

IMPACT

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The techniques needed to help businesses boost productivity and innovation – 11-page special report

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Broad ideas



Jane Bainbridge
Editor

As teenagers we want to conform – standing out from the crowd and thinking differently is uncomfortable. The need to fit in with our peers – our tribe, in whatever form it takes – is deep-seated.

Nowadays, our secondary school education system seems to reinforce that narrowing of thought: no creative subjects on the eBacc; an almost total focus on British authors in the GCSE English Literature curriculum; practically no coursework to expand ideas and thinking. If the UK has a problem with creative thinking and innovation now, what will it be like in 15 years' time?

If ever there was a theme to an issue of *Impact*, it must surely be innovation in this one. Tim Phillips has written a brilliant special report (p26) on the economic and business imperative for innovation and how market research agencies can create, instil and fit into more innovative thinking within organisations.

Innovation is also explored in other articles: Matt Taylor (p65) writes about how business culture is central to stimulating new thinking, and soft drinks company innocent (p50) has introduced a framework to support the free-thinking with which it started, as it grows into an international corporation.

However, there are two specific strands raised in the magazine I'd like to highlight. One is the creative stimulus that can come from *adversity*. Challengers to market research are so often talked about with fear and dread, but this

thinking can be turned on its head. Ipsos Mori's Ben Page says "the same things creating threats are also creating opportunities" (p58) and Shell's James Johnstone points to how disruption is "great for the insights function" (p44).

The other strand is the creative success that can come from *diversity*. Anyone who heard Virgin Money's Jayne-Anne Gadhia at the MRS's annual conference, or who reads her profile (p20), can't fail to notice that she simply doesn't talk like a typical financial services CEO. Her language is different, her point of view is distinct. If in doubt, look up her response to the deputy governor of the Bank of England's analogy of the UK economy being in a 'menopausal phase'.

Our special report also delves into the need for not just cultural diversity, but cognitive diversity; without broader recruitment, innovation will be at best a struggle, and at worst impossible.

It's time to think differently, to nurture diversity, to grow up. We're not teenagers anymore, we've come of age and we need smart innovative ideas and new people to keep our industry thriving.

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CONTACTS

EDITORIAL

Editor
Jane Bainbridge
+44 (0) 20 7566 1864
jane.bainbridge@mrs.org.uk

Deputy editor
Katie McQuater
+44 (0) 20 7566 1862
katie.mcquater@mrs.org.uk

ADVERTISING
Sales & marketing director
Helen Oldfield
+44 (0) 20 7566 1842
helen.oldfield@mrs.org.uk

Sales manager
Tim Jones
+44 (0) 20 7566 1843
tim.jones@mrs.org.uk

PUBLISHING
Digital director
Christian Walsh
+44 (0) 20 7566 1861
christian.walsh@mrs.org.uk

Operations director
Nikki Bower
+44 (0) 20 7566 1851
nikki.bower@mrs.org.uk

DESIGN AND PRODUCTION

CPL
+44 (0) 1223 378 000
www.cpl.co.uk
MASTHEAD DESIGN
Axon
+44 (0) 20 7684 7111

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info@mrs.org.uk
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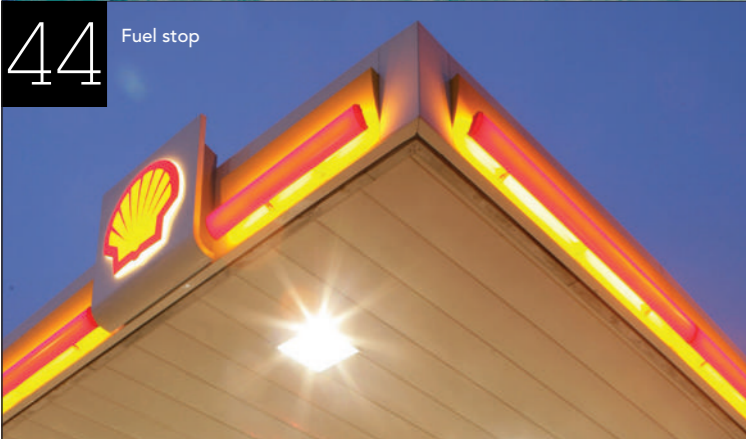
ADDRESS

The Market Research Society
The Old Trading House
15 Northburgh Street,
London EC1V 0JR
+44 (0) 20 7490 4911
www.mrs.org.uk

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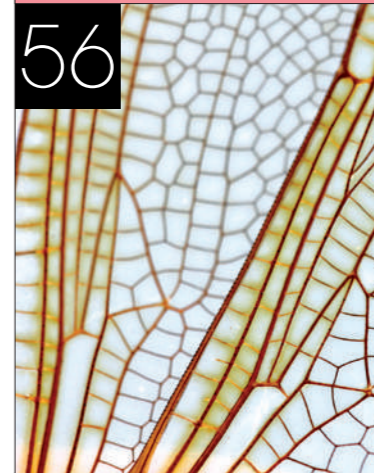
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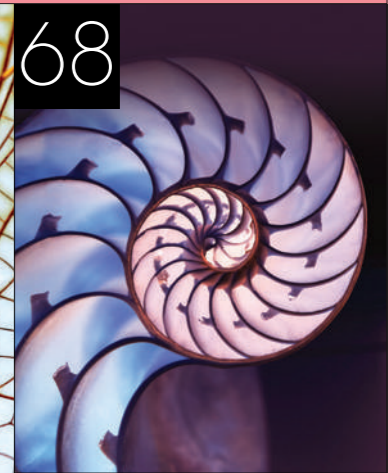
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CONTRIBUTORS

Katie McQuater



McQuater is *Impact's* deputy editor, having previously edited *The Drum* magazine. She interviewed Shell's insight lead in this issue, p44.

Richard Young



Young is a business and finance journalist and presenter. He interviews Virgin Money's Jayne-Anne Gadhia in this issue of *Impact*, p20.

Jane Simms



Simms is a regular contributor to *Impact*. She talked to Mel Matson, frozen-food marketing director of Iceland, for our insight feature, p38.

Will Amlot



Amlot is *Impact's* regular profile photographer. He captured Jayne-Anne Gadhia at the MRS annual conference, p20. willamlot.com

Tim Phillips



Phillips is a journalist and author. He wrote our special report on how innovation can overcome our productivity problems, p26.

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Looking for help?

I have a friend who attributes half of his success in a long and lucrative career to the phrase 'I wonder if you can help me?'

Think about this for a moment. If you need a colleague to do something for you, there are many phrases that might come to mind: 'Could you do me a favour?'; 'Sorry to spring this on you, but I really need...'; 'I wonder if you can do something for me'; 'I need you to help me out'; perhaps, even, 'If you do this, I will pay you some money'.

These sentences are similar in meaning, but arouse different emotional reactions in the listener.

Mention money and you have stigmatised the action in question as something no person would perform without compensation. Apologise, and you have framed the task as something that is negative – a necessary evil; the same goes for any mention of 'a favour'. Talk of 'what I need you to do' is demeaning, because it suggests your colleagues can make no contribution to whatever it is you wish to achieve and will be given no autonomy in completing it.

But 'I wonder if you can help me' is different. It flatters the hearer, hints that they have been chosen for their unique attributes or talents, and promises enhanced status in the event of an initial 'yes'. The implication is that you are asking them to do the job because it is one for which they are uniquely qualified, not because it's something you can't be bothered to do yourself.

From the speaker's point of view, a wide variety of sentences may seem equally good and semantically interchangeable. From the standpoint of the listener, however, none is as persuasive as 'I wonder if you can help me?'

The psychologist Robert Cialdini believes that, for the purposes of



“Asking for advice is an injunction to be helpful”

persuasion, it is far better to ask someone for their 'advice' than their 'opinion'. Strangely, in my online and offline exposure to market research, few if any survey designers seem to have adopted this simple trick.

In his book *Pre-suasion*, Cialdini cites a 2011 study that looked at what happens when you solicit someone's advice, opinion or expectations respectively. In one experiment, researchers asked respondents to read about a new, fictional restaurant concept and then proffer their 'advice', 'opinion', or 'expectations' about the eateries. When researchers asked participants how likely they were to try one of the restaurants, the 'advice givers' were most inclined to eat there.

Asking for 'advice' might sound very similar to canvassing 'opinion', but it primes you in a very different way. Wanting advice makes it sound as though you might act upon individual suggestions and flatters the respondent into thinking they have been chosen for their

unique insightfulness. By contrast, 'opinion' implies that you are going to aggregate views from a large number of random people.

Cialdini says the same effect plays out between managers and their employees. In an interview with *Business Insider*, he explained: "When you ask for someone's opinion, psychologically they take a half step back from you. They go into themselves to find an answer. I recommend that you say instead: 'can you give me your advice on this?'" Asking for advice causes them to take a half step towards you, psychologically, to put themselves in a cooperative state of mind. And the research shows they then become more supportive of your plan or idea before they experience it."

Cialdini later distilled this into a single sentence: when you ask for your boss's advice, you get an "accomplice" as opposed to an evaluator. You might, rightly, argue that it is the job of a researcher to find opinions – you want evaluators, not collaborators. But I would be interested to see how the change in wording might affect the answers of respondents. In some instances, their answers might be similar: that would be reassuring. In others, there might be a large discrepancy between responses. Any discrepancy might be revealing.

I suspect that asking for advice will also generate more creative answers than seeking opinions. A request for advice is an injunction to be helpful, while seeking opinions implies you are looking for criticism. One undervalued role of good research is as a mine of crowdsourced new ideas. A little experimentation with phrasing might make this more common. ■

Rory Sutherland is vice-chairman, Ogilvy & Mather, UK

Global briefing

News, views and insights from around the world – from tracking politicians’ promises in the UK to how South Africans are dealing with a water crisis. Edited by **Katie McQuater**

UK – p10

The media’s attention may have shifted away from the European refugee crisis, but it isn’t over – and research from RDSi for The Worldwide Tribe has found that people in the UK don’t see it as a high-priority charitable cause, explains Dave Power.



Finland – p18

Finnish dairy cooperative Valio has been producing butter for more than 100 years and is the first choice for French patisserie chefs. For a new premium brand, however, the company turned to semiotics to establish what concepts would resonate most with international audiences.

UK – p14

Over the past few years, the need to distinguish fact from fiction has become ever more pressing. In this context, the concept of promise tracking could help to hold governments to account and provide a transparent barometer of political progress.



South Africa – p16

With a full-scale water shortage on the horizon in Cape Town, Bamm Global found that water consciousness has become part of the cultural values of the affluent, with behavioural changes including the adoption of shorter, easier-to-wash hairstyles.



Australia – p12

The trend towards lower meat consumption and eating more plant-based foods has spread to meat-loving Australia, with almost one-fifth of the country’s urban population planning to consume less red meat, according to Mintel’s Shelley McMillan.

UK

Safe shelter?

The refugee crisis is not considered a worthy charitable cause by most UK adults, according to RDSi's recent research project for The Worldwide Tribe. By **Dave Power**

In October 2016, the semi-permanent refugee camp in Calais known as 'The Jungle' was closed by the French authorities and cleared of an estimated 8,136 inhabitants. The lucky ones were relocated to temporary centres outside of Calais, while others – scared and alone – fled the embers of the camp to seek refuge elsewhere. The camera crews and reporters left along with them, and the story soon departed from our TV screens, as if the problem had simply disappeared. Since then, grassroots charity The Worldwide Tribe has been

working to educate people that an issue of this size cannot be extinguished simply by the closure of a camp.

The charity is finding that it can generate significant impact by using qualitative research techniques, focusing on individual stories and capturing in-the-moment ethnographic footage, as opposed to anonymous news reels. Through its work, The Worldwide Tribe has been able to offer support and donations to what is a growing number of refugees across Europe, who – out of sight of the media – remain

victims of a humanitarian crisis on a global scale.

In 2017, market research agency RDSi collaborated with The Worldwide Tribe to help it understand how the crisis is viewed from the UK, to gain further support to the cause through grants and increased public awareness. Its work has culminated in a large piece of *pro bono* research, designed to show where the refugee crisis

ranks within the UK public's charitable spectrum – and whether empathy or apathy is most commonly felt for those people displaced by war, persecution and natural disaster.

The research, conducted in partnership with SSI (now Research Now SSI), identified that – for most UK adults – prioritisation of charitable causes could be likened to a field of vision; they typically find it much easier to focus on the issues immediately in their sightline, rather than those further away.

Using implicit response testing (IRT), we found that UK adults were more inclined to say that 'close proximity' issues – such as cancer, the elderly and animal welfare – were higher priority charitable causes than the refugee crisis. They were also significantly quicker to reach that conclusion, meaning their responses were more automatic and rooted more deeply in their subconscious. Only half of respondents felt that the refugee crisis was a high priority, and they took longer to bring that answer into focus.

Using the research, we were able to consider and quantify some of the factors that may be contributing to that longer consideration time.

The data shows us that for some it is a lack of understanding of the issue that is causing hesitation, with three-quarters of participants claiming to have little or no knowledge of the refugee crisis. This lack of understanding can lead to inaccuracies in the way the UK views the refugee crisis, and this can lead to misconceptions.

When presented with a series

of individual stories, one-third of participants were unable to accurately identify a refugee as a person displaced by war, commonly confusing them with asylum seekers, economic migrants and illegal immigrants. The research delves deeper into this aspect and illustrates that these misconceptions can often create dangerous negative feelings.

The survey showed that 56% of UK adults believe there is a direct relationship between the arrival of refugees and an increase in terrorism, and more than half associate the acceptance of refugees with a feeling of being less safe. This can lead to dissociation with the cause (45% believe refugees are not their problem) and in some cases opposition (40% think the UK has its own problems and has no obligation to refugees).

In time, work by charities such as The Worldwide Tribe should help to educate the UK population on the plight of refugees and give people the correct knowledge and understanding to make an informed decision about whether they see the cause as a worthy one. We'll be helping The Worldwide Tribe in this process by using the data to advise on where misconceptions lie, and which areas of society present the greatest opportunity for education, as ethnicity, age, affluence and region all play a role in creating diverse opinions.

If these misconceptions can be addressed, there is hope that more people will see the worthiness of the cause, and deliberation about whether they are a high priority could be reduced.

