

A close-up, shallow depth-of-field photograph of a microscope. The focus is on the objective lens and its housing, which is dark with a silver-colored ring. The number '10' is visible on the side of the lens housing. The background is blurred, showing other parts of the microscope and a light-colored surface.

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Gartner R&D Leadership Council

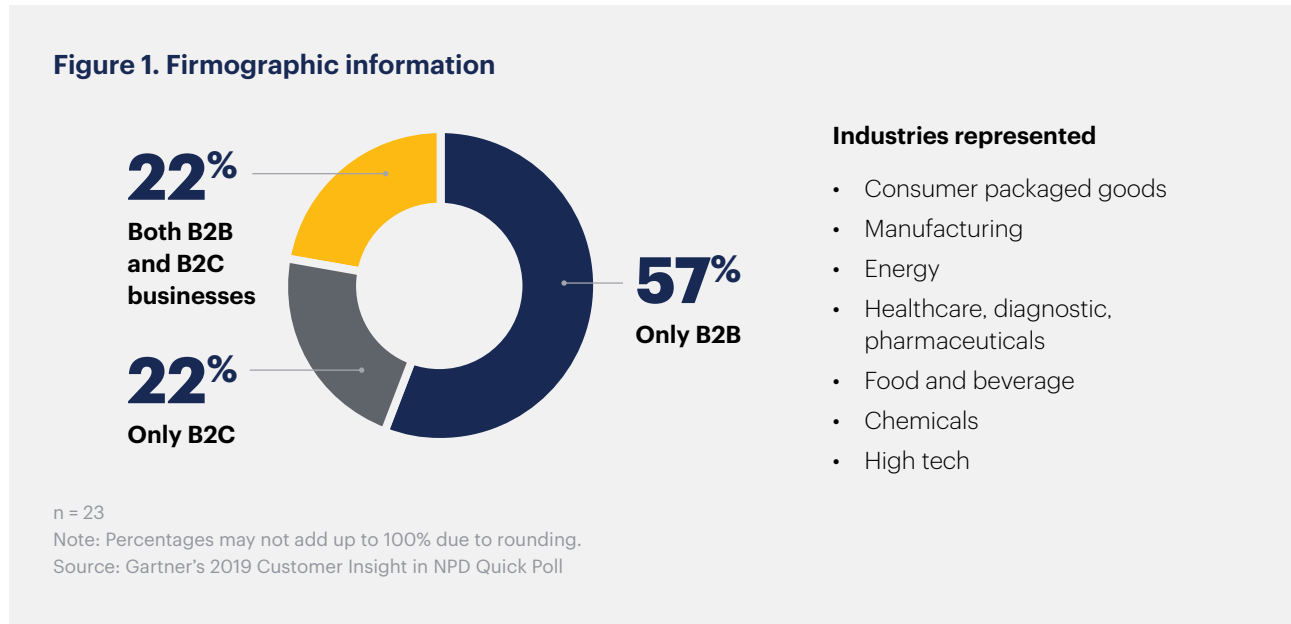
**Quick Poll Results:
Customer Insight
in New Product
Development**

