance after launch, and keep track of competing brands.



CONFIGURED TO YOUR NEEDS



DATA SOURCES



TAXONOMIES

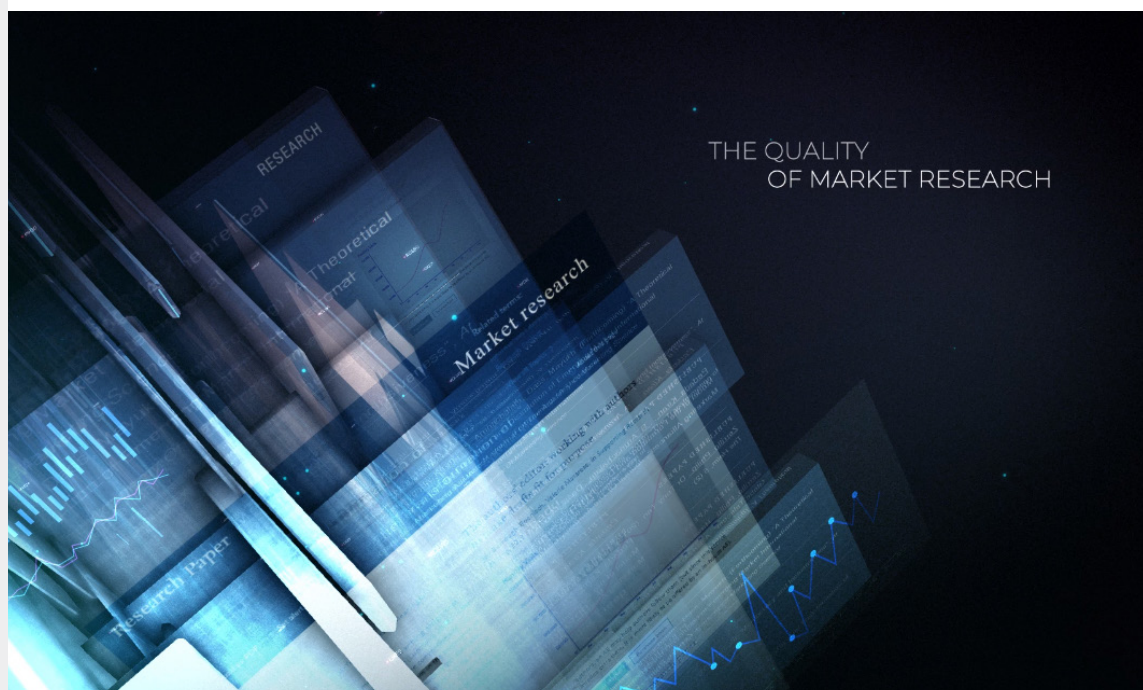


VISUALIZATIONS



ALERTS

- Collects and connects countless rich external data sources
- Extracts context using AI and patented NLP techniques
- Uncovers Trends and Predictive Insights



THE QUALITY
OF MARKET RESEARCH