The Worldwide Tribe and RDSi is launching '100 Days of Displaced Data' – 100 daily tweets from the research to illustrate the permanence of the refugee crisis, regardless of fluctuations in media coverage. Follow @worldwide_tribe and @RDSi on Twitter.

Dave Power is senior research director at RDSi.



Plant power Down Under

Australia may be one of the world's biggest meat-eating populations, but that hasn't stopped it from increasingly embracing plant-based alternatives, according to Mintel. **By Shelley McMillan**

Consumers all over the world are moving away from meat and we're seeing the same trend in meat-loving Australia. With an average Australian consuming close to 95kg of meat per year, according to data from the Organisation for Economic Co-operation and Development (2018), Australia remains one of the world's largest meat-eating populations. However, health and ethical reasons – as well as the rise of 'flexitarianism' – are altering meat-consumption habits across the country.

Mintel research found that almost one-fifth of urban Australians avoided, or were intending to avoid, red meat in 2017 – and half of these consumers stated that they believed it is healthier to do so. Further, 'No Meat May' is a campaign and registered charity, founded in Australia in 2013, that challenges consumers to eliminate meat from their diets for 31 days (in May), for four key reasons: health, environment, animals and food security. It is now a global campaign, enjoying incredible growth.

In recent years, Australian consumers have become more mindful of the amount of meat they eat and the frequency with which they eat it. They are trying to better themselves by consuming less meat and eating more vegetables, and are incorporating alternative forms of protein.

More than half of urban Australians said they planned to eat more fruits and vegetables in 2017, while one-tenth said they would follow a plant-based or vegetarian diet, up from just 6% in 2016.

Several other factors are affecting meat consumption – the most

important being the increased availability of plant-based food options, because this allows people to cut down on meat.

Consumer movement into plant-based foods aligns with Mintel's 2017 global food and drink trend 'Power to the Plants', which describes how people's preference for natural, simple and flexible diets is driving expansion of vegetarian, vegan and other plant-focused innovation across multiple product categories.

When it comes to product innovation, our Global New Products Database (GNPD) found that food and drink launches featuring the 'vegan/no animal ingredients' claim accounted for 2% of all Australian food and drink launches in 2013. In 2017, it had risen to 5%.

A market for meat alternatives

Developments that engineer food and drink staples – such as laboratory-grown meat – have grabbed headlines in the past couple of years, but the resulting products are often expensive, and some are still years away from widespread commercial availability.

That said, companies across the world – both large and small – have taken note of consumers' move away from meat and are reacting to growing demand for meat-alternative products by investing in the market. This is hastening the pace of its development and the availability of such products. Some of these investments include those by General Mills, Tyson, Cargill, Unilever, and personalities such as Bill Gates and Sergey Brin.

Taking things Down Under, global meat-alternative manufacturer Fry Family Foods has been in Australia

for at least two decades and continues to expand across cities. Local firm The Alternative Meat Co launched in Australia in 2016 and expanded into New Zealand in late 2017.

This trend can also be found in Australia's food-service scene, with eateries serving up meat alternatives – such as tofu – as mains. Melbourne-based vegan eatery The Alley features jackfruit as a key ingredient in one of its burgers; the jackfruit is made to look and taste just like pulled pork.

The need for 'full disclosure'

The meat industry has suffered from several global scandals resulting from poor inspection regimes and issues with supply-chain management. This has caused consumers to question the safety of commercial products.

In our new post-truth reality, shoppers require complete and total transparency from food products. For animal-based proteins, heightened consumer awareness and fear are driving demand for details related to product origin, farming, environmental impact, sustainability and processing.

Meat-alternative producers are not immune to demands for transparency. They will also need to demystify ingredients and reassure consumers that these are 'clean' and ethically sourced. According to our research, more than one in three urban Australians prefer to buy products that are produced using sustainable sourcing methods, while almost one-third are willing to pay a premium for everyday goods that are safe to use – for example, they have no additives, or do no harm to the body.

This is also reflected in Mintel's trend 'Buydeology', which underscores the need for meat-alternative manufacturers to pay close attention to ingredient purity – as well as to sourcing ethics – when catering to consumers who are increasingly basing their purchasing decisions on a company's ethical stance.

Shelley McMillan is an associate director, consulting, Australia and New Zealand, at Mintel



Facing facts

A research paper produced by two UK students has outlined how the concept of 'promise tracking' – a means of holding politicians to account over their pledges – could analyse government progress.

By **Katie McQuater**

Distinguishing truth from fiction has become ever more pressing in the past couple of years. Fake news, a 24-hour news cycle, and a revival of political rhetoric favouring conjecture over fact has led to a climate of distrust and misinformation.

In this muddled quagmire that some have termed a 'post-truth world', the role of non-partisan, fact-checking organisations – such as Full Fact – has grown, as people seek truth from falsehood.

Echo chambers, multiple demands on our time and attention, and partisan mainstream media can make it difficult for people to understand what progress has been

made on government pledges. To tackle this, two students from the universities of Warwick and Cambridge have produced a research paper outlining a promise-tracking system that they hope could hold politicians to account and identify the progress made on their pledges.

Staying on track

Jordan Urban and Adam Feldman, authors of *The Future of Promise Tracking* paper, embarked on their research during an internship at Full Fact. At secondary school, the two were part of a group of students that built GovTracker, a website to monitor UK government pledges, sparking their interest in the wider democratic benefits of promise

tracking. The most important function of the technique, says Urban, is to ensure government accountability.

"The government receives an electoral mandate to act on the promises it has made. If we don't ensure that the government is keeping its promises, it may ignore them, and this can usually be considered as acting undemocratically."

The need for promise tracking is heightened by our constant access to news, often across multiple media sources, which can make it difficult to remember whether the government has acted on a mandate. "We are bombarded by stories all day, every day, so it is very easy to have short memories," says Urban. "People generally care about manifesto promises during elections, but partly because of the way news cycles work – and partly because most people have better things to do – very few track them to see if they are implemented."

While distrust in politicians isn't a new phenomenon, Feldman feels promise tracking is particularly relevant in today's environment. He says: "The reason for the lack of trust in politics is it has moved from the relatively shallow issues of expenses scandals and sleaze to more deeper issues of truth and delivering on promises. Voters overestimate the betrayal of opposition parties

and many underestimate the achievements of government.

"Our website has constantly shown a higher percentage of promises kept than people expect. A promise tracker could really help people perceive the achievements of governments more accurately."

One of the biggest requirements of a promise tracker is measuring progress in a non-partisan way – that is, defining progress as 'the extent to which the government has achieved its stated aims' rather than subjective judgements about whether a government's agenda is 'good' or 'bad'. However, for Urban and Feldman, the biggest challenge of non-partisanship has not been philosophical, but practical: obtaining primary, objective sources.

When they were working on GovTracker, they used three main sources of information to determine the status of a promise. Primary sources – such as those produced by the government, including data from the Office for National Statistics and Hansard, which keeps a record of everything said in the Houses of Parliament – were used to reference 75% of GovTracker's statuses in 2017. Non-partisan sources, such as the BBC, Full Fact and the Institute for Government, and partisan sources – such as *The Guardian*, *The Telegraph* and *The Times* – were also referenced. For 18% of the promises they collected, however, they could find no evidence of progress.



ABOVE Urban and Feldman helped set up GovTracker while at school

Another challenge when building a promise tracker is the resource required to compile and gather the information needed. In their paper, Urban and Feldman highlight the potential of automated fact-checking technologies to identify and track a promise when it's made in the public domain. Full Fact is currently working to automatically detect certain types of claims made – and 'promises' are a particular type within the taxonomy of claims. While they aren't types that the organisation can check, it believes it might be able to spot them automatically in future.

Measuring progress

A promise tracker could be used for empirical analysis of a government's progress, as long as it weights the promises it collects by importance – one of the paper's recommendations. Previous promise-tracking research has either weighted pledges equally, which results in the artificial weighting of less important promises, or has focused on an arbitrary set of promises that happen to be measured.

Urban and Feldman are exploring an experimental method of choosing appropriate

weights for different policies, by polling a sample of the UK population about which of the government's 2018 promises they consider to be most important. Their intention is to make the data and methodology publicly available for anyone looking to create a promise tracker in future.

The poll will allow the researchers to create an empirical measure of government progress, rather than relying on 'expert' opinion or clunky estimation. They can then weight government promises according to their relevance to a mandate and produce a mark for overall progress.

The Future of Promise Tracking report can be read via www.fullfact.org

SOUTH AFRICA



Trickle effect

Day Zero, the day when municipal water runs out, is approaching in Cape Town. Bamm Global visited to see how the drought is affecting the way people are making everyday decisions, and found water consciousness becoming part of the cultural values of the affluent.

By **Peter Lane**

Whose bucket is this? Whose bucket is this?' We're trailing behind a municipal policeman making his rounds in downtown Cape Town. The scene is reminiscent of boys being caught smoking behind the bike shed by a teacher, as abashed-looking guys shuffle around trying to hide their illicit car-washing materials. They explain that the water is being caught from the drains and siphoned into a drum; they're excused and the police get ready to roll on.

From the flood planes to the pine-studded

slopes of Table Mountain, Western Cape is in the midst of a severe water shortage. Since 2016, Cape Town has received only 32% of its expected rainfall and is predicted to be in the last 10% of its water supply by 2019. When the ominously styled 'Day Zero' arrives, the four million residents of Cape Town will be required to collect daily water rations of 25 litres. In an attempt to offset this impending crisis, the authorities have curbed all extraneous uses of water and set a discretionary ration of 50 litres per person per day.

Cape Town, a city divided during apartheid, has progressed much since those dark days. Yet the major groups, defined in the apartheid era as 'blacks', 'whites' and 'coloureds', still inhabit the same areas allotted to them and, one generation on, maintain the same socioeconomic hierarchy as they did at the end of apartheid. It is unsurprising, then, that people have maintained and developed separate cultural identities. The water shortage, however, presents a new – and commonly shared – pressure.

Driving in convoy through one of the most affluent neighbourhoods in the whole of Africa,

you'd be excused for thinking we were in LA, as whitewashed walls enclose us on either side of red pine-lined tarmac. Water shortage and the prevention of water misuse is a real issue, despite the light drizzle of rain that undermines the seriousness of the situation. Eyes peeled, on the look-out for hoses, sprinklers and concrete mixers, it's serious stuff.

The convoy grinds to a halt as we chance upon two gardeners labouring outside the 10ft walls of a mansion house. Our police officer-cum-teacher steps out of the car, asking: 'What's going on here?' They explain that they're pulling up the outdoor irrigation system; it seems some are starting to come to terms with the fact that water is in short supply. It's a hard pill to swallow, especially as Cape Town seems to be dripping in natural water, with multiple springs scattered across the city, tapping into subterranean channels. It is bewildering to some residents that this would be the first city to face the prospect of 'Day Zero'.

You'd expect the least wealthy to feel the brunt of the effects of limited water, but it's the more affluent areas that are undergoing the most visible cultural shift. While poorer communities have never basked in an abundance of water – many share a single tap between several households – the rich have long been used to luscious gardens and swimming pools. Gardens are now left to go fallow and brown, mud-splattered white 4x4s are driven proudly unwashed around the city, and – most recently – long and hard-to-maintain hair is being replaced with shorter, more water-efficient trims.

This cultural shift has been brought about by an enduring, publicly sponsored campaign – 'WaterWise' – and a collective guilty conscience, to the point that affluent white communities have assumed the sanctimonious behaviour of the repentant serial offender. For the rich white, unapologetic displays of wealth have been displaced by apologetic virtue signalling.

It's paradoxical that, despite the fact that white communities have not actually run out of water, the potential for them to stick with water-saving behaviours – such as not washing the car – is higher than if they had run out of water. In Cape Town, it has become 'cool' to do your bit to save water – an enduring cultural shift. If they had been forced to implement water-saving strategies as a result of running out, you can assume that – as soon as it was in abundance again – they'd



revert to their original behaviour, with sparkling cars and blooming gardens.

A comparable instance occurred in the UK during the peak of the financial crisis and recession in 2008. In reaction to a gloomy outlook on national prospects, the middle class adopted budget supermarkets en masse – yet, despite the resurgence of the UK economy, Aldi and Lidl continue to be popular because of the emergence of a nascent value for being 'in the know' when it comes to a bargain and the subsequent trend for shopping in discount stores.

A change in mindset as a motivator for behavioural change has greater potential for longevity than the trigger of the change alone. When water consciousness became 'cool' in Cape Town, the new behaviour gained the potential to be longer lasting than a change in behaviour inspired by a direct reaction to the environmental influence.

Peter Lane is research executive at Bamm London

FINLAND

Secret code

The butter category is historically quite flat, with little in the way of differentiation or innovation. That has started to change in recent years, however, as marketers latch onto concepts around authenticity, purity and taste in their branding.

For Finnish dairy cooperative Valio, a Russian ban on imported milk products in 2014 – which widely affected the dairy industry in Europe – led to an opportunity. The company had been producing butter for more than 100 years, but now that its dairies were producing too much milk, it decided to expand internationally.

“We started thinking about how we could distinguish our butter from other brands – because butter is pretty much the same around the world; there’s a very clear and strict definition of what it can be,” says Kevin Deegan, consumer insight manager at Valio.

The company needed to establish a point of difference for the brand, and it realised it was sitting on an interesting fact within its backstory: that Valio butter is favoured by French pastry chefs for its purity and consistency. “The chances are, if you eat a croissant in France, it’s probably been made with Finnish butter,” Deegan says, describing this realisation as an ‘aha’ moment.

Potential concepts

To help inform its positioning for a new premium butter brand to be launched internationally, Valio worked with global brand agency 1HQ on research to understand the semiotic codes of butter and develop potential concepts.

This involved a semiotics analysis of the butter category – breaking it down into residual (past), dominant (present) and emergent (future) codes. Amelia Boothman, director of brand and innovation strategy at 1HQ, explains: “In qualitative, you often find that people are rejecting a platform or an opportunity area, and you don’t really know why. So, in our semiotics work, we do an analysis of the signs, codes and symbols within a category.”

