

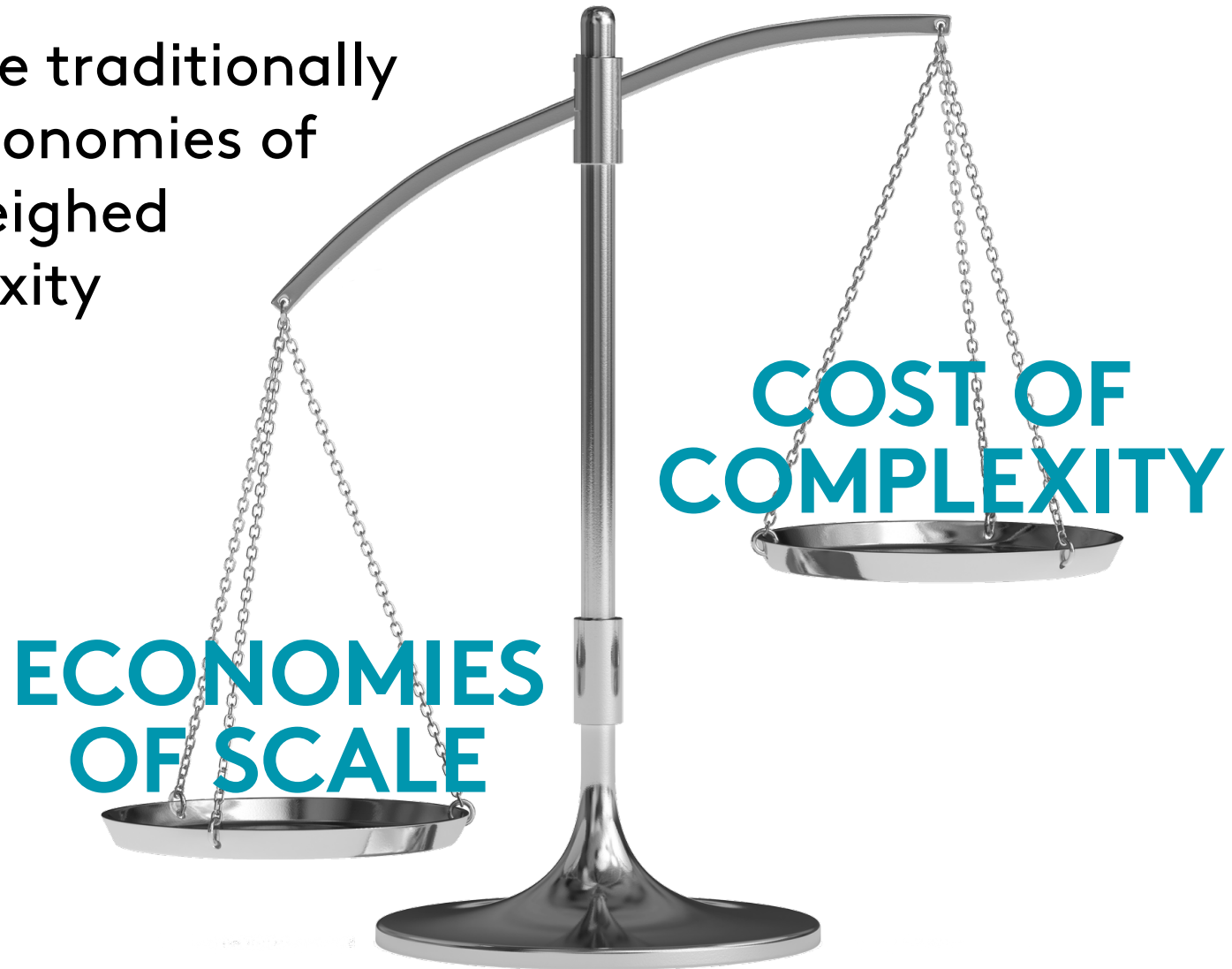


KANTAR FUTURES

THE NEW RULES OF INNOVATION

#NEWINNOVATION

Big businesses have traditionally benefitted from economies of scale, which outweighed the cost of complexity



But three factors are tipping the balance...