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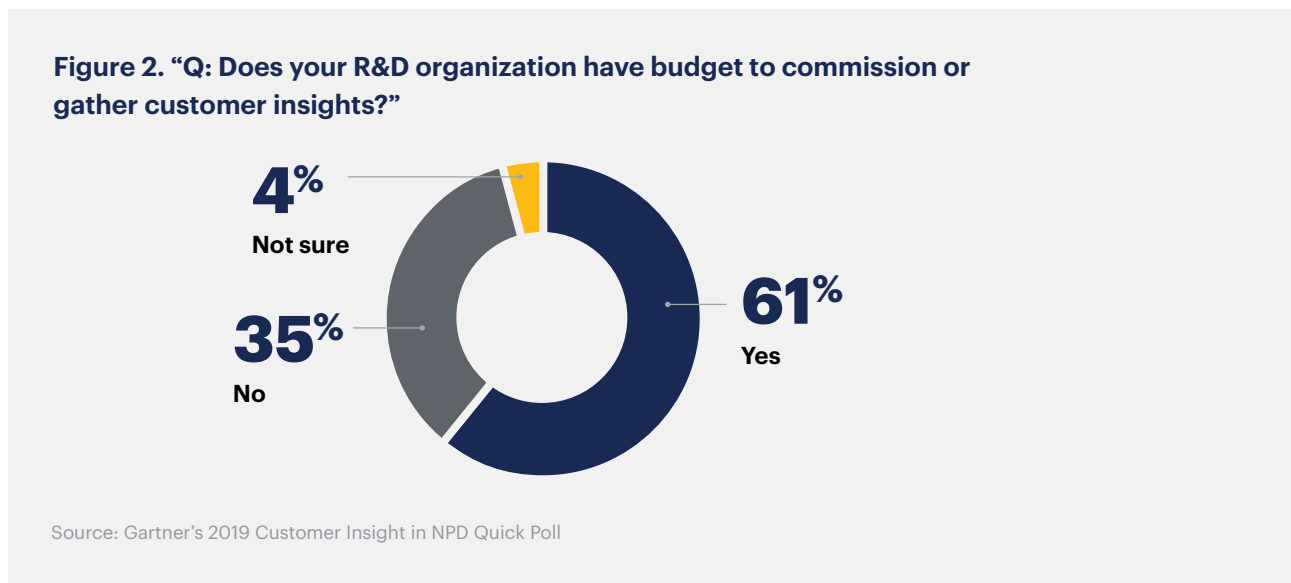
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Introduction

To better understand how R&D organizations gather, interpret and apply customer insights to new product development (NPD), Gartner R&D Leadership Council recently surveyed 23 organizations in the B2B and B2C space across seven industries (See Figure 1).