1HQ conducted focus groups in which

Finnish dairy company Valio wanted to relaunch its butter under a new brand for international markets, and turned to semiotics to find out what concepts would resonate best with consumers. By **Katie McQuater**

participants were asked to create a semiotics map based on butter-pack designs, rather than experience or knowledge of the products. “I ask them to imagine they’re a martian – that they can’t speak English and have never eaten any of the butter packs before,” says Boothman.

Mapping reaction

Brands such as Anchor and Lurpak elicited codes of mass production, commoditisation and generic origin: while they are established brands with which consumers are familiar, they aren’t seen as modern or authentic. Brands that are perceived as more artisan in nature, but that may still be mass produced, have dominant codes that centre on a premium origin ‘story’, codes of organic purity, or taste – for example, made with premium milk. Brands with these dominant codes included Rachel’s, Yeo Valley and Waitrose Duchy organic butter.

Emergent codes for the category are enhanced taste and a genuine heritage or process. The butters in this category tended to be genuinely artisan, small-batch and not yet mainstream, or new products launched by mainstream brands, such as butter infused with flavours.

After the creation of the semiotic map, 1HQ designed three brand-packaging concepts to test in the research – one focusing on taste, highlighting that Valio butter is double churned; one focusing on organic purity, with a design reflecting Nordic fields and nature; and a third that emphasised the

brand’s ‘hidden’ origins as the butter of choice for French bakers.

The concept focusing on premium taste and the production process emerged as the most popular option. The resulting Master Butter Makers brand, also incorporating the ‘secret’ backstory, launched in Poland in 2017, selling 550% more than predicted in the first six months.

Nobel Prize

Valio has a large research and development team, and a strong history of using research in its products – Artturi Ilmari Virtanen, who led its laboratory for 50 years, was awarded a Nobel Prize in 1945.

Insights should be the starting point for any brand, Deegan says. “The dairy business is innovation-driven. Traditionally, it has been [about] trying to find a way of making products relevant or desirable for consumers – what we’ve tried to do more and more is have our consumers lead what our innovation should be. We can pretty much produce anything from milk, but what type of products do people want?”

In some cases, that may mean moving away from dairy. Rather than seeing the rise in plant-based consumption as a threat, for example, Valio has launched a range of plant-based drinks and snacks in Finland and Sweden.

“We have to embrace it,” adds Deegan, “and try to use our innovation capabilities to give consumers what they want.” ■

Arabic has at least 11 words for ‘love’...

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Jayne-Anne Gadhia is a rarity: a female CEO of a major bank. A decade after the financial crisis, what insight does the sector now have on its culture problem, and does being one of its outsiders give Gadhia a fresh take on the change financial services need? By Richard Young



In business, acquisition – not imitation – is the sincerest form of flattery. Which means Jayne-Anne Gadhia must have been doing something right. At the time of writing, Clydesdale Bank and Yorkshire Bank (CYBG) had agreed to pay £1.7bn to buy Virgin Money, the FTSE 250 bank she runs.

Flattery, because Virgin Money really only got going in 2011, with its own acquisition of troubled building society Northern Rock. Since then, it has delivered some stellar

CV
JAYNE-ANNE GADHIA

2007 – now
CEO, Virgin Money

2001 – 2007
Managing director of various departments, RBS

1997 – 2001
Virgin One account lead, Virgin Direct

1994 – 1998
Founder member and director, Virgin Direct

1987 – 1994
Marketing director, Norwich Union Unit Trusts

1982 – 1987
Chartered accountant, Ernst and Young

A head for finance

results – culminating, in February, with an increase in underlying pre-tax profit of 28%, to £273m. So, is Gadhia that rarest of beasts, a popular banker?

“I never think of myself as a banker,” she says, notwithstanding her autobiography’s title, *The Virgin Banker*. “My career hasn’t been that planned; it’s more a series of accidents.”

CYBG and Virgin are often classified as ‘challenger banks’ – an awkward catch-all term for institutions outside the big incumbents, such as Barclays and HSBC. Awkward, because it covers everything from TSB (a brand that dates back to 1810, but was recently spun out of Lloyds) to Atom Bank, a pure-play digital operation that doesn’t even offer a current account.

“The problem in banking is that we have two very dramatic ends of the scale,” says Gadhia. “Small, nimble, innovative fintechs that do some brilliant things, usually in narrow areas, and the big banks, with the burden of legacy systems, but the deep pockets to invest in new areas and customer service. We’re focused on building a digital bank, and we’d like to be one of the biggest fintechs, rather than one of the smallest banks.”

One reason for this decision is that the lessons of the financial crisis haven’t been fully absorbed by the conventional banking industry. And with Virgin Money’s stated ambition to make ‘everyone better off’ – Gadhia habitually shortens it to ‘ebo’, so embedded is the mission in her lexicon – it’s clear that Virgin Money is keen to distance itself from the excesses of the past.

The bad old days

Gadhia saw those excesses at first hand. She was a founder executive of Virgin Direct in 1994

and led the successful launch of the Virgin One account. When that business was sold in 2001, she joined the acquirer, RBS, as managing director of its mortgage division, then its consumer finance arm. Of course, RBS was the most aggressive – and most deeply affected – of all the UK banks in the crash of 2008.

“When I joined RBS, it had just made a record profit of £1bn – the first Scottish company to do it,” Gadhia recalls. “That was under CEO George Mathieson. Then Fred Goodwin became CEO and took RBS to multibillion-pound profits and a balance sheet bigger than the UK economy. That rush for growth, that striving to prove a Scottish bank could lead the world, hid the way growth was being achieved.”

“Nothing was done in an evil way,” she adds. “It was genuinely looking to help the Scottish economy thrive. But when that went wrong, the impact was huge.”

Gadhia did feel uncomfortable, even before the edifice crumbled (she left RBS in 2007). “In 2005, we were scenario planning,” she recalls. “We were asked to consider a joint venture with a bank owned by a major state actor. We all said, ‘there’s a problem with human rights in this country’, so we had to block the bank from doing further business. But Fred came in at the end and said, ‘it’s only the business solution that matters’. That was one of the things that tipped me over on the culture issue: doing the right thing is the only way.”

“Nothing was done in an evil way. It (RBS) was genuinely looking to help the Scottish economy thrive. But when that went wrong, the impact was huge”

► So what does that mean for the industry today? “We have to build more sustainably than that now – where we’re not overexposed to any one area,” she says. “If things go wrong, the impact should be on the directors and the shareholders – not the whole economy. The question is, how do we change the culture?”

In Gadhia’s view, it comes down to transparency. “So much of what happened in organisations was kept internal,” she says. “Exposing unhealthy practices and discussing them means we can effect change. Just recently, some businesses have failed in ways that revealed something was very wrong underneath. We need to learn from that.”

Profit with purpose

Gadhia’s point is that there’s a cultural malaise more widespread than just the financial services industry. Whether it’s the rocky business model at Carillion or the debt piled into companies such as Maplin – such structural problems require serious soul searching, but she sees no inconsistency between that cultural reform and capitalism.

“We want our shareholders to make money; we want our customers to have a great product, our staff to realise what they want in their lives, and to do good in the community,” she explains. “Thinking about stakeholders in those dimensions helps us make better decisions, and if anybody asks me why we’ve done well, it’s because we’re all aligned to that culture – that purpose, rather than a profit principle.”

“I’ve worked with Richard Branson for 25 years and never seen any cynicism. So I can be braver about standing up for what is right – because he’s right behind me”



The original Virgin One account, a pioneering offset mortgage, is a great example. “Every year, we would send a statement to a customer with advice on how to pay less in the coming year,” she says. “And a number of people said, ‘that’s not how banks work’. But the loyalty of customers repaid that decision. Helping them manage their finances and minimise their fees is how you build a sustainable business.”

You can still see that drive for customer connection in Virgin branches around the country. The Dorking branch, Gadhia says proudly, had a geranium sale recently. It might not deliver profit, but it demonstrated that the manager is passionate about her community. And empowering her people to act on the right instincts – guided by ‘ebo’ – is key.

Gadhia’s guts

Ah, instinct. Gadhia tends toward the Steve Jobs end of the spectrum when it comes to innovation. “I’m embarrassed to admit to researchers that we are very bad at deriving detailed insight from the market,” she says. “I – and, perhaps, Virgin as an organisation – work by instinct first, then support by analysis. That’s worked well for us.”

She cites First Direct, which pioneered telephone banking when, Gadhia says, “all the research showed it would be the worst possible decision – everybody wanted branches”. First Direct remains the top-rated bank for customer experience, according to KPMG Nunwood research. “If you’re going to be really innovative, you often need to go with your gut feel first.”

Richard Branson, another instinctive business leader, helps Gadhia feel well-supported in her decision-making. “I’ve worked with him for 25 years and never seen any cynicism,” she says. “So I can be braver about standing up for what is right – because I know he’s standing right behind me.”

If it’s not detailed market insight that drives decisions, where does it come from? “Talking to people, what you see for yourself – a sense of what people who aren’t like you feel about something,” says Gadhia. “If you start with the research, there’s a risk you end up with what they’ve already got. Our job is to be innovative and create the future, then test it – rather than the other way around.”

Diversity, diversity, diversity

That, Gadhia says, is why diversity is so important. Monocultural organisations have a

“I’m embarrassed to admit to researchers that we are very bad at deriving detailed insight from the market. I work by instinct first, then supported by analysis”

far harder time picking up those softer signals; they’re less likely to have sound instincts.

“Research and analysis shows that diverse boards and workforces create better business outcomes,” Gadhia says. “We need to make this an issue for the CEO, and ensure you have a strategy in your organisation for getting equality right.”

Her scepticism over research hasn’t stopped Gadhia from using staff surveys liberally at Virgin Money. One of the key insights from them is how engaged and comfortable people feel about working for the business. But it was while attending a session of the Inspiring Women network for school outreach that really made the equality issue live for her.

“There were 400 schoolgirls, around 90% non-white, sat at tables of eight or 10,” she says. “On the first couple of tables, I couldn’t really engage with them. So, on the third, I asked one girl, ‘why am I struggling with you all?’ She answered, ‘you’re a successful white woman – I will never be like you’. And I said: ‘Would it make a difference if I said my husband isn’t white?’ Suddenly, the engagement was more immediate.”

It was a revelatory moment. Virgin Money made a formal move to share employee stories via its intranet, letting people know their voice could be heard without mediation. That’s a test of culture – people need to feel comfortable sharing stories – but the results have been good. “For example, when we first did our staff survey, the number of people prepared to say they were gay was much lower than it is now,” says Gadhia. “Now people write to tell me how good they feel about working in a company where they can be themselves.”



The bigger picture

A female CEO with an instinct for diversity? It's not surprising that Gadhia was approached in 2016, by then Chancellor George Osborne, to lead the Women in Finance campaign, aimed at getting firms to work towards a more balanced and fair industry. "As a woman in business, I've often felt patronised by powerful men," she says. "I'd always felt I didn't want to be an icon for women in financial services – but it shocked me that the progress of women in the sector is so much worse than in any other."

Gadhia stresses that, for her, it is not about feminism. "It's about equality for everyone," she says. "We recently recruited for a head of facilities and a head of IT. People say it can be harder to hire women in some roles, but we've hired women for both of these jobs by having a balanced list of men and women who are competent to do the job."

Since the Women in Finance Charter was launched, around 85% of signatory firms have committed to having at least 30% of their senior roles filled by women by 2021; more than 25% say they are aiming for 50/50. Gadhia's landmark 2016 report, which kicked off the programme, is the definitive snapshot of the sector's gender problem. With 3,500 contributions, it's also a huge piece of qualitative research – although Gadhia might argue it's a classic case of the gut knowing something must be done, and insight backing it up.

Shining a light

This isn't a problem that can be overcome overnight – and it's deep. For example, a new survey sponsored by law firm Fox & Partners says that, for those earning more than £1m at financial services firms, there is a gender pay gap of 91%. What makes Gadhia even angrier is that many firms are fudging their figures.

"The organisations that should be criticised are the ones not reporting the pay gap," she says. "When you shine a light on what's going on, it forces people to change."

"I've been horrified that some professional services firms excluded partners from their calculation – a tier heavily skewed towards men, so it masks the real pay gap. EY was the first to include partners, and that's great. But now we have listed holding companies with fewer than 250 people not having to report. That's not good enough."

So how is Virgin Money doing? "We're not proud of our gender pay gap," admits Gadhia.



“We shouldn't assume maternity is the reason women aren't progressing. Don't make it an excuse; make the solution a human way for people to run their lives”

"And, every day, someone mentions it: it's 32%. But that's down from 38%, so we have been making progress in the past 12 months."

Changing that in a sector that has a number of deep cultural issues – not just diversity – won't be easy. That's one reason Gadhia is keen to stress equal opportunity – not quotas – as a solution. "When I first took on this report, I assumed one of the answers to why women aren't progressing is that they want to bring up their kids," she says. "But we did an extensive survey – 4,000 replies – and families were not an issue. So, first, we need to help both men and women with young families to progress at work. Second, we shouldn't assume maternity is the reason women aren't progressing. Don't make it an excuse; make the solution a human way for people to run their lives as well as their careers."

Gadhia isn't entirely out of love with research, then. It's helping reveal the context for her ongoing mission – to make everyone better off. If she can change the culture of financial services to ensure its gut decisions are fairer and more sustainable, perhaps we'll see even more of the Virgin banker. ■



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Searching for the new idea

UK businesses are not as productive as they used to be and innovation is often thwarted by organisational structure.

Tim Phillips explores whether market research can fit more effectively into the innovation process to improve the flow of new ideas

In the 50 years leading up to 2008, UK output per worker almost tripled. This wasn't the result of some sudden uplift – for example, when we discovered the spreadsheet, or the mobile phone. It was a sustained year-on-year growth in productivity that bulldozed through recessions and crises, as well as technology and communications revolutions. And then it stopped.

What the Office for National Statistics (ONS) calls 'The Productivity Puzzle' shows that, in the decade since the global financial crisis, the UK's productivity growth has hit a wall. By the end of 2017, it was 1.3% higher than it was 10 years earlier. "It is not unusual for productivity to fall during downturns, as happened in 2008-09. What is unusual is the flatlining of productivity since 2010," commented the ONS in 2015. "If the pre-2007 trend had continued,

“The number of people doing R&D is 20 times higher than in 1930, but their collective productivity is 41 times lower”

productivity would now be 16% higher than it actually is." That gap is now around 20%. Other countries in the developed world are having a similar slowdown in productivity growth, though few compare with the stagnation of the UK economy.