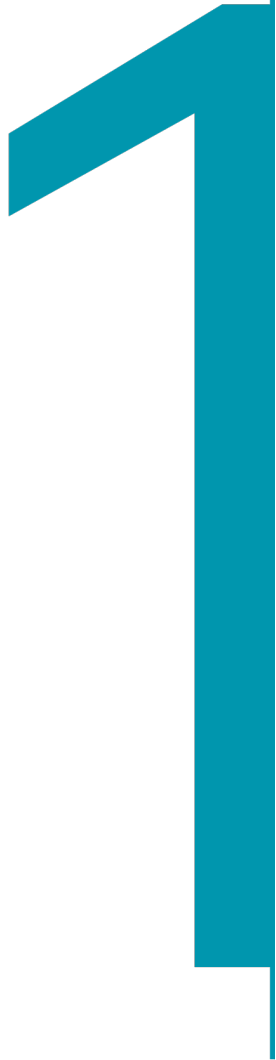
Creating a different innovation environment

1

2

3

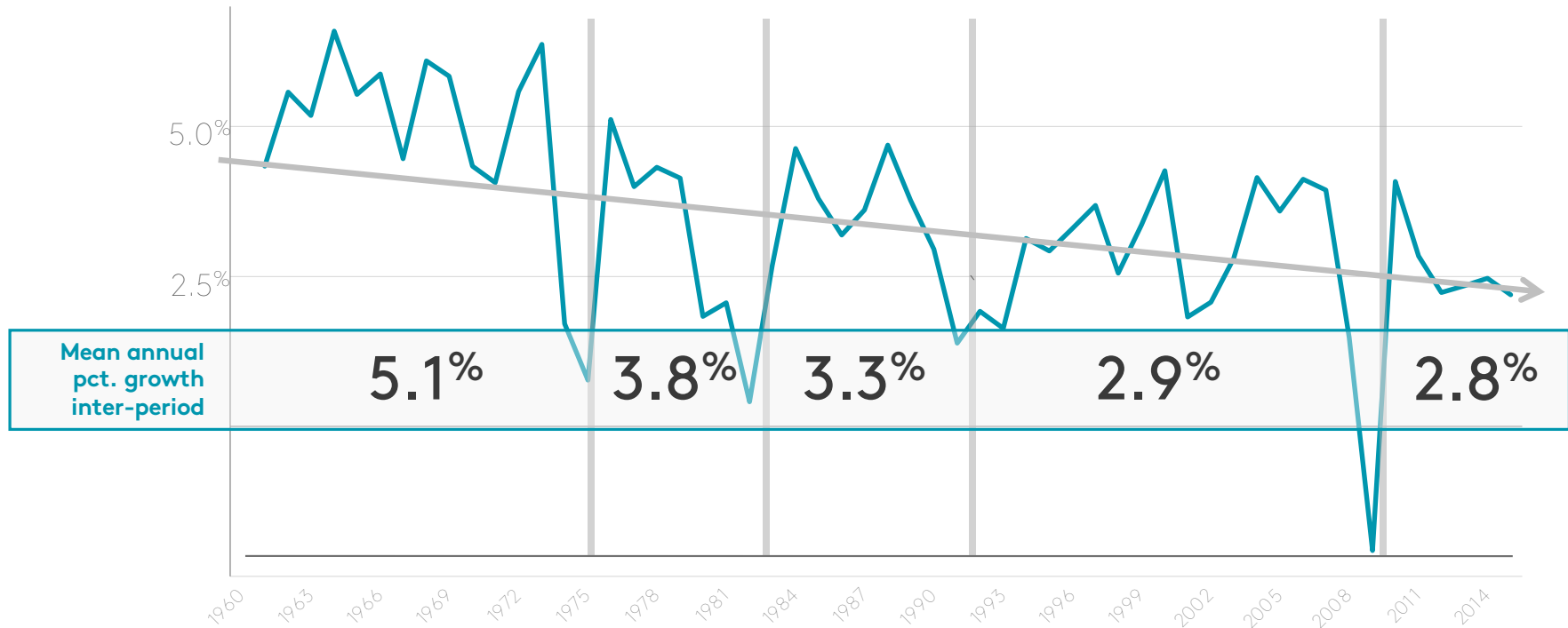
KANTAR FUTURES



LONG
RUN,
SLOW
GROWTH

Long term structural decline

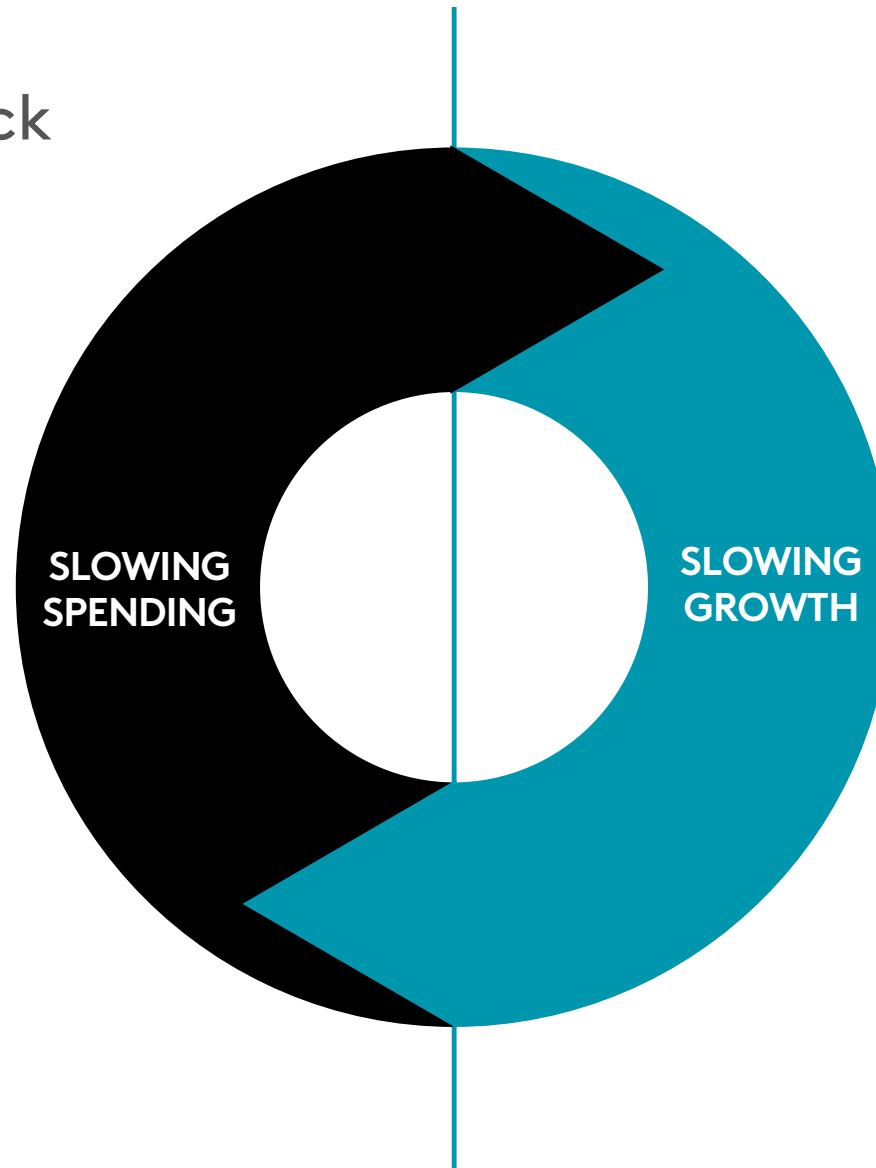
1



Source: World Bank (USD 2005)

<http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>

Negative feedback
loop for growth
and spending



KANTAR FUTURES



TECH DEMAND DEFLATION

Businesses typically see the tech as the future

"Consumer data will be the biggest differentiator in the future. Whoever unlocks the reams of data and uses it will win."