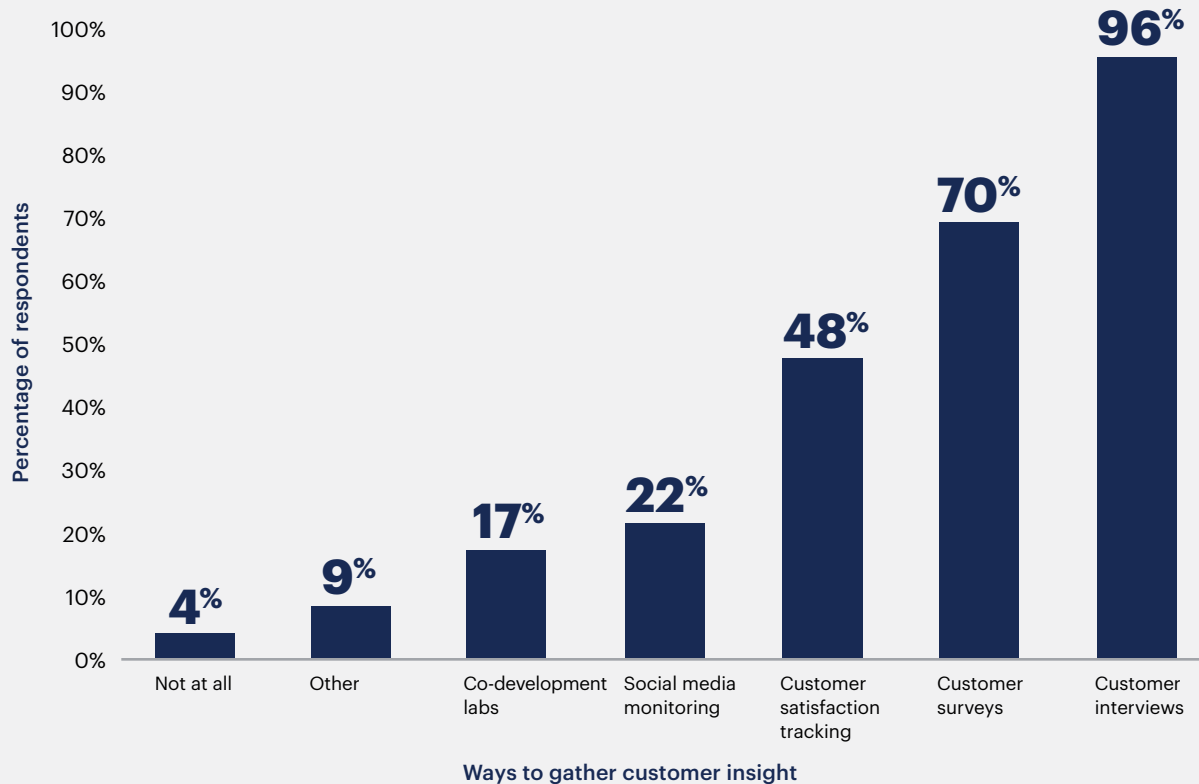
Creating breakthrough products that solve for customer needs is essential to maintaining a competitive edge. Despite the relevance of customer insights to product innovation and development, only about two-thirds of respondents reported having dedicated budgets to commission or gather customer insights (See Figure 2).