There are various potential solutions to the puzzle, but many centre on the problems of innovation. It now costs more, and takes more people, to innovate. Research published in 2017 by Nicholas Bloom, Chad Jones and Michael Webb, of Stanford, with MIT's John Van Reenen, investigated how effective innovation was at an aggregate level in technology, medical research and agriculture, as well as in publicly traded firms. They

found that the number of people doing R&D was 20 times higher than in 1930, but their collective productivity was 41 times lower. "The only way we've been able to roughly maintain growth is to throw more and more scientists at it," Bloom said.

Although innovation has never been straightforward, the 'easy' improvements for today's products and services are in the past – although it might not seem so when we read of self-driving cars, virtual reality and smart drugs. Intuitively, it seems as if we are in a golden age of innovation.

Economists such as Robert Gordon disagree. Apart from the massive investment of time and people required for such innovations, Gordon argues that many of them are less impactful than they seem. Self-driving cars, for example, may not make us more productive in the immediate future, because we will spend the same time in them, doing about the same amount of work while we travel. On aggregate, there's also evidence that the productivity leaders in our economy aren't getting better as quickly as they were.

Recent Bank of England research implies that "the most productive firms are failing to improve on each other at the same rate as their predecessors did", in the words of Patrick Schneider, an economist in the bank's structural economic analysis division. The top tier of firms are many times more productive than the rest, but the difference is less obvious than it was pre-crisis.

This is only part of the story, however, because there's a widening gap between the best organisations and the rest, which is true across all developed countries. A large number of firms struggle to innovate at all.

Given these trends, it's not surprising that business investment is down. A long-term focus on cost-cutting, coupled with the higher cost of innovation, means

that the search for new ideas is riskier than ever.

Can market research help solve the productivity puzzle? Agencies and consultants that have helped embed it in their clients' innovation process argue, not surprisingly, that the answer is yes. For large, pioneering companies, research can help innovators do a better job of finding and selecting new ideas efficiently, and develop radical new ways of thinking. Those who struggle to innovate can use customer insight to kill off zombie ideas quickly and market testing can give companies the confidence to commit to investment.

To successfully offer any of these services, however, research has to position itself in the innovation process, and that's not always a natural fit. "I find it really interesting, having worked client-side, that innovation agencies mostly focus on the ideas, and research agencies on the consumer and unmet needs," says Guy White, CEO of crowdsourcing agency Catalyx. "People, historically, put you in a box: either a research or an innovation agency. That's in two different spaces in a client's mind."

Finding new rhythms

One of the most important reasons that innovation is becoming riskier and more expensive is that large-scale innovations rarely involve one product or service, especially in large or multinational companies. "Often, B2B companies are slower to innovate because there is less urgent pressure to do so. But it happens when there is a significant disruptor," says Andrew Dalglish, managing director of Circle Research. "When that happens, the challenge they face is that the product or service often has very complex elements to it."

As an example, Dalglish has worked with clients in the cargo shipping industry. There is a global oversupply of shipping that drives

RECRUITING FOR INNOVATION

For clients and agencies alike, having the wrong people to innovate – or the right people in the wrong jobs – is a major impediment to identifying and following through on ideas. Can researchers help to identify and target those people internally, in the client and in their own teams?

At Freshminds, director of innovation Chris Thompson finds that creative thinkers often reveal themselves. “They tend to spot you. That’s the beauty of them. They tend to be people who are willing to put their head above the parapet in the business; they are restless, passionate people who are more interested in taking a new product to market than they are in their pension.”

Rose Cartolari, a leadership strategist and executive coach who teaches at Columbia Business School, says that the process should stretch back further – to human resources and recruitment.

“I work a lot with HR teams,” she says, “and we know that, for people to become creative, they need a psychologically safe environment, and teams that have cognitive diversity. But we don’t interview for that –

we don’t test for that. Diversity, for us, means cultural diversity.”

An American woman of colour, who has spent much of her career in Italy, Cartolari says: “In many organisations, I will be considered a diverse hire – but, believe me, in my thinking I am a mainstream hire. I have been working with a fintech that is super-frustrated by the way it is hiring. So we looked into it, and the questions it asks are all about what have you done, and past experience. We really should be asking how do you fail? How do you bounce back? Interviews need to change.”

Danny Wain, an ex-researcher who trains insight professionals, agrees. Researchers cannot inspire innovation in their clients, he argues, unless they are innovative and diverse themselves. In his experience, however, they naturally tend to recruit skills they recognise easily. “I recently worked with a small agency,” he says. “If you look on its website, the word innovation is probably there two-dozen times – and it’s led by a guy who is really innovative and creative. But the irony is that all of his team are like mini-mes – they all do creative things exactly the same way he does.”

incremental innovation, but now shippers are having to rethink everything they do. For one, Amazon’s formidable logistics capability is becoming their competition. Even if they compete successfully with that, there’s a more fundamental pressure on the horizon – digitisation that removes the need for shipping. How does a traditional shipping company react to the emergence of 3D printing?

It’s also hard to challenge thinking in large businesses that, historically, have been successful, says Julian Dailly, managing director of research and brand consultancy Morar HPI. Repeating innovations that worked in the past, however, will have diminishing returns – not least because good ideas get copied. “We work a lot with fitness businesses and they have an ingrained way of thinking,” says Dailly. “They value return on invested capital, which leads them to want to build gyms and then try to get people to go to them. Their basic equation is people paying monthly subscriptions to visit buildings. Brands such as Fitbit, or subscription-based app services – even people who charge for content on YouTube – have seen a better way to offer people these outcomes.”

Challenging these assumptions can be hard, but Dailly argues that agencies often reinforce that inertia, accidentally stifling meaningful innovation. “A lot of research maintains the status quo. You notice it has a number of key features that basically generate and reinforce bias towards doing nothing. For example, we have some very big clients who like stability in their research, so will

“If you had pitched text messaging to a consumer 20 years ago, there’s no way they would have wanted it”

not introduce new competitors into their competitive research because it may disrupt the data. For the sake of data stability, they ignore that they are now competing with Amazon.”

Sometimes, consistency needs to be jettisoned. Morar worked with a company that supplied business cards, and it had consistently high customer satisfaction, measured on delivery. When Morar shifted the research to a year after purchase, however, it found lower levels of satisfaction, and lots of suggestions on how to improve the product. The customer had inadvertently

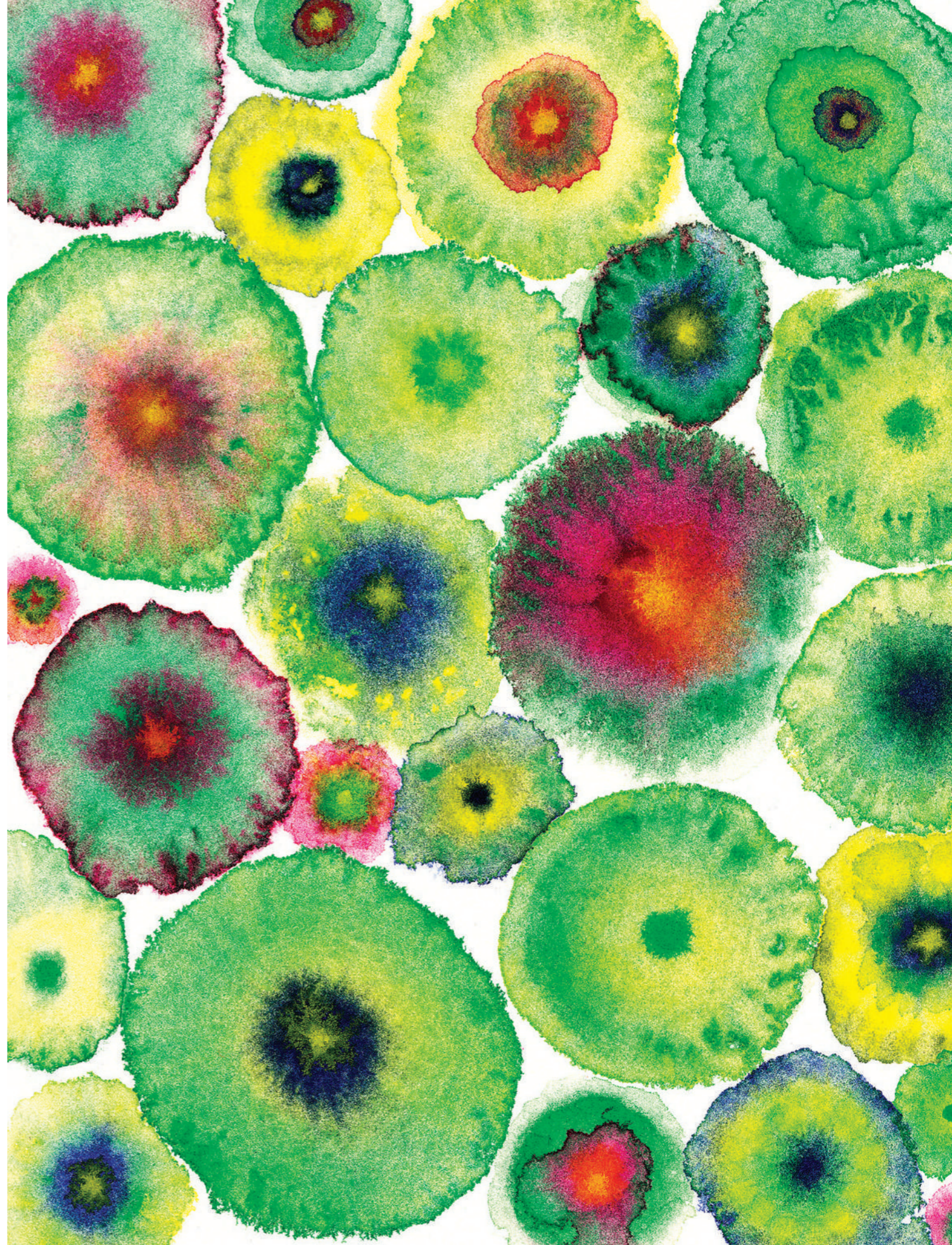
locked itself out of the potential to use research to drive innovation.

In 2016, Richard Walker, a director of Mustard Research, created a research-based innovation service called Popcorn, to optimise product development. He called it Popcorn because it has three stages: harvesting the kernels of insight; popping the ideas; and serving them back to customers.

It may be difficult for clients to create innovation briefs, Walker says, because – by their nature – they are open-ended, will produce ideas across many parts of the business (often combining several of them), and are hard to contain in the normal project template. So knowing there is a well-defined path offers some reassurance that innovation research may create value, even if the client doesn’t know what it is yet.

“The process always starts in a very exploratory way,” Walker says. “You can’t rely on customers to tell you what’s wrong, because people just get on with their lives, doing what they do. If you had pitched text messaging to a consumer 20 years ago, there’s no way they would have wanted it. We always start with observational, ethnographic research.”

A recent project for Jewson, for example, led to Mustard visiting





► building sites to research cement. “This was the most inert category you can ever imagine; we were effectively shadowing 25kg bags of cement on the journey around a building site – from delivery to use. But the observational stage is always really fun. We find different things that get in the way, little coping mechanisms that people use, and

“For smaller organisations, cutting overheads or making incremental gains seems radical, but strangling innovation”

that, effectively, becomes the inspiration for the next stage.”

Stage two of Popcorn involves off-site workshops. “We tell people to get out of their business suits and into whatever they feel comfortable in. It needs that energy. They provide the energy and we provide the

process and structure. On a couple of occasions, we’ve also brought customers to those workshop sessions, and that’s been valuable.”

At the end, ideas are shortlisted, road mapped and assigned, and stage three takes this through to development, customer testing and refinement. While the Popcorn process adds some structure, it still implies a lot of trust on the part of the client. “When there are unmet customer needs and frustrations, clients don’t necessarily know what they are,” Walker adds.

Challenge the organisation

“When I meet teams for the first time, and ask them where the business is heading, they often start by telling me something like: ‘We want another 3% market share,’” says Kevin Gaskell. “I say: ‘I have no interest in that’.”

Gaskell is a CEO, specialising in turnarounds and creating fast growth. Formerly UK country

manager for both Porsche and BMW, he now often works with smaller organisations that have lost their way. For them, he says, cutting overheads or making small, incremental gains seems radical, but actually strangles innovation.

This is another piece of the productivity puzzle. Innovation is part incremental, part radical, but when the scales tip too far toward incremental improvements – often because of economic or organisational pressure – there are few internal incentives to push through radical ideas. So how much does innovation require a change of culture?

In its *Global Human Capital Trends* report of 2017, Deloitte publishes a graph of rate of change over time. Technology is changing at an ever-increasing rate, but innovation is held back because people change more slowly. Deloitte is more sanguine about this than some other commentators – notably Google X, the innovation

THE CILLIT BANG CHALLENGE

When Reckitt Benckiser wanted to come up with ideas for the new generation of Cillit Bang products, the traditional, in-house ideation methods tried by InSites Consulting weren’t working. So it launched a challenge for an open community of creative consumers, curated by eýeka. The brief was posted on eýeka’s website.

Reckitt Benckiser “was amazed by the quantity and quality of ideas generated by crowdsourcing with creative consumers”, says Mathilde Levy, senior consumer and insight manager. Among the winning suggestions were toilet bombs (not literally), while the first prize went to a “beauty mask of deep cleansing for the bathroom tap”.

We asked Tom De Ruyck (TDR), managing partner at InSites Consulting, and François Pétavy (FP), CEO at eýeka, how they structured the challenge.

What sort of techniques did you use for the internal process?

TDR: For the internal ideation, we used a classic set of brainstorm techniques. We did everything we could to get to great ideas with marketing and innovation people, but didn’t get there. The ideas were not based on the insights, but were things that people

within the company liked themselves. There were too many incremental innovations, rather than disruptive ones. We did not have enough ideas; there were only 19, and most of them were weak.

So, what was the task for the community?

FP: The brief was: ‘Can you dig into your own experience and knowledge of household cleaning and help Cillit Bang find its next breakthrough?’ We had 317 members who read the full brief, 87 of whom submitted an idea.