Angela Ahrendts, CEO of Burberry

2

But in the short term,
technology is putting
pressure on mass
consumer demand



Median wages have not increased
in decades

USA

30 years

UK

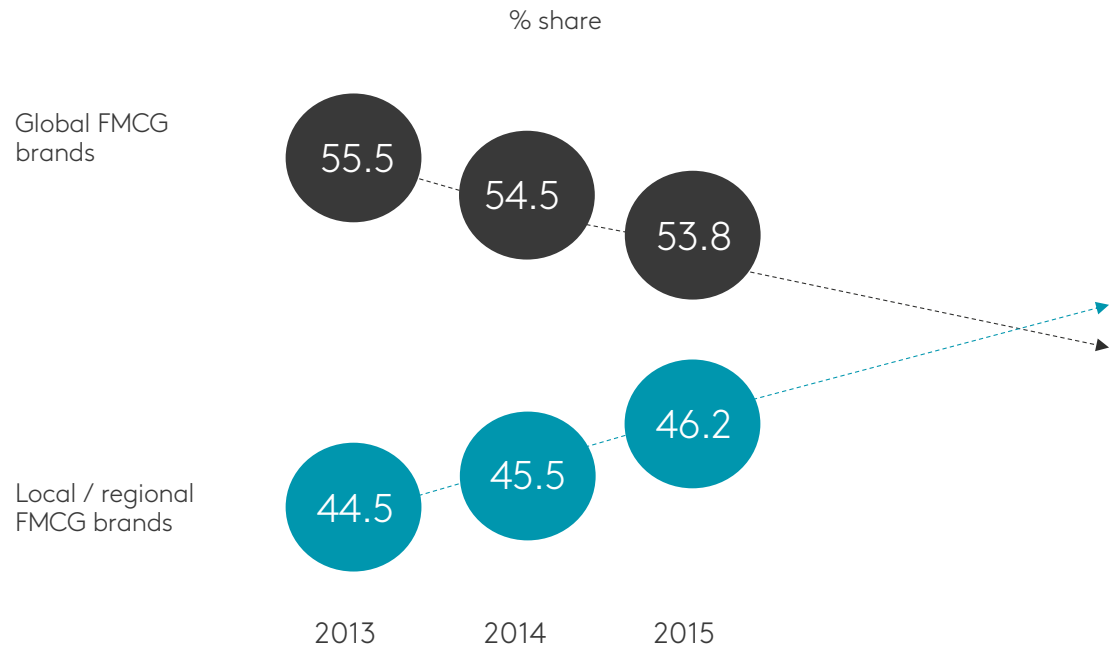
10 years

KANTAR FUTURES

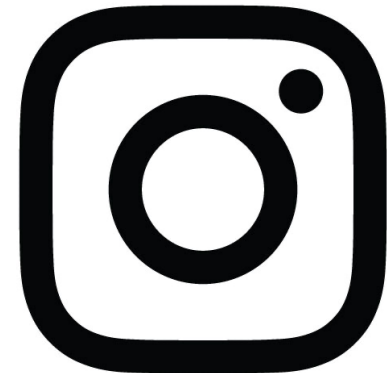
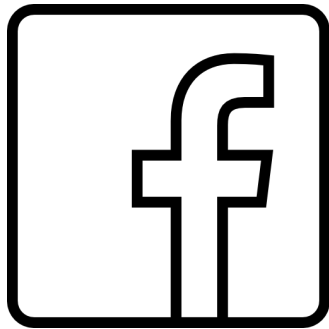


SUPERSIZE
SMALL

Global brands are losing out, but local brands are winning



Technology makes it easier for small businesses to scale their messages...quickly



Technology is also making it easier for small businesses to scale their production and distribution