1. Methods to Gather Customer Insight

The vast majority of respondents reported using at least one method of collecting customer insight. The three most frequently used methods are customer interviews, surveys and customer satisfaction tracking (See Figure 3). Other respondents mentioned using data analytics and outsourcing the customer insight gathering process to contractor organizations.

Figure 3. “Q: How does your company gather customer insights?”

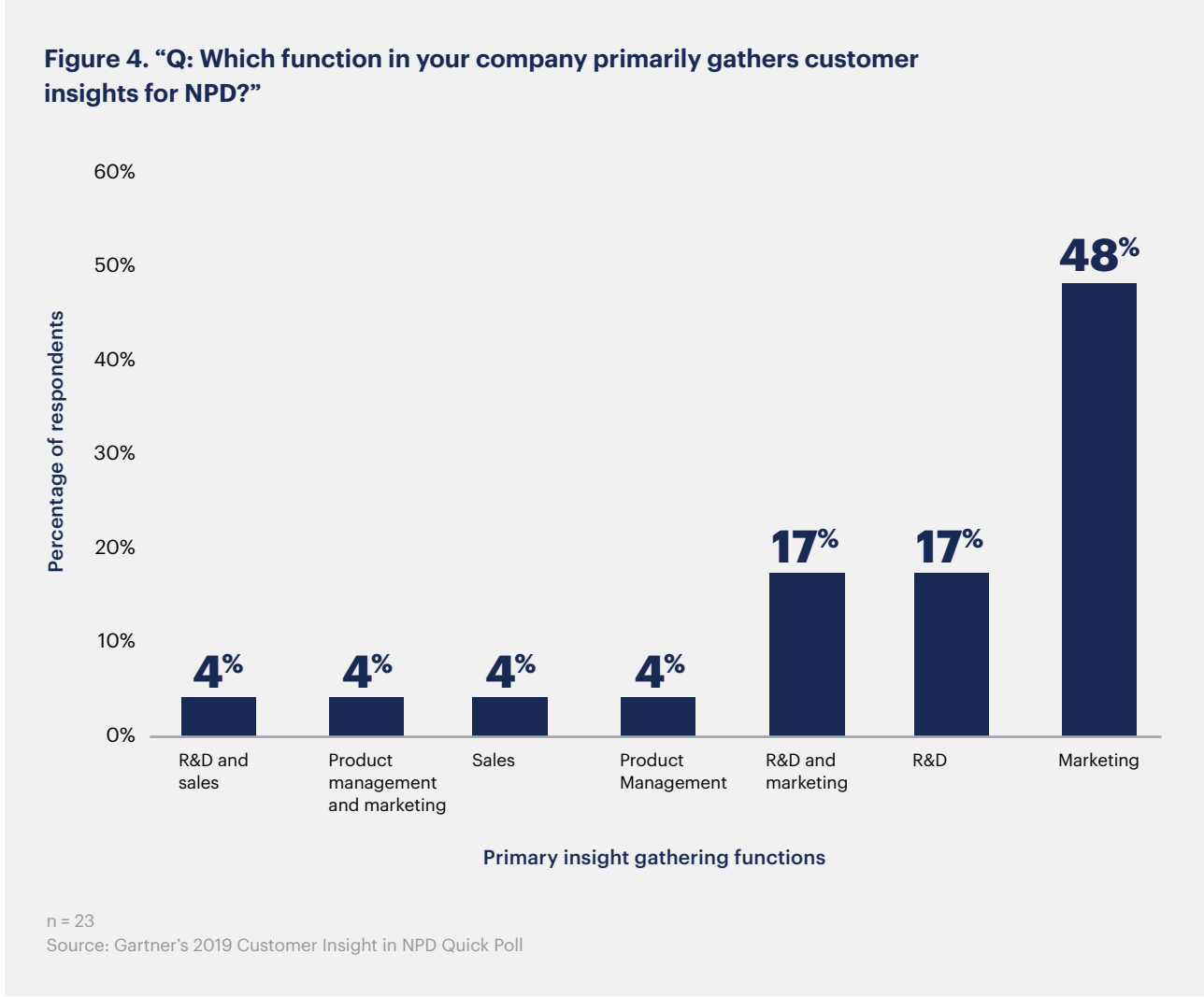


n = 23