TDR: The community thinks more out of the box. They make links with what they see in other industries – they don’t know the brand or category, so they think without limitations, and their different cultural perspectives also lead to fresh insights.

The eýeka community is positioned as ‘creative’ consumers – what does that mean?

FP: We are open to anyone who thinks they have a good idea. Eýeka is a playground for truly creative people, whether they are freelancers, school students, amateur creatives or professionals. Their core

motivation is to express their creativity and use abilities that they are not employing on a daily basis. They are looking for opportunities to be challenged. They learn new skills, get feedback and, when they win, they feel validated.

So how do you recruit the one in 100 people who you say are very creative?

FP: At registration, we qualify creators based on their creative abilities – graphic design, video, copywriting and so on. This means anyone registering believes they display at least one of these creative skills. The members who deliver the best ideas see their creative reputation increase, and they move up in the hierarchy.

What’s the reward for the community?

FP: A prize pool of €2,500 euro was split among three winners. But, more broadly, participants are motivated by the 4Fs: fulfilment, fun of creating, fame, and finance when winning.

What is the prize for Reckitt Benckiser?

TDR: We created six concepts for product extensions, which are now being pushed through the innovation funnel.

►specialist unit at Google, which argues that individuals adapt at a linear pace and technology evolves exponentially. Innovators also don't have to take the whole population with them – they need to hire and develop innovative thinkers (see 'Recruiting for innovation', p28). But Deloitte argues that two flatter curves hold back innovation. Organisations evolve slower than individuals, and public policy the slowest of all.

Gaskell, who regularly takes time off work to indulge his other passions as a mountain climber and polar explorer, favours company-wide ambition. He sets extreme organisational goals to reset employees' concept of success, and then devolves responsibility for creativity as far as he can.

For large organisations to keep up the pace of innovation, it is important to create a structure, or a process, says Natalie Turner. Formerly a market researcher at Research International, she is now founder and CEO of innovation consultancy Entheo, which works with organisations such as Kellogg's, Singapore Airlines and Cisco to improve their innovation culture. She is also the author of *Yes, You Can Innovate*, which explains the methods Turner uses with clients – which she calls the Six T's (see 'Six T's of innovation', p35).

A fundamental benefit researchers bring, she says, is stopping the client from talking to itself, or only to its best customers. "Clients are often very focused on what they're doing, but that's only half the equation," says Turner, who often introduces new "rhythms and rituals" in large organisations that want to be innovative. "A small ritual could be 'walking work' – define a challenge, then go out of the building and discuss it as you walk around. You take stimulation from nature, get the business out of its normal space."

One of the problems, she says, is that creating a process of innovation means dismantling some of the

existing organisational structure. Large companies are structured to prioritise processes and a single culture, but this can accidentally squeeze out new thinking – or restrict innovation to silos, when radical change will need a cross-functional team. Before she founded Entheo,

“Large companies are structured to prioritise processes and a single culture, but this can squeeze out new thinking”

Turner experienced this in a brief stint as head of internet strategy at BT. "The company was bringing in people like me, from the outside, to think differently – but within a couple of years we had mostly left. It was such hard work to go up against the organisation. Unless human beings see an advantage to innovation, they would rather stay as they are."

Other organisations respond to this inertia by playing with their

structure. One of the most popular innovations has been internal start-ups, with their own, separate, cultures and responsibilities.

Paola Criscuolo, deputy head of innovation and entrepreneurship at Imperial College Business School, has studied the impact of GSK's 2001 decision to introduce Centres of Excellence for Drug Discovery, now called Discovery Performance Units (DPUs). These employ between 50 and 60 scientists, and compete against each other for financial resources, she explains. "They also have a high degree of autonomy in managing their budget and in deciding with which company they want to collaborate, which makes them much more agile."

The idea was to mimic the structure of biotech start-ups. Each DPU has three years to achieve defined milestones, and if these are not reached the unit is dismantled.

Criscuolo's colleague Andreas Eisingerich is programme director of Imperial's MBA programme, which uses examples such as this to teach entrepreneurial thinking to

START-UP THINKING AT UNILEVER

In 2014, Unilever launched Unilever Foundry to partner with start-ups, with the goal of accelerating its global innovation. Businesses chosen to partner with Unilever brands get the chance to scale their business quickly, while the company benefits from access to bright start-up ideas.

"Unilever has always had an innovative culture within its brands and functions, and these parts of the business continue to generate their own ideas – but we believe that start-ups play an integral role in driving innovation," says Jonathan Hammond, head of Unilever Foundry.

The process by which the stable of start-up innovators is adopted is called Pitch-Pilot-Partner. Start-ups fill in an application, and some are invited to do a pitch in person to the local Foundry team. Those that pass get the chance to be matched to Unilever brands around the world that have submitted briefs that might suit their product or service – and, maybe, a longer-term relationship.

"Since Foundry started, we've staged hundreds of pilots and almost half of these have progressed to a brand partnership," Hammond says. "Last year, more than two-thirds of the brands we collaborated with experienced

an increase in revenue, and three-quarters had above-average campaign engagement."

An example is Good-Loop, an adtech start-up that converts advertising money into free charity donations – a natural match for Unilever's ambitions to show social purpose. Amy Williams, the founder, met The Foundry team after they saw her at another pitch event.

"The Foundry team has been our partner over the past 12 months," Williams says. "It is working to ensure we're finding the right opportunities to test and learn, and – crucially – help us to define the hypotheses and KPIs needed for each pilot to be considered successful."

For example, through Good-Loop, Knorr achieved more opt-ins to watch its advertising by linking it to generating donations for soup kitchens and homeless shelters.

Williams has advice for start-ups – as well as other large organisations – who want to innovate using this model: "Work in partnership so that, together you can craft the proposition to suit the needs of the business, and fit as seamlessly as possible into what they are already doing. It's a model I'd love to see implemented in more large corporations."

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students. “It’s mostly about the mindset we bring from school,” he says. “From a very young age, we are taught to conform; the people who won brownie points are the people who do well in standardised tests. We need to change that mindset, so we have processes such as innovation week – an intense, boot-camp experience. We teach that we have to embrace change to keep up and survive.”

Chris Thompson, director of innovation at Freshminds, believes clients can develop a culture of innovative thinking. “Businesses have almost organised themselves to remove distractions and creativity because, otherwise, they don’t get the margins in their product. They are machines that turn out their existing products, so to expect them to come up with the next big thing beggars belief.”

Freshminds has worked with innovation-aware clients such as O2, Amazon and Ocado – so what does Thompson think is the best way to set up a culture where the client and

agency can work together? “It is absolutely critical that the business invests in innovation as a discrete activity,” he says. “You don’t want an entire business devoted to inventing products and services into which the company then has to plough resources. What you want is a very lean, mean fighting machine.”

“Bright researchers are saying, ‘I wouldn’t be allowed to do that’. We don’t have time to think about doing things differently”

His first recommendation: don’t even consider a large chunk of research about how to be more creative. Instead, work to identify those inside the client who don’t have the brownie-points mindset.

His second recommendation: identify a safe group of customers or business partners to work with, and achieve some quick results over six

weeks. “If the business says, ‘we’re setting out on a five-year journey to figure out what our innovation strategy should be’, you’ve lost people at hello. Businesses always have ideas that already exist. Tap into them, explore them, and take some to prototype. It costs almost nothing to experiment.”

Finally, use creativity internally to uncover and sift ideas. “You can identify the great ideas that you’ve got through workshops and *Dragon’s Den*-style activities,” Thompson says, although he has found that the internal start-up model to incubate ideas has not led to better outcomes for most clients. Instead, he says, firms are finding it more productive to focus on collaboration and co-creation with target customers.

But should researchers challenge themselves to think more innovatively, before expecting clients to do the same? Danny Wain, a former researcher who now trains insight professionals to think creatively, argues that research agencies or departments must bear

some responsibility if their clients struggle to break out of routine.

“When I first started training very bright graduates who were joining market research, 20 years ago, one of the real bugbears for me was that we recruited creative, innovative, thoughtful people then pushed a lot of it out of them,” Wain says.

Today, he sees the same problem magnified by trends in the industry, and warns that the drive toward automation and big data within clients is – in some cases – leading to too much template-based research. “We don’t have clarity, a story, a message at the end of it. I train relatively junior, but very bright, researchers, and they’re saying, ‘I wouldn’t be allowed to do that – the client wouldn’t want me to do it; we use this process, this methodology, this technology’. We don’t have time to question and think about doing things differently.”

Working together

Many research organisations have found it useful to work with partners

who focus on creating innovation (see box, p31), and some are supplementing their own efforts with non-exclusive partnerships to achieve the same thing (see box, p32). The inspiration comes partly from MIT’s legendary Building 20, which – after World War II – was effectively a warehouse for researchers for whom there was no room.

By accident, people in different disciplines were stuck next to each other, talked to each other, and created ‘knowledge spillovers’ between disciplines because of this day-to-day proximity. Among other creative ideas, Building 20 gave us the first video game.

If investment in new ideas has suffered during the great recession, ▶

SIX ‘I’s OF INNOVATION

Natalie Turner, founder and CEO of innovation consultancy Entheo, argues that, as innovation becomes an existential challenge for large organisations, researchers who embed themselves in the process are not only helping themselves, but helping the client.

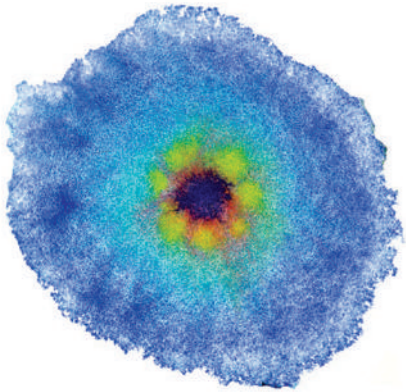
“Market researchers can play a far more instrumental role in innovation than just focusing on testing the outcome. But, because innovation is evolving so fast, the research industry has to rethink how it supports clients who want to innovate,” she says. “In this market, you have to become more of a partner.”

Entheo’s model of innovation identifies a process that has six Is, all of which have a research implication:

- Identify: organisations systematically identify opportunities, by understanding trends and customer needs
- Ignite: they use this insight to create novel solutions to the problems they identify
- Investigate: as they develop prototypes, they are constantly testing and refining
- Invest: the process means they can confidently create business models and plans for capital investment
- Implement: the innovation is launched and marketed
- Improve: customer feedback allows the company to optimise the idea, leading to another area of opportunity.

the risk aversion is understandable. Individual business units have been targeted as profit centres, reducing the possibility of speculative cross-functional cooperation. The risk of a misguided investment can threaten the entire future of the organisation.

As Thompson points out, working with groups of customers directly not only generates ideas, but also creates confidence that the client is worthy of investment. It can also identify quickly those ideas that have no future, and kill them off. This can be done using agile techniques in which innovation results from constant iteration and bad ideas can be abandoned based on rapid feedback.



Verve has a dedicated innovation practice that drives the community panel specialist process using the firm's community panels model. Charlotte Paris, director and innovation lead, tends to work with client innovation teams, so they can be part of the process from the earliest moment. "We have been successful at bridging the gap between the insights and the innovation teams," she says. "Companies see that a different type of research is needed to support innovation. We think being agile and quick-developing helps support that."

Community panels can give fast feedback on ideas as they are iterated, but can help in other ways, too. For example, they give a constant sense check on an innovation. Paris agrees with Catalyx's White that market research has, too often, become divorced from early-stage employee innovation, so organisations don't test ideas on their customers until a large amount of resource has been wasted on a zombie idea. "First screening for those zombie ideas is often lacking. If you've got ideas coming through all the time, it is worth putting in place a systematic approach to innovation that enables you to sift through them in an effective manner," she says.

Community panels, depending on their composition, can be "critical friends who are happy to help you develop things". Or they can be more out-there early adopters, who are used to solving problems because they make them for themselves, as their search for novelty and innovation means they use technology before it is ready. Their engagement in a lifestyle that feeds on, and into, the innovation process is a valuable resource.

But be prepared, says White, because the wisdom of the crowd might take you and your client further than you think. If Henry Ford had asked what the public wanted, White doesn't believe they would have chosen a faster horse. "Some people say you need creative consumers. We think it's up to us – as the crowdsourcing agency – to get the creativity from the consumer. Everyone has an opinion and we want to capture all of that, because the crowd is always in the background, and we can go back to them. We can prove a point, but then say, 'what do we do?', and they come up with lots of ideas, and all in a month.

"The endpoint is not necessarily known until we get there," White adds, "but that's innovation." ■

ASKING THE RIGHT QUESTIONS FOR INNOVATION

Not everybody is convinced that customer insight should be at the core of innovation. They roll out the father of the modern motor car Henry Ford, who purportedly said: "If I'd asked people what they wanted, they'd have said faster horses."

Or they cite another great innovator, Steve Jobs, co-founder of Apple: "It's really hard to design products by focus groups. A lot of times, people don't know what they want until you show it to them."

Their point? Customers can't be the source of innovation as they can't think beyond what they already have to what could be.

But I think Ford and Jobs are being unfairly used to support the argument against insight-led innovation. They weren't

necessarily saying "customers can't guide product innovation", but rather "customers can guide innovation, but only if you ask them the right questions, in the right way".

Ask them how they would improve the horse and cart and, of course, they would place boundaries around their thoughts; the question is framed in this way.

The trick is to ask customers not how they would change an existing product, but to explore the underlying fundamentals that the product addresses.

To explore problems, to generate innovative solutions. What goals – practical and emotional – are the product meeting? What frustrations are experienced with existing solutions, and what

outcome – assuming absolutely no limitations – would the ideal deliver?

Jobs also made another valid point when he said customers can't always articulate their thoughts. So, as well as asking, good product-development research also observes – it watches customers in their natural environment to see the challenges they face, unfiltered and first hand.

Perhaps if the 'Henry Ford question' had been posed differently, the answer may have been more insightful.

He could have asked the tradesman: "What do you use a horse and cart for?" "To move my heavy goods," answers the tradesman. "What's the downside of a cart?" continues Ford. "It can

be uncomfortable, requires me to make two journeys to move all my goods, and the horses need to rest frequently," responds the tradesman. Finally, Ford asks the critical question: "Forget about the horse and cart, what would the ideal outcome be?"