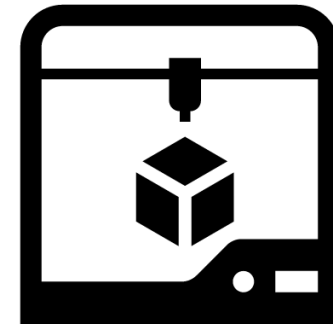
3



\$2 billion valuation,
54 million users



Amazon Marketplace: 45% of
total number of items sold on
Amazon



\$30.19 billion expected
market worth of 3D
printing by 2022



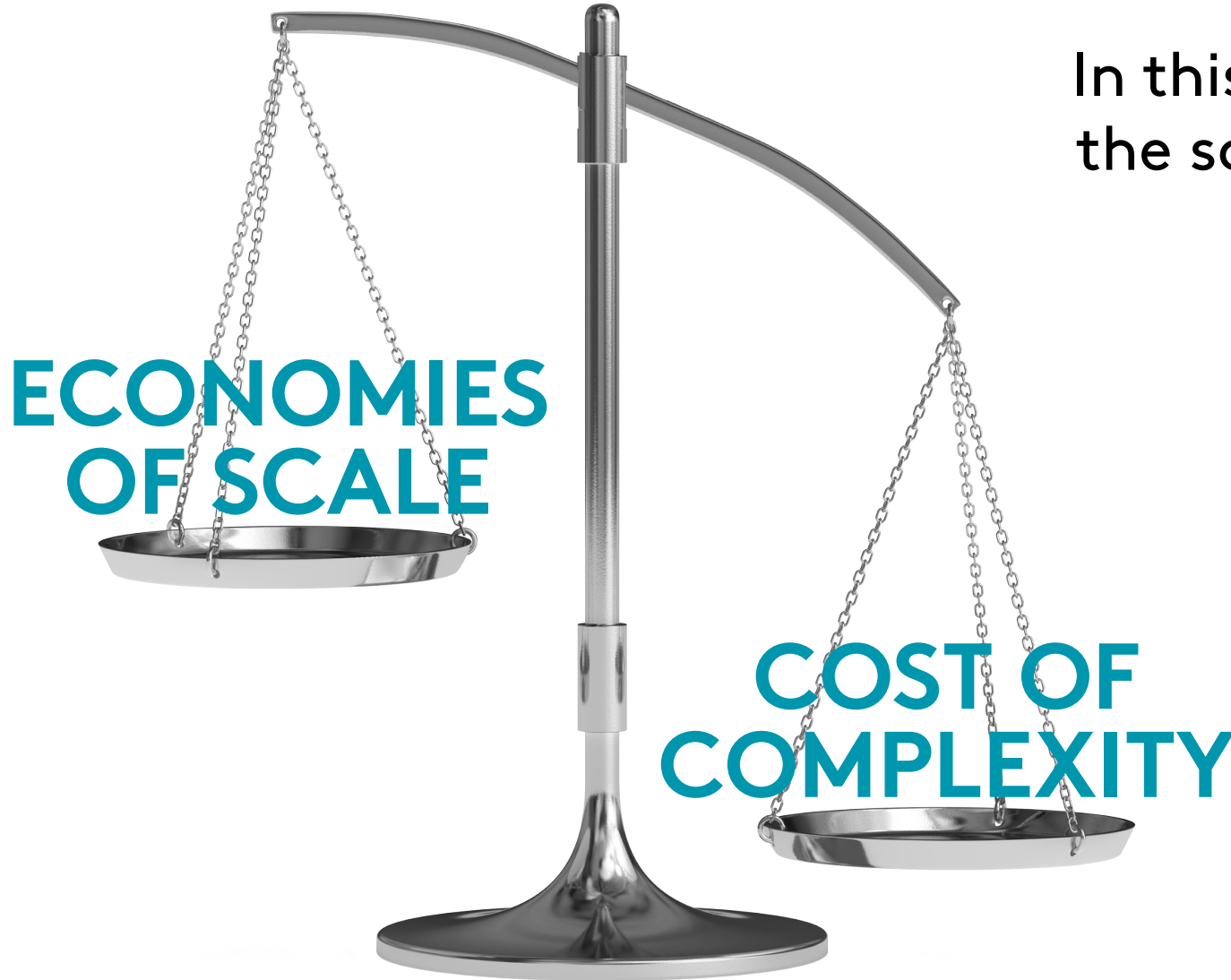
Conventional fixes for scale businesses have stopped working

Stealing share is expensive

Buying share is unreliable

Cutting prices hits margins

Returns on NPD are decreasing



**ECONOMIES
OF SCALE**

**COST OF
COMPLEXITY**

In this environment,
the scales are being
rebalanced





Scale business
can innovate
successfully



Successful
innovation at
scale needs
business model
innovation.

We've
identified four
approaches

KANTAR FUTURES

EXTRACTING

What can be removed
or simplified?



KANTAR FUTURES

THE BILLY BOOKCASE

60 million sold

Output up 37x, staff levels 2x

30% cheaper than 1978



UPSERVING

How can we increase
perceived value?