Source: Gartner's 2019 Customer Insight in NPD Quick Poll

2. Primary Customer Insight Gathering Functions

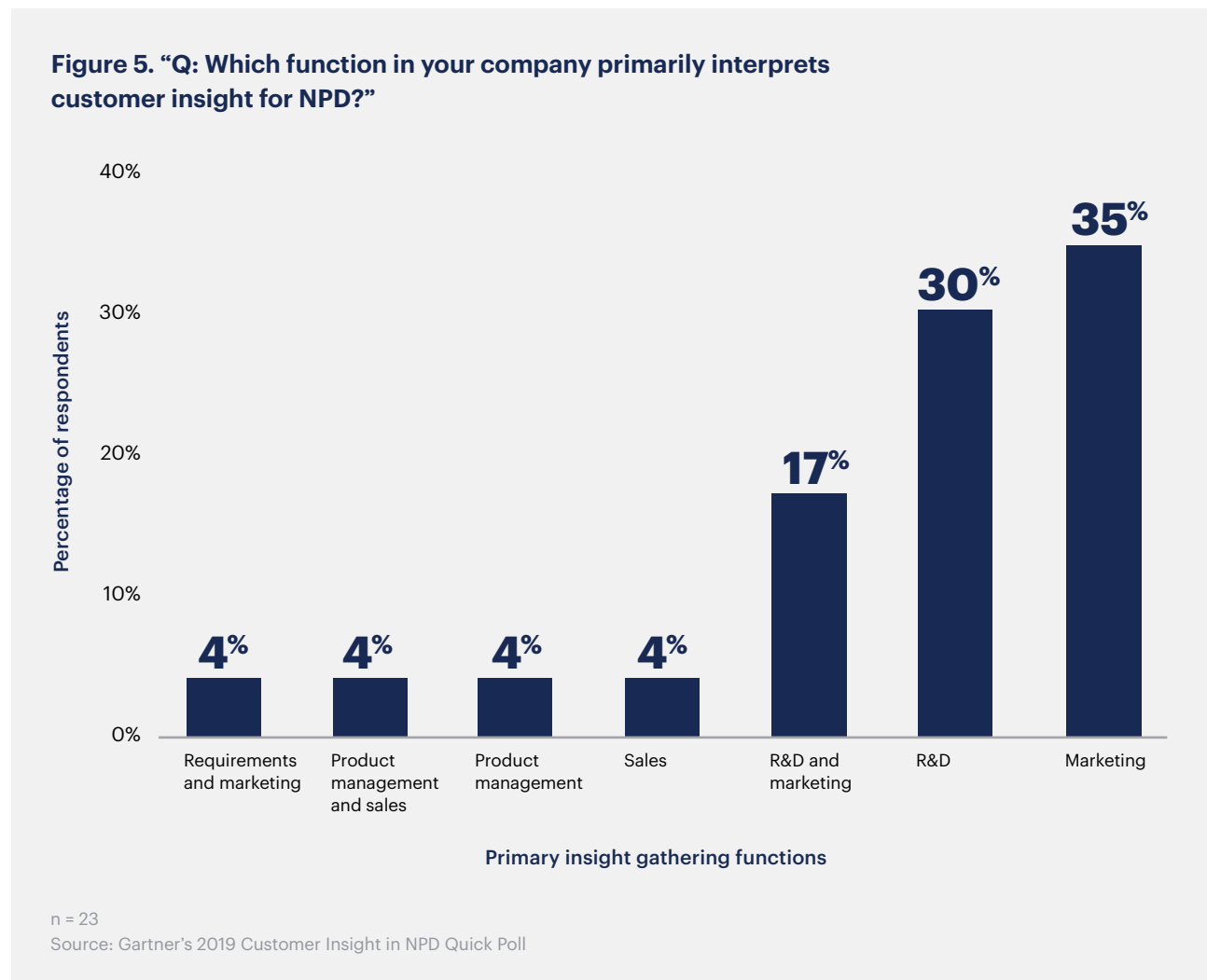
In 83% of the companies, either R&D (17%) or Marketing (48%) or both (17%) are the primary functions responsible for gathering customer insights (See Figure 4). Not a single respondent found their primary insight gathering function to be extremely successful but the vast majority (78%) indicated they are generally satisfied with how insight is gathered in their organization.