"Arrive quickly, refreshed, with all my goods and without the need to care for tired horses," dreams the tradesman, "but no horse could do that."

No horse could, but with insights into the fundamental purpose – and limitations – of the horse, a dose of technological innovation and a leap of imagination, the mass-produced motor car is a small step away.

Andrew Dalglish, managing director, Circle Research

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Frozen-food retailer Iceland is investing in quality products and pushing new messaging to move on from the 'Mum's gone to Iceland' era.

Jane Simms talks to the company about how market research has identified shoppers' needs

Argentinian, wild-caught red shrimp, Canadian lobster tails, scallops wrapped in bacon, venison burgers – it sounds like a barbecue made in heaven. Particularly if it's washed down with a bottle of Nicolas Feuillatte Champagne Brut – a snip at £18.99. It sounds exotic, but this is increasingly standard fare in the aisles at Iceland, as the frozen-food retailer continues its steady migration from the 'cheap and cheerful' image popularised by advertising featuring Kerry

ABOVE LEFT Clapham's new-look Iceland; the supermarket has attracted customers with new products such as Chateaubriand for £10

ABOVE RIGHT A range of Iceland's desserts; the checkouts in the Chester store

Katona – and the long-standing 'Mum's gone to Iceland' tagline – toward a more 'upmarket' positioning.

Iceland's challenge is that those in the know are real fans of the brand, but – for most people – old habits (and attitudes) die hard. A raft of research is informing a brand and communications strategy relaunch, planned for later this year, which will position Iceland as 'more relevant' in people's lives.

When former Asda and Sainsbury's marketer Mel Matson arrived as marketing director in March 2017, Iceland was on a roll. The business was enjoying a rebound in sales, profits and reputation after what its founder, Sir Malcolm Walker, described as two years "in the wilderness". Market share had risen to a 16-year high of 2.3%, sales were up 8.6% over three months, and it had been voted best online supermarket by *Which?* for the second year running. The revival was the result of significant investment in better-quality products, store makeovers and a keen focus on the benefits of

frozen food – encapsulated in its 'The Power of Frozen' messaging.

Iceland also upped its innovation game, and hiring Neil Nugent, former Waitrose and Morrisons head chef, as head of product development in 2016, was an inspired move. Nugent promptly commissioned a £3m state-of-the-art kitchen and embarked on a mission "to make good food affordable to everyone".

Matson wanted to find out what was driving the increase in sales and quality perceptions, so that the business could build on it. "My first port of call – as usual when I'm trying to understand the market – was Kantar," she says.

While there was a rise in more affluent shoppers, Kantar's research also showed that most of the growth came from new, younger customers. Nugent points out that "younger shoppers don't carry the baggage about Iceland that older ones do – particularly those who shop at the new stores, such as Clapham and Islington in London, which have had incredible face-lifts."

While Iceland has clearly broadened its appeal, Matson refutes the 'upmarket' tag: "We're just attracting more savvy shoppers. In fact, I would say that our bull's-eye customer is 'someone who's got more sense than money'."

Matson and her agencies have defined this core target consumer through further research

CHANGING PERCEPTIONS OF ICELAND

► designed to discover what Iceland customers value about the brand. “People who shop with us absolutely understand that we stand for great value at a brilliant price. But the challenge from the research is that people who don’t shop with us don’t understand that – they just see us as ‘low price’. We need to help more people understand that what we offer is really good.”

Iceland’s offering is not just about ‘The Power of Frozen’; it hits all kinds of increasingly important buttons for consumers, including quality, waste, convenience, value, provenance, and health and nutrition. Products are captured in peak condition as soon as they are picked,

caught or made, and freezing locks in nutrients (and flavour) that are typically lower in supposedly ‘fresh’ goods that have spent days in the supply chain.

One of Iceland’s communication strands in recent months has focused on the fact that much fresh supermarket fish has either spent days in transit or been frozen at sea and defrosted before being marketed. Freezing removes the need for the artificial preservatives and other additives used to prolong the shelf life of fresh products. Frozen food is also intrinsically cheaper to produce than fresh because everything can be frozen when it’s most abundant, and production runs are long and efficient.

“We can sell a stone-baked, wood-fired pizza that’s been fermented properly, and has good mozzarella and other ingredients on top, for £1.50,” says Nugent. “That represents incredible value, particularly as we get it from this amazing place in the Dolomites – and we can do it because we buy it by the truck [they get five trucks a week] rather than the case.”

Iceland has taken corporate responsibility seriously since long before it was fashionable. In January, it became the first major supermarket to commit to eliminating plastic packaging for all its own-brand products within five years and, in May, pioneered the adoption of the world’s first plastic-free Trust Mark on packaging.

In April, it was the first major supermarket to announce it would stop using palm oil, which is causing deforestation in Southeast Asia. It was also the first UK supermarket to remove artificial colours, flavourings and non-essential preservatives from its own-brand products, in 1986 – a full 19 years before Marks and Spencer. It removed monosodium glutamate (MSG) the same year, was the first national food retailer in the world to ban genetically modified ingredients from its own-brand products in 1998, and removed artificial trans fats in 2006.

What’s more, Iceland has been doing free home delivery of in-store purchases for 20 years.

While Iceland didn’t make as much of these ‘firsts’ as it might have done, shoppers are certainly taking notice now.

“When we announced our plastics commitments at the beginning of the year, the ‘buzz’ associated with the brand – using a YouGov tracker and our own social listening [through AI-powered consumer insights company, Crimson Hexagon] – was much more positive than the supermarket average,” says Matson. “There was a correlation with sales



ABOVE Iceland has been doing free delivery of in-store purchases for 20 years; it also offers a range of fresh produce

growth as well. We realised that we can use these things to generate sales.”

One strand of research that will inform the new brand and communications strategy is a big, multi-methodology study – which includes ethnographic research – to determine how shoppers behave generally and the implications for Iceland. The business’ media agency, the7stars – which has an in-house research team – led the study. (See panel on page 42.)

Another strand is based on a deeper dive into the Kantar data. “This has reinforced the fact that Iceland, for many, is a secondary top-up shop,” says Matson. “But what’s interesting is that people who are ‘brought in’ to the brand use it in quite a different way. I’m a case in point. Since I began working for Iceland, and realised all its hidden secrets, I now shop in Iceland first and – if there are things I can’t get there – I’ll top up elsewhere. Another insight from the research is that trial needs to be a big part of what we do.”

Matson says some of the more affluent new customers were attracted by specific new products, such as Chateaubriand for £10 – “that really demonstrated the ‘power of frozen’; brilliant quality at brilliant prices on products they wouldn’t have expected from Iceland”.

Iceland scores high on taste, as well as range and quality. Blind taste tests by Cambridge

Market Research show that not only do people “really like” Iceland food but, “in the majority of cases”, they actually prefer it to competitors’, says Matson.

Luxury products typically represent 8-10% of the 1,200 or so own-label lines that Iceland sells (this rises to around 15% at Christmas), boosted by the brand’s recent foray into grocery.

Nugent points out that the increasingly commoditised nature of brands – “they now play a core, value role” – is allowing luxury own-brands to move into the space they once occupied. This is an opportunity for Iceland as it seeks to increase its relevance to shoppers.

“Frozen is our big point of difference and will remain so,” Nugent says, citing a new Mumbai Street Food range as an example. “But we want to hook people in with that and then surprise them with other things. For instance, we do some great cheeses now, so then you need nice cheese biscuits and chutneys. We also do some lovely bread, so we need some good jam and marmalade.”

With all these benefits to shout about, how can Iceland convey the message without overwhelming people? “The research has shown there’s a lot under the bonnet, but it really all wraps up into a quality offering, or a ‘no-compromise value’ offering,” Matson says. “We ►



FROZEN v FRESH

Last year, Iceland commissioned the Food Centre at Manchester Metropolitan University (MMU) to conduct an independent study into the costs, waste and taste of fresh meals compared with the equivalent frozen meals, over a two-week period.

MMU selected 20 families, who were asked to eat one week of meals chosen from recipes provided by Iceland and made from fresh ingredients (not ready meals). In the second week, they had to cook the same meals using frozen ingredients.

The families completed diaries to record information on breakfast, lunch and dinner every day.

The study found that they reported wasting less in the frozen week – on average, nearly half (47.8%) than in the fresh week.

The families also found frozen to be better value than fresh (on average 29.9% better) and, overall, spent £752.43 less during the frozen week than during the fresh week – an average cost saving of £37.62 per family.

When it came to taste, fresh scored better than frozen by just seven points (150.7 versus 144), but families generally found the taste of frozen as good as fresh and said they would buy more frozen in the future – particularly now they understood the benefits.



ABOVE In 1986, Iceland became the first UK supermarket to remove flavourings, artificial colours and non-essential preservatives from its own-brand products; it banned GM ingredients in 1998

► will have to talk about things systematically to land the point – and the7stars did another piece of research to help us understand the media consumption of our audience. We will talk to specific segments, but we believe there are lots of reasons why everyone should shop at Iceland – and the more this happens, the more our customer profile will move towards the mainstream.”

It is already talking to customers in a different tone of voice. “The tracking is showing the Iceland personality being described in different terms – such as ‘confident’, ‘playful’ and ‘doing the right thing’,” Matson says. “There are lots of things we should be offering customers, but we have to do it with a smile on our face. Humour also helps us to stand out from the crowd when we don’t have big media budgets.”

Christmas was a case in point. “We held our campaign back until December and contrasted the emotionally fuelled traditional seasonal retail advertising with a series of short humorous ads that packed a personality punch. It was the first time we had stepped away from the ‘families’ creative to use a tone of voice that really reflects the character at the heart of the business.”

And it worked: “It drove a significant increase in awareness, cut-through and consideration.”

Research has clarified thinking in an organisation that prides itself on gut instinct and

a close relationship with customers. “Delving into the research enables us to tell a story about how people are or aren’t using us – and what they know and don’t know about us – and that gives us a richness that we can flip into a communications strategy, says Matson. “Our own, and the YouGov, tracker act as temperature checks, so we can adjust as we go along.”

Some have sought to paint ‘good food’ as the preserve of the affluent, but “demographics don’t come into it,” says Nugent. “It’s attitude, not wealth, that determines what people eat. Look at how many cooking programmes there are on TV – and they’re inspiring people to eat better and try different things.”

He’s doing his bit to ‘democratise’ good food: two wagyu burgers at Iceland cost £3 – roughly half the price of elsewhere. “I want everyone to be able to try a wagyu burger – or a venison burger or vegan burger.” It seems to be working. Vegan burgers have been one of the surprise hits of recent months – along with frozen avocado.

So could frozen food be coming in from the cold? The signs are good. In February, Kantar Worldpanel reported Iceland’s 23rd period of consecutive growth, a run dating back to May 2016. While market share was steady at 2.3%, sales were up 1.6% year on year. “I think frozen food is going to be quite trendy again,” says Nugent. “I feel it might be our turn.” ■

THE FREEZER AS THE HERO

The multi-methodology study into shopper behaviour, conducted by the7stars, included ethnographic research, online forums and quantitative analysis. Helen Rose, head of insight and analytics at the agency, said: “We wanted to step back from ‘frozen’ – and, to a certain extent, from Iceland’s role within that – and look instead at what ingrained behaviours shoppers were exhibiting.”

The agency selected nine ‘typical’ shoppers from Leeds, Cardiff and London. It went into their homes and accompanied them on shopping trips to observe what they did. “That gave us insight into why they do what they do,” says Rose.

As a result of the study, the7stars grouped participants into four profiles based on their behaviour and attitude

to shopping: habitualists (the most dominant group, with the most ingrained habits); revisionists; discoverers; and purposefuls. The research found neither regional nor demographic differences.

The big-picture study confirmed that Iceland has a challenge to change ingrained shopping behaviours and attitudes. The follow-up, online qualitative forums, designed to drill down into the role of frozen and Iceland in the grocery shop, revealed some more interesting insights – including the difference between male and female attitudes to the fridge and freezer.

“The fridge was very much the ‘leading lady’ of the household, whereas the freezer was more the ‘male’ food cupboard,” says Rose.

“When we got them to write a letter to their fridge or freezer, however, the freezer actually came out as the women’s ‘unsung hero’ – a ‘life saver’ that they hadn’t fully appreciated.”

The qualitative research focused on three groups: current, lapsed and non-Iceland shoppers. One of the key insights was that, while most people understand the values of quality and convenience from frozen food, negative perceptions persist about Iceland’s role in the category.

The challenge now, says Rose, is to embed these benefits in Iceland’s brand values, so that people make more positive associations.

The findings of the study were validated by quantitative research, based on a 2,000-strong nationally representative sample.

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THE ROAD AHEAD

James Johnstone, global customer insights director at Shell, thinks the term market research is too limiting. As Shell faces disruption, it's insight that will help him understand petrol-station shopping behaviour. By *Katie McQuater*



Think about the last time you filled up your car at a petrol station. The chances are, when you paid for your fuel, you were met by an array of refreshment options. Far from the packets of crisps and fizzy drinks of the past, filling stations now offer a wider, more sophisticated variety of choices – in fact, they're more like supermarkets than ever before.

Shell is leading the charge on this. With the industry facing disruption from alternative vehicles and fuels, the oil and gas giant is placing many of its bets on retail – and insights are driving this shift.

Shell plans to grow its network of stations by almost a quarter, globally, by 2025, and will add another 5,000 convenience stores, with retail growth focused on emerging markets including China, India and Mexico.

On a mission

In recent years, the company has made various strides to adapt to changing consumer needs around refuelling. It introduced pay-at-pump mobile payments, to save customers having to go inside to pay, and went one step further last year, announcing a connected-car partnership with Jaguar Land Rover that allows drivers to pay for fuel without leaving their vehicles.

"Some people would say 'why would you want to make it easier for people not to go into your store?' It's because – if they're on a mission to fuel and go – then it's not about taking a break or stopping for food for tonight," says James Johnstone, global customer insights director for Shell Retail and Lubricants. "We want to make the journey and experience as great as possible for them when they have that mission."