KANTAR FUTURES

ESSIE GEL NAIL POLISH

Apply at home

Far cheaper than a salon
manicure

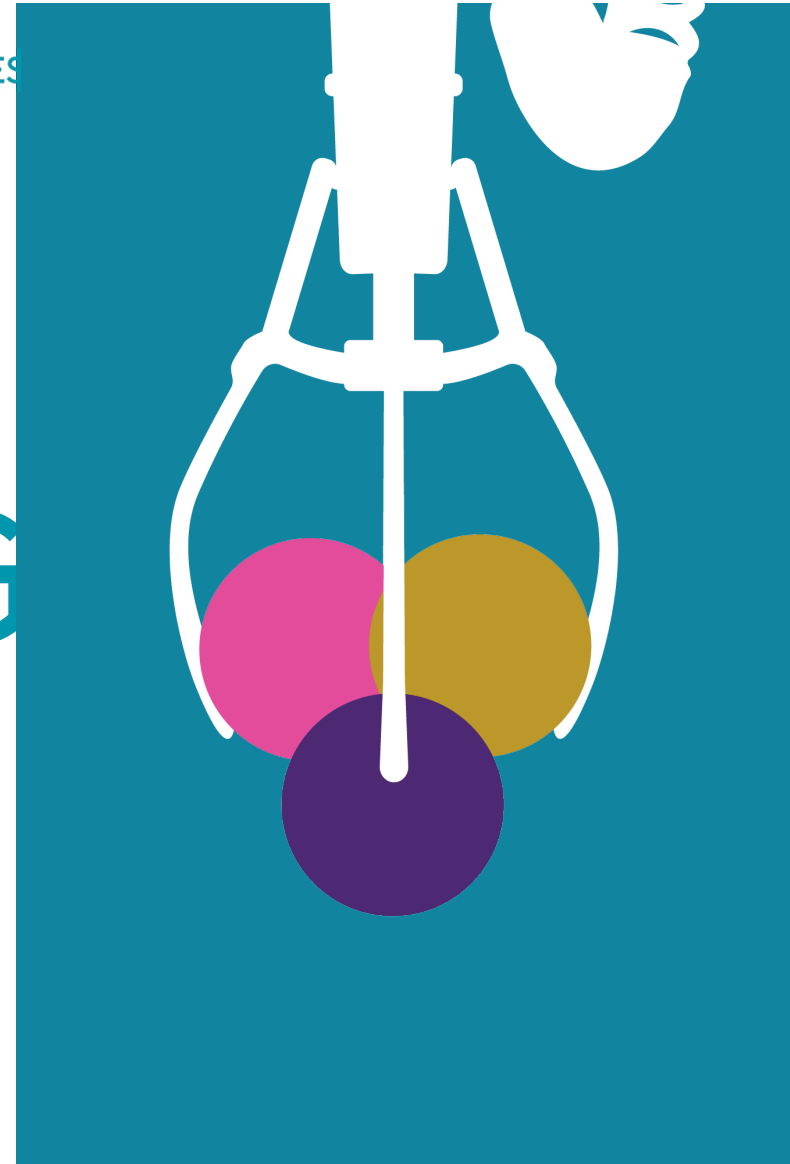
Market size doubled in a year



KANTAR FUTURES

BUNDLING

What can be wrapped in?