3. Primary Customer Insight Interpreting Functions

According to the poll respondents, in most cases the R&D and Marketing functions are responsible for gathering and interpreting customer insight. In 82% of the companies, either R&D (30%) or Marketing (35%) or both R&D and Marketing (17%) are responsible for interpreting data (See Figure 5). Among B2B respondents, the primary function that interprets customer insight for NPD is R&D (31% of respondents), followed by either Marketing (23%) or R&D and Marketing together (23%).

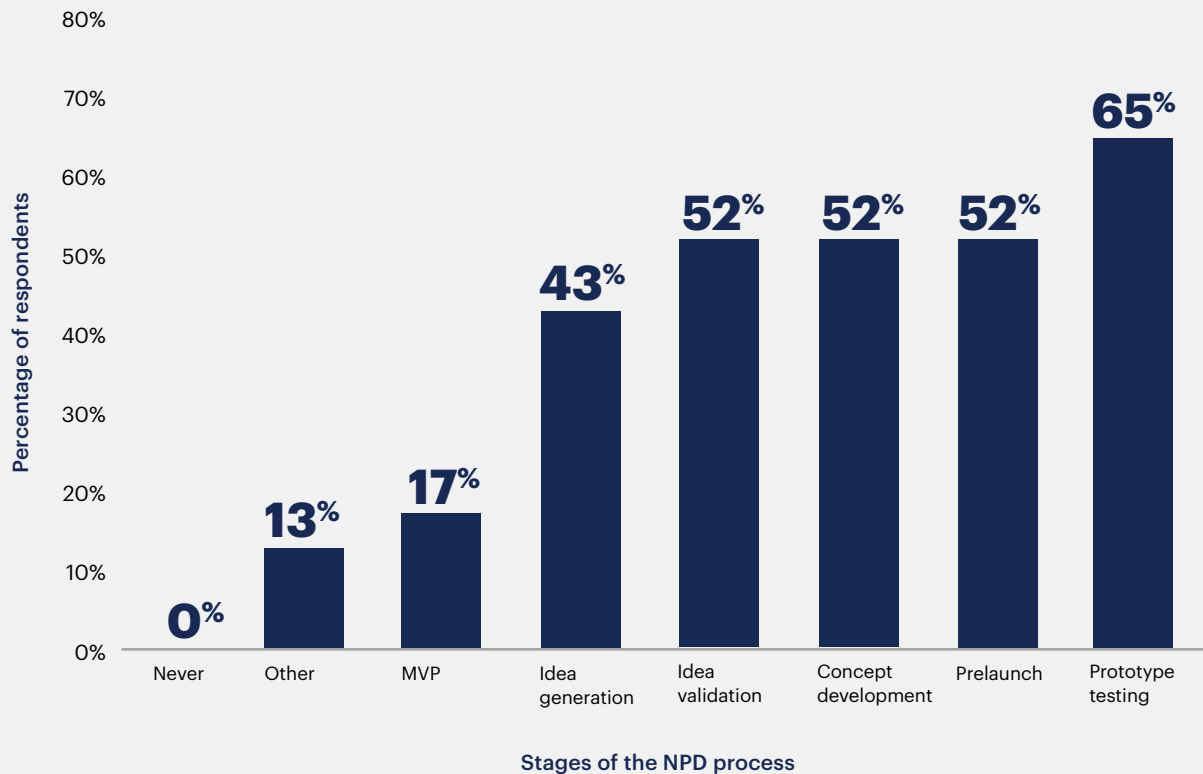
Not a single respondent found their customer insight interpreting function to be extremely successful, while more than half of the respondents (56%) indicated insight interpretation was either successful or somewhat successful.



4. Customer Involvement in New Product Development

Most responding companies involve their customers in the latter stages of the NPD process such as idea validation, concept development, prelaunch and prototype testing (See Figure 6). A few others commented they involve customers in other stages such as early adoption valuation, product testing and validation and postlaunch retrospective review designed to optimize, improve or terminate products.

Figure 6. “Q: At which stage of the NPD process does your organization explicitly involve customers?”



n = 23
Source: Gartner's 2019 Customer Insight in NPD Quick Poll

Sixty-one percent of the respondents feel that R&D is somewhat successful at applying insights to the NPD process (See Figure 7).



Common Challenges With Gathering, Interpreting and Applying Customer Insights

Survey respondents shared a number of challenges in gathering, interpreting and applying customer insights to NPD. Three areas that emerged from their responses are:

- 1. Changing customer preferences and market dynamics:** The constant and rapid shift in customer trends proves it difficult for R&D to commercialize products fast enough to meet the existing customer needs. A respondent highlights, “We can’t launch the product quickly enough to keep up with changing trends.” Coupled with this challenge is the need to address varied demands across demographics that creates an added pressure on R&D to customize products to meet different needs.
- 2. Getting leadership buy-in:** In many companies R&D does not get sufficient funding to collect customer insights as leadership does not view this as a value-adding activity for the function. As such, the primary responsibility to gather customer insight lies with functions other than R&D. This greatly impacts R&D’s ability to create relevant products as they don’t have access to the customer data collected.
- 3. Interpreting insights:** Several respondents found the insights they received to be low in quality. Some respondents found it challenging to collect accurate and actionable insight, and others found the insights gathered to be irrelevant as they were not applicable to any market segment. A respondent offered: “Gathering and filtering data pertaining to market opportunity and identifying the most impactful value propositions is where we struggle the most.”

How We Help

To reduce bottlenecks, R&D leaders must update NPD processes to take better advantage of the new opportunities technology offers them. By diversifying their approaches, they can better account for the shifting needs of an increasingly diverse development portfolio, speed cycle times and increase the commercial impact of new products and services delivered. Gartner is here to help you determine the appropriate development methodology for your organization, assess the utility of your current processes and develop new tools for testing and validating projects as they progress in maturity.

About Gartner

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