Since late 2016, the insights function has been working on a project around food and beverage – an area Johnstone admits isn't usually associated with petrol stations. "We like to look at it as a piece of real estate, and what we

can offer on that, versus it being a petrol station."

The decision to focus on food and beverage is linked to the increase in alternative vehicles; electric car registrations in the UK have risen from 500 a month in 2014 to 4,000 each month in 2017. Shell is making big investments in this space; last year, it acquired charging company NewMotion, which operates private electric charge points in the Netherlands, Germany, France and the UK, and it has signed a partnership with charging-network operator Ionity to offer fast charging in Europe.

But the rise of electric vehicles also creates a practical quandary for companies such as Shell, as well as for drivers: charging an electric car takes at least 20 minutes – far longer than refuelling with petrol or diesel. That additional time on site has created an opportunity for Shell to re-evaluate the convenience retail experience it offers and segment consumer needs relating to what they want to eat and drink.

The insights the company is deriving from this project filter into many different areas, from product ranges and the CRM system, to which alliance partners Shell uses on site. So a collaborative, cross-function approach has been vital to the success of the scheme, says Johnstone. "To really win in this space, we need to understand the refuelling needs – the food and beverage needs – and then have all functions pulling together around the core target groups we're going after."

He says the food and beverage work has created an internal framework with insights at the centre. ▶



“When people are looking for answers to something we don't fully comprehend, that puts insight in a strong place to really understand the consumer response and appeal”

ABOVE LEFT Petrol stations face disruption from new fuels and electric vehicles

ABOVE RIGHT Refuelling has been made quicker by pay-at-pump payments

▶ “The way everyone has adopted the thinking has been a really big win for us as a group – it elevates the insights function and how we’re seen within the business,” Johnstone adds. “I think that’s how it should be if we want to be consumer led.”

This collaboration has extended to Shell’s agency partnerships. For bigger pieces of work, the company has begun to bring multiple partners together, to work in a cross-agency partnership of sorts – an approach Johnstone feels is increasingly required to get the best results from agency collaborations. “It’s a lot of work to get the best out of it,” he concedes, but “I still think it’s the right approach.”

The company leans towards strong relationships with various partners, rather than taking the simpler route of using one agency to manage everything. On the food and beverage work, for example, Shell is working with Bamm, MB Analytics, Sparkler, and four Kantar agencies: Kantar Media, Kantar Vermeer, Kantar WorldPanel and TNS Retail.

Creating an umbrella organisation of agencies working together in this way is a strategy that brands are increasingly using to bring different specialisms to the table, but it can become unwieldy.

“Suddenly, you create something very complex, which is challenging to manage internally,” says Johnstone. “The easy answer would be, ‘we’ll get one agency to do everything’ – but then we’re probably going to get something substandard. So agencies are starting to learn and work in a different way, with a different model.”

They are realising the benefit of such collaborative approaches, he adds – and, in some instances, this approach has led to partners teaming up on projects for other clients afterwards.

Forward thinking

This multi-agency approach is an example of what Johnstone terms “being on the front foot”. With various disruptions in the energy market – electric vehicles, hydrogen, and so on – it’s vital for Shell’s insights team to be thinking ahead when it comes to trends, not simply reacting to them. In Johnstone’s view, this moves the discipline further up the food chain.

“Disruption is great for insights as a function. When people are looking for answers to something we don’t fully comprehend, that puts the insight function in a strong place to really understand the consumer response and appeal. Disruption is a challenge for our business, but we are trying to lead from the front on that.”

This doesn’t apply simply to external trends and pressures; for Johnstone, innovation is also shaping the way the insight function works. Perhaps for that reason, he believes thinking of this area only in terms of market research stymies the industry’s potential.

“The term ‘market research’ sends a shudder through me, because it doesn’t help the insights business. It’s almost like a methodology – it’s a name that refers to how information will be collected. I think that shackles us to the past and it puts you in a different place within organisations.”

Johnstone is excited by the potential of machine learning, which he views as a “massive enabler” for insights professionals to do less laborious jobs and direct their energy towards work of greater strategic value.

“It allows us to reapportion our time – and that of our agency partners – away from heavy-lifting, manual pieces of work, such as project management, data churning and presentation creation,” he says. “When I hear of agencies still having teams in certain countries churning out PowerPoint decks, I’m like, ‘wow, really?’”

In this sense, Johnstone feels some traditional market researchers should be concerned by automation. It could drive cost efficiencies, which – in turn – could re-allocate budgets into areas that will have more business impact and help move insights higher upstream within the business. There still needs to be human interpretation, however.

“Businesses risk abdicating responsibility for decisions, and that could prove quite costly,” says Johnstone.

While big data is one of the factors in the success of automating processes in future, it’s not the overall input, he adds, claiming that the value comes when multiple data sources are organised and integrated.

“People say data is the new oil; I don’t agree. I think consumer understanding is the new oil. Data is one of many inputs that lead to greater customer understanding.”

The first part of Johnstone’s career was spent in data insights, while the second has been focused on customer insights – and he believes “passionately” that the two work together.

Shell’s customer insights team is in the process of setting up data visualisation and warehousing information from continuous datasets, with a view to laying the groundwork for automation later on. One of the objectives of this is to free up agency partners from spending a lot of time doing manual tasks, such as creating presentations.

As well as combining data from a data-visualisation perspective, the team has also started to link segmented data to other datasets – for instance, Target Group Index (TGI) data and its loyalty databases, to understand sites and, potentially, inform customer relationship management (CRM). “We’re saying: ‘how can we understand more about our segments by linking it to other things?’”

By taking learnings and segments from one piece of research to apply to other datasets, Johnstone hopes the team will be able to segment consumers based on their needs, as opposed to pushing one-size-fits-all messaging.

Cherry-picking for impact

As for many large organisations, one of the challenges facing the Shell insights team is prioritising the areas in which it can contribute the greatest business impact. With 15 staff on the ▶

► global insights team, it must be choosy about the projects it deems to add the most strategic value. Johnstone is focused on carving out more time for the team to spend on what he terms “the thinking pieces”, as opposed to the ‘doing’.

“One thing we have been successful at, internally, is really elevating the strategic-thinking piece by cherry-picking the areas that we think we can affect – that will have a big business impact.”

To do that, the team has had to look at how it democratises information to create better self-help systems and means of sharing insights with the wider organisation. Additionally, it has meant realising that the role of the insights manager is also partly communications and PR, to share messages in an engaging way internally.

Shell has done a lot of ethnographic work to let its customers tell the story and put senior leadership in the consumers’ shoes. One example is a *Carpool Karaoke*-style project that has recently been completed in Mexico, a new market for Shell.

The project involved the company’s senior leadership being taken to people’s homes to conduct an in-depth interview themselves. They then accompanied the driver on a journey in their car – for instance, to the petrol station to refuel, to the shop or to get a coffee. The

experience was recorded by in-car GoPro cameras, while several vehicles also had videographers, and the material was used to create videos for different internal purposes.

“We could say, ‘this is what it’s like in Mexico – here’s a presentation’. This really brings it to life,” says Johnstone, who adds that the videos also showed senior executives leading by example by putting the consumer at the centre.

A combination of proactive ‘cherry-picking’ and increasing the visibility of insights within the organisation – by spending time, face to face with the relevant teams – has resulted in stronger engagement from the rest of the company, which is rewarding, says Johnstone.

“People will come to us more than they would have done in the past, when it was more reactive. I think the team take a lot of reward from that,” he adds. “Being asked to give your opinions and views on strategy, even if it’s not your area, has been a journey for us over the past two years.” ■



DIRECTING ENERGY TO NEW AREAS

In late 2017, Shell established New Energies, a business focused on exploring the possibilities of innovative fuels for transport and renewable power.

To help its customers’ transition towards alternative fuels, Shell needed to understand more about their appetite for biofuels, uncover the challenges, and work out how it could help them overcome these. It also wanted to identify which customers are better positioned to make the transition first.

Shell worked with research agency Thinktank on a qualitative project in the UK, Germany, the Netherlands and California, to establish the attitudes, concerns and priorities of

small and medium-sized businesses. The researchers encountered widespread uncertainty about the future of alternative fuels.

Some business owners were concerned about the expenditure and effort involved in changing their fleets to biofuel vehicles and the need to be sure they could refuel everywhere. Others, while positive about the possibilities of alternatives, had considered making the shift to electric vehicles, but hadn’t yet found the right option.

Sabine Stork, founding partner at Thinktank, says the uncertainty over alternative fuels was compounded by a general climate of fear and uncertainty in wider society.

“The powers that be were slow-moving and indecisive; this led to an unsettled climate of procrastination, and impeded everyone from investing and planning for the future,” she adds.

When the researchers told respondents that Shell was leading the research, the reaction was positive, because customers felt it could guide them into an uncertain future. “The hope was that a big brand entering this space would provide the authority and muscle that seemed lacking to drive alternative fuels forward,” Stork says. “When a big brand makes a big change, it signals to its customers that it’s safe, and it’s real.”

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Innocent established the UK's fruit smoothie market as a quirky new entrant almost 20 years ago. Now it's trying to maintain that entrepreneurial spirit as it expands across territories and categories. By Jane Bainbridge

SMOOTH OPERATOR



Years ago, when innocent's fruit smoothies first hit our shelves, I visited one of the initial incarnations of Fruit Towers – as the company's head office is named – to interview one of its founders. It was early days; the three college friends who set up the business were running it with a handful of staff, and it was growing fast.

Innocent was the launch story everyone wanted to talk about. Unique, quirky, with an incredibly strong brand voice, it was the new kid on the soft drinks block, taking ready-made smoothies to the UK population.

Much has changed since then. Its founders are multi-millionaires, selling the business to Coca-Cola – first a stake in 2009, then the whole thing in 2013; some products have come and gone, while others have been revamped; and the company has expanded into fresh markets across Europe, with new headquarters in the UK.

When you enter Fruit Towers today, however, the original innocent spirit still emanates.

Teeming with achingly young, laid-back staff, with a fridge packed full of its products for staff and visitors alike – Coca-Cola appears to be leaving innocent to its own devices, at least as far as corporate culture is concerned. The innocent view is that they are 'connected not integrated'.

So it's not surprising that innocent has also adopted its own distinct approach to market research. Despite now being a company of 450 employees across 11 European countries, its consumer insight team is small, and sits within the group marketing team. It does some brand-tracking work courtesy of Millward Brown, but – with limited resources – it is selective about where it focuses its attention.

Jessica Vara, innocent's group consumer insight manager, explains: "We don't have a tick-box exercise here of how research is used. It is all very ad hoc. We look at which projects and business challenges are our bigger bets and we

look at where insight is going to have the most impact. We partner with people – whether it's our ideation team or our marketing managers – and we are key in the decision-making from the beginning." For instance, innocent launched a new brand positioning – 'On the bright side' – at the start of this year. Customer insight fed into that work, and has been integral to its communication and product development.

"We've a mission here to help people live well and die old," says Vara, "but when it came to our communications – and particularly as we're launching into new categories – we needed an overarching brand positioning, and to think about master-brand communications.

"Insight was really at the start and the heart of this, and we need to make sure it is being pulled through in the way we would expect. We're here to champion the consumer voice as we move forward into a world that is more developed than when we launched 19 years ago."

The brand positioning is, in some ways, a

response to the increasingly strong competition innocent is facing as it enters markets. From an insight point of view, Vara says, it is crucial to not become complacent and to show that "we are listening to our drinkers", whether that is through research or by inviting them to contact the company directly, through the 'banana phone' – its customer feedback line. "It's these things that help us stay small as we get big," she adds.

This is the crux of another interesting business challenge that innocent faces. As a deeply entrepreneurial company, it has grown rapidly, with its success built mostly on gut feel and intuition. That's all well and good when first starting out and creating a category, but what about when it is an international soft drinks business with a turnover of approximately £300m? How does the brand ethos stay strong and how can insight help in that?

"The first way we do it is with our office culture. We don't sit within our teams – we sit

Jessica Vara, group consumer insight manager, says innocent needed a framework to help it innovate



across the business, with other teams. It's not hierarchical at all; you could have a new starter sat next to our CEO.

"Insight is here to help give us the confidence in our gut feel. One of the key sayings around here is that, if you are 70% sure, go for it. There are certain projects where we might not think we need insight because there is enough knowledge in the room."

Being entrepreneurial is one of innocent's stated values – along with natural, responsible, commercial and generous – and, to preserve this, it decided to adopt a more rigorous approach to innovation. The aim was to balance insight and intuition, and it called on consultancy Brand Potential to help with the task as it looked to expand beyond its core customer.

"We knew we needed more structure and a framework – something to help us on that journey as we innovate and move into new categories, to give us the confidence in the decisions we were making. That formed the brief we gave to Brand Potential," explains Vara.

Chris Molloy, CEO of Brand Potential, says: "Innocent was doing research, but it tended to be further down the line, rather than a more upstream, insight-led approach. It didn't have a universal insight and innovation framework that everyone bought into and that engaged all the markets. To drive commonality and consistency, we needed a framework across all markets, albeit one that allowed for market nuances. That's why we focused on needs, because these are human needs that we all have."

To take a broad approach to consumer understanding and category dynamic, Molloy says a blend of different insight techniques – including ethnography, market immersion, online use and attitude (U&A) diaries, focus groups and qual – was used. "Even before we spoke to consumers, engaging its stakeholders internally was critical to this project," he says.

To bring the project to life for innocent staff, Brand Potential held an internal launch event

and branded the framework Springboard. "We created an identity around it to foster a sense of engagement and to position it as more than a research exercise. This is something that has longevity in the business. It's not about compromising the values and entrepreneurial ethos of the business, it's about giving it the foundations to build on – hence, calling it Springboard," adds Molloy.

Needs, based on psychological principles, were a vital component of driving innovation and creating a common language across markets. Among those identified were 'perk me up', 'treat myself', 'comfort', 'replenish' and 'nurture'.

Nurture, for instance, is central to innocent's mission of helping people to live well and die old, and is being used to move into new categories. This has already been seen with its dairy-free alternative products, such as almond milk.

"Needs were being used and referred to differently – and we see this quite a lot; some people were referring to needs as we define them, some were talking about occasions as needs, and others saw category drivers as needs," says Molloy.