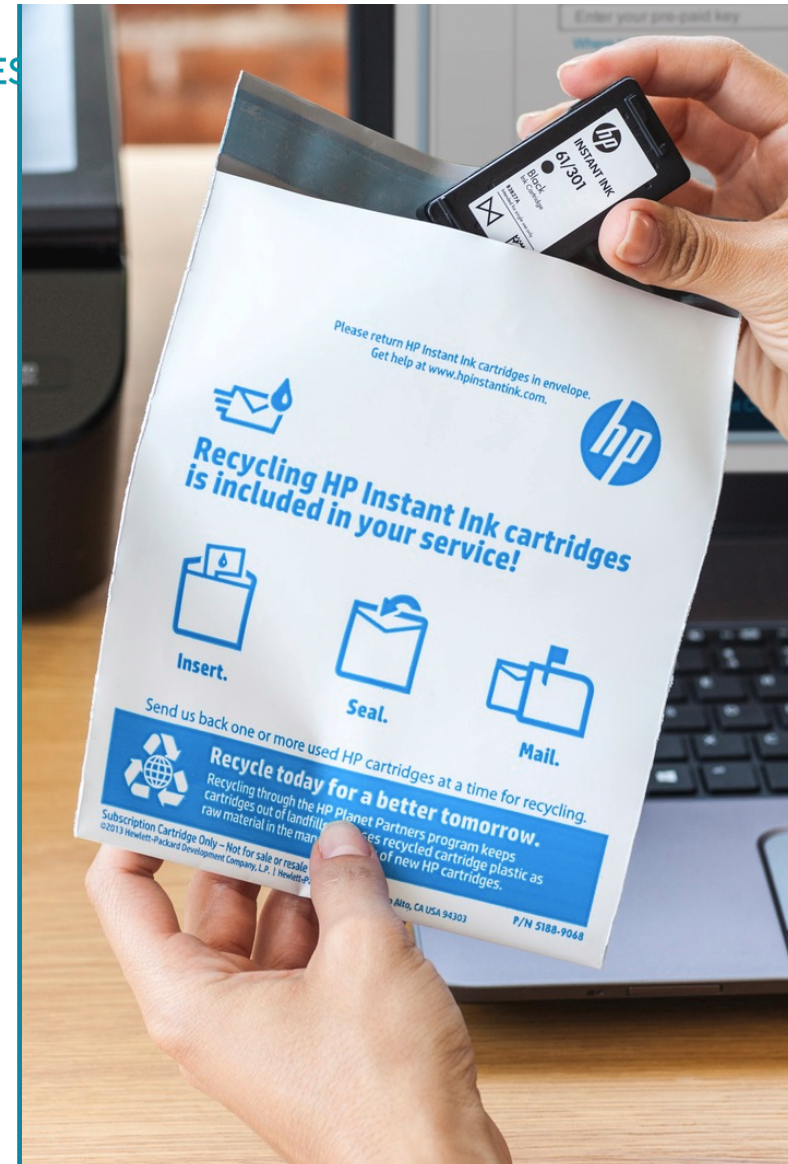
KANTAR FUTURES

HP INSTANT INK

Auto-replenish

Circular economy

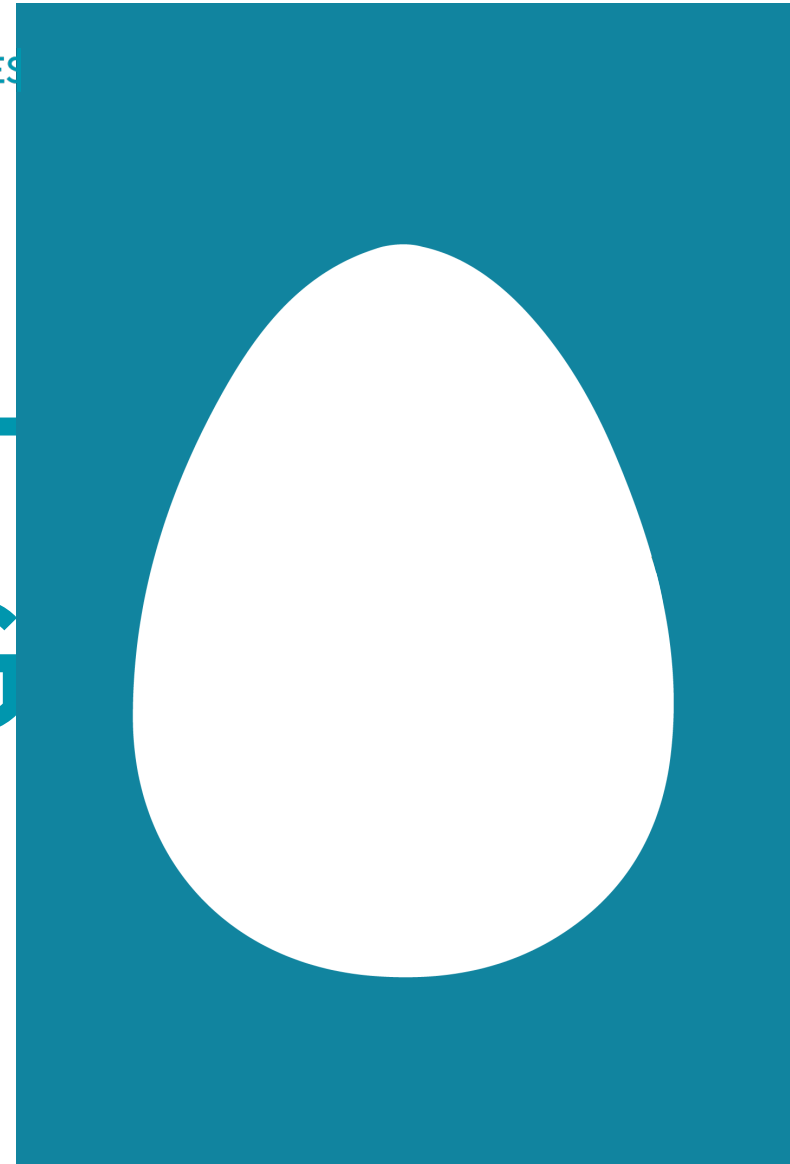
67% less materials consumed



KANTAR FUTURES

MARKET -MAKING

How can we create
fresh demand?



KANTAR FUTURES

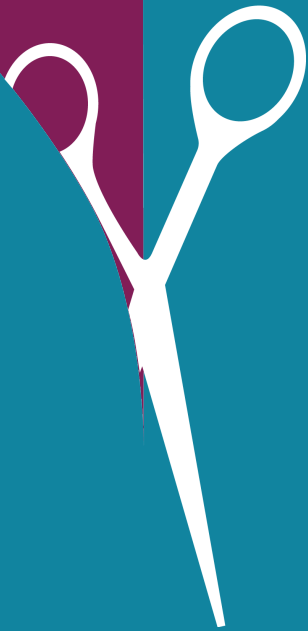
M PESA

Launched in Kenya 2007

30% of GDP today

Expanding to Afghanistan,
South Africa, India,
Romania and Albania





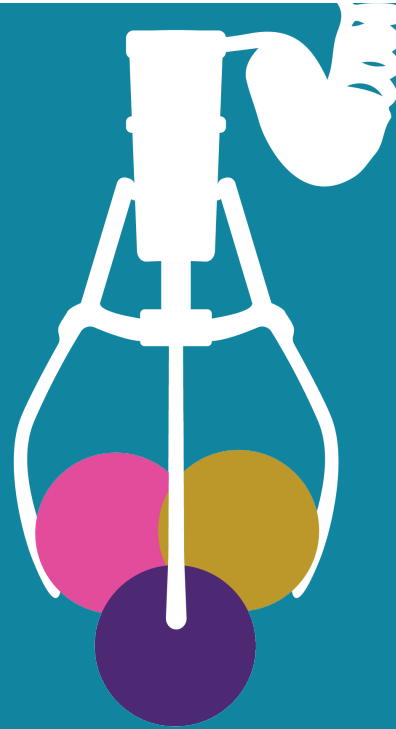
EXTRACTING

What can be
removed or
simplified?



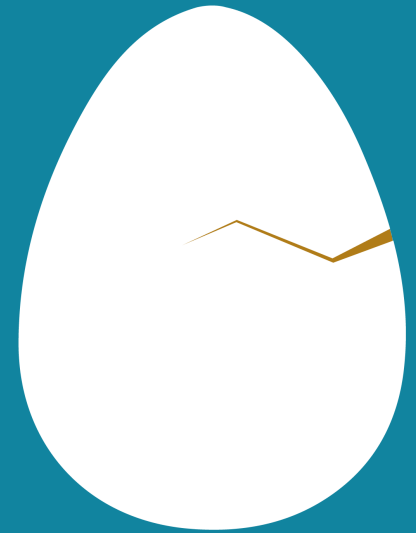
UPSERVING

How can we increase
perceived value?



BUNDLING

What can be
wrapped in?



MARKET- MAKING

How can we create
fresh demand?

We need to think differently
about innovation...

It's not only a marketing
problem

It's not only an R&D problem

It's not only a production
problem



**It's a
whole
business
problem**

KANTAR FUTURES

#NEWINNOVATION

THE NEW RULES OF INNOVATION