"We had a big debate around health – is it a need, or a driver? In our view, it's a driver. It helps us shape our choice of soft drinks – we may have the same need in the morning when we get up and leave the house, but how we choose to fulfil that may be very different."

It was the focus group work and in-home immersions that helped Brand Potential get to the needs. "We also did interviews with people who are on the fringe of the category but can form a point of view on how it will develop in

the next few years. They are category commentators – opinion formers; they often have left-field points of view, but can look at how broader consumer and societal trends might impact on the category."

Molloy adds: "We came out of it with a set of needs, knowing where the brand currently anchors – where its heartland is – and prioritised growth opportunities."

Growth doesn't necessarily mean entering new categories; it can also involve growing existing categories, reaching new customers by meeting fresh needs within a category. For example, innocent's Super Smoothies, while still ▶

THE PLASTIC PROBLEM

The overuse of plastic packaging, along with a lack of recycling and responsible waste strategies, has been a problem for some time. However, thanks in large part to Sir David Attenborough showing a nation's TV viewers the stark reality of plastic waste polluting our oceans, it is suddenly a cause célèbre.

Soft drinks businesses are often big users of plastic bottles, and innocent is no exception. Where it is an exception, however, is in how long it has been on the front foot with this issue – sustainability has always been part of its strategy.

- Innocent started using recycled plastic in its bottles 15 years ago, in 2003
- All its packaging is fully recyclable, and it is a member of a plastic initiative led by the Waste and Resources Action Programme (WRAP) charity, with the Ellen MacArthur Foundation
- Its latest smoothie bottle is 50% recycled, 15% plant plastic
- Innocent's goal is to have 100% renewable bottles – that is, made from only recycled and plant plastic – by 2022.



▶sitting in the juices and smoothies category, could fit the 'energy kick' need, rather than the goodness aspect of 'nurture'.

"When we look at our Super Smoothie range, there are a lot of different ways that we can talk about it. We realised, if we're going to be really single-minded about what that key benefit is, the Springboard framework helped us decide that it's an energy proposition, and that we're able to talk about it in a really compelling way that made sense to drinkers," says Vara.

The Springboard innovation framework is based on Brand Potential's model Demand Finder methodology – incorporating needs, people segmentation, trends and performance data to identify where innovation opportunities for the business lie. By building this framework, innocent can maintain its nimble and fluid innovation culture, while gaining consistency and structure across markets and categories.

One thing that stood out for Molloy from this work was that innocent has a right to play across all category needs, because of the strength of the brand and its core equities.

Vara adds: "By looking into each of these needs, we could see the fundamental reason why people would pick up a drink – we'd be able to explore what that really means to people. What they would expect from this world, and what kind of categories are playing in this space already. If we were to launch something within that space, how would we execute it? What kind of product would that be and what packaging would consumers expect?"

"Now, as we start any kind of innovation or renovation project, we're really clear about what need we're meeting, and some of the things we can do within the space that mean it's answering a consumer need."

In France, innocent has just launched a range of gazpacho soups, which is an entirely new category for the business. There are no plans for a UK launch at present.

Since innocent started, there have been many changes in this sector – from the advent of food bloggers, increasing interest in vegetarianism and veganism, fasting diets, alcohol consumption and greater awareness of food provenance. We have also seen the rise of convenience culture, food poverty, and alarming rates of obesity. Some of these macro trends have a direct impact on innocent and, internally, it has a group of trends champions, of which Vara is one. The company spotted the veganism trend a couple of years ago, and –

THE BIG PEEL

When Jessica Vara, group consumer insight manager, joined innocent two years ago, one of her first objectives was to bring the consumer to life across the company, including the board. "I'm the champion for that, internally," she says.

Vara worked with market research agency Razor to introduce The Big Peel – breakfasts where innocent's board team could sit down with consumers in each market, to better understand their behaviours and challenges.

"It was a sort of innocentised focus group. Sitting people down in a boring room behind glass doesn't work for us. It's more important that people can ask the questions that they've had in mind. It feels a bit more immersive and who we are," explains Vara.

The second stage was targeted at the marketing teams, who were invited to a consumer pop-up dinner across innocent's priority markets – the UK, France and Germany. The aim was to

ensure they thought about the behaviours and challenges they encountered from a company-wide and brand perspective, rather than just as a localised issue.

"We got them to play little games and then come together in a big workshop with the marketing teams from across the different regions, to discuss the key challenges and implications for the brand," says Vara, who believes this approach has helped innocent with its innovation pipeline and its new product development.

"I can't talk too much about what we're looking into launching, but it validated some thoughts and ideas. Also, it helped us understand where we are in terms of innocent's life-stage in each of the markets – whether we're ready to launch into certain new categories or not."



from that insight – it moved into the dairy alternatives market.

Within this category, competition can come from all directions. The focus on health can clearly benefit innocent, but – as people look to increase their fresh fruit and vegetable intake – brands such as blender Nutribullet have also thrived as rivals to innocent, as people make their own smoothies at home.

This does not deter the brand, and Vara concludes: "If our mission is to help people live well and die old, we know that smoothies and all the ingredients that go into them [are beneficial], so the more people drinking smoothies the better. We can offer convenience." ■



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COMPASSIONATE CAPITALISM – A MOVEMENT, NOT JUST A BUZZWORD

BUSINESSES SHOULD ADOPT MORE STRATEGIC PHILANTHROPY TO NOT ONLY HELP OTHER ORGANISATIONS, BUT ALSO THEIR OWN LEADERS AND NEW RECRUITS, EXPLAINS IPSOS' JUDITH PASSINGHAM

The world around us is changing. People are growing more aware of their social footprint, and as the next generation of leaders take the reins at research agencies, the importance of strategic corporate philanthropy and compassionate capitalism moves higher up the agenda.

Compassionate capitalism is defined by three main characteristics: conscious leadership, social purpose and compassionate culture. The concept has been around for a while, but the arrival of millennials and Gen Z into the workplace means companies are

having to revisit their commitment to corporate responsibility. As well as uniting colleagues behind a common purpose and attracting talent, philanthropy programmes help build a more compassionate capitalism that works for everyone. They have the power to create more inclusive and fair opportunities that can – in turn – diversify the labour market, boost leadership skills and build a workforce fit for tomorrow.

Compassionate capitalism is, therefore, critical to the future success of the research sector and gives companies a competitive advantage when it comes to retaining talent – because younger workforces increasingly favour businesses that are socially active. They want to work for companies that stand for something bigger than themselves, and this can be realised via strategic charitable engagement.

At Ipsos, we're constantly implementing measures that stand us in better stead from a social responsibility perspective, and this is one of the reasons I joined Pilotlight seven years ago.

Pilotlight is an organisation that offers managed, skills-based volunteering programmes to companies. It recognises that business members are time poor and skills rich, and the usefulness of employing those skills effectively. It uses its expertise to match charities with business leaders, who subsequently coach the charity leader to plan for sustainability, development and growth.

When a partnership is successful, the benefits are mutual. The programme has helped me develop my skills outside the usual day-to-day research environment, giving me renewed focus and perspective, professionally and personally. The charity, meanwhile, can come away with a plan that will enable it to thrive.

To put the employee benefit into perspective, 79% of Pilotlighters – the organisation's business coaches – reported higher job satisfaction after taking part in the programme last year, and 70% said the initiative had complemented their career development.

In terms of delivering a meaningful benefit to charities, 98% of charity CEOs reported having a greater strategic vision after taking part in the programme and increasing the number of people they help by an average of 52%.

These statistics reveal the wider benefits linked to compassionate capitalism and why companies need to place corporate philanthropy initiatives centre stage. If businesses ignore their wider commitment to society, they will arguably put themselves on the back foot, and struggle to attract the 'social justice warriors' among us.

Of course, there's a learning curve involved and hurdles to be overcome when taking part in planned charitable programmes. You'll probably come from a fast-paced, corporate setup, where decisions need to be made quickly – but the charity sector has its own pace, and you need to accommodate that. You'll want to jump in headfirst with all the ideas you have, but it's important you take a step back to understand the charity's key priorities and strategic direction. You need to get to the heart of their mission and their objectives before you can mentor them.

That said, by bringing together the skills and expertise of two very different sectors, you can enhance the social impact and business effectiveness of both parties. Those who participate can develop and learn new skills – as simple as

knowledge-sharing in a new sector or as critical as honing their leadership capabilities.

Just as importantly, it allows research people to increase their engagement with the charity sector and end up with better insight into what's going on in the real world. It lets them understand the impact of government policies on those who are less fortunate. Smaller charities are often affected by government cuts and spending, which means engaging with them is a fantastic way to understand what's happening in the economy. I've used that knowledge – and experience gained from these insights – in my own progression.

A couple of years ago, I worked with a cancer charity to help streamline some of the processes it had in place. It was a slow burn to start; you can't just jump straight in and do everything yourself. You need to work with the charity leader and fellow business executives to get to the root of the problem before you can solve it. It's a change in pace, but it can be a real breath of fresh air for those used to the corporate setup.

Of course, people involved in research are incredibly busy. There needs to be dedicated time and resource – and a programme that lets them partner with a charity in a structured way – if compassionate capitalism is to thrive. But it can be done, and it's undoubtedly worth it for everyone involved. ■

Judith Passingham, is CEO of Ipsos Global Operations and Ipsos Interactive Services

MANAGING EXPECTATIONS

DO MANAGEMENT CONSULTANCIES REPRESENT A THREAT, AN OPPORTUNITY, OR SIMPLY A WAKE-UP CALL TO THE MARKET RESEARCH INDUSTRY?
KATIE MCQUATER

The march of the management consultancies has been observed throughout marketing industries in recent years, and research is no exception. With their scale and C-suite level client relationships, these relatively new entrants to the insight space are, undoubtedly, making their mark on the industry – and whether agencies see them as a threat is a matter of some debate.

Consultancies have been conducting various forms of research for a while – McKinsey, for instance, has been funding management research since the 1950s. Recently, however – as client marketing budgets become stretched and marketers need to justify every penny

of spend, while simultaneously attempting to understand more about what customers want – consultancies such as Accenture, KPMG and Deloitte have gradually taken on more of the work traditionally done by agencies.

The most tangible evidence of the trend is consulting firms acquiring agencies, mirroring their attempts to bolster their expertise in the advertising industry by buying creative agencies – Accenture's 2016 acquisition of Karmarama is an obvious example of art and science colluding. In the research industry, KPMG notably acquired customer experience agency Nunwood in 2015, while Optimisa Research was bought by PwC last year to bolster its existing insight business.

It's not just about making strategic acquisitions, however. Consultants are increasingly competing with agencies for some of the more traditional briefs, as well as making their way on to the global roster frameworks, particularly for public sector work.

"The importance of insight and customer understanding has increased massively as organisations have

identified it as a competitive advantage," says Richie Jones, director of partnerships at Omnicom-owned C Space. "Management consultancies have sat at the top table for many years, helping organisations in a lot of the ways in which they traditionally made decisions – based on money, headcount and market analysis. Those organisations have realised, if they want to be truly competitive and make better products and services, they need to include the consumer."

While consultancies have a background of leading clients through organisational change, market research has historically been a small slice of the marketing pie, and agencies haven't always had the same level of access within the client organisation. As a result, consultants can include research as part of a wider offering, says Adele Gritten, managing director at Future Thinking, who says she is aware of one project the agency has lost to a consultancy in the past six months or so.

She doesn't think consultancies can offer much more than agencies, however. "Their luck, or their USP, is because of the consulting generally being at board level within organisations, it makes it

easier for them to piggyback and put market research as a bit of a 'me too' to that overall offer."

Barbara Harvey, who heads up Accenture Research, says it would be very unusual for the business to conduct stand-alone research for clients. "The work we do, 99 times out of 100, is part of something much bigger – it is a research component of something that we are doing elsewhere. We wouldn't work as an agency, just doing a piece of research for a client – and that's how it should be. Otherwise, we don't really offer anything new or different from what an agency can offer."

The division, comprised of 260 researchers in 23 countries, has three groups of people – those with sector/industry expertise, subject expertise, or deep skills in a technique, such as data science or economic value modelling. On any given project, it will pull in people from these three teams, plus secondary research with agencies.

Consultancies' familiarity with large-scale business challenges also stands them in good stead. Nick Bonney, who has held various client-side insight roles including at EE – and was most recently managing director at ABA Research – says consulting firms are adept at speaking the language of business.

"The stakeholder interview is a key part of everything they do," he says. "I don't think I've ever seen a consultancy-led project where they haven't gone around the business, spoken to all the senior people and understood the lay of the land before they start."

This aids relationship building and means they can position recommendations while fully understanding the challenges and landscape of the business they are selling in to.

"Consultants talk in pounds, not in percentages. They are good at talking the language of the business, so have a sense of authority," adds Bonney. "Agencies, particularly those that position themselves as championing the customer point of view, are very good at talking in consumer language, but maybe aren't as good as talking the language of the business."

With many clients becoming more source-agnostic when it comes to data, and more interested in tying different data sources together, the consulting business model also has an upper hand. Consulting firms were early adopters of ambivalence around data sources, and have the ability to turn large amounts of data into a strategic approach, rather than talking about methodologies.

EVOLUTION OF THE AGENCY

Some agencies, of course, have already moved away from the siloed approaches of old and towards more consultancy-led services, in a bid to move further upstream. Many now even shun the term 'research', preferring 'strategic consultancy' or 'insight consultancy' as a better descriptor for work with wider implications for a business.

Consultancies might be snapping at their heels, but there's nothing to stop agencies biting back, suggests Ben Page, chief executive of Ipsos Mori. "I don't think this is a life-and-death crisis for the market research industry – simply because it works both ways," he says. "As consultancies are moving into research, there's nothing to stop market researchers moving into consultancy if you've got the right skills."

This is what Ipsos did, Page says, by launching its evaluation business. "We

noticed that consultancies were paying us to do data collection – so we decided to do some of that work ourselves, and we have. For market research, yes, there are threats – but, actually, the same things that are creating the threats in our market are also creating opportunities.”

While agencies, historically, might not have the top-level access boasted of by consultancies, Bonney says they should look to forge relationships within client organisations beyond just the research buyer.

Part of the difficulty with this is that research, generally, forms a small proportion of overall marketing budgets, he says.

“When consultancies sell in, they don’t talk about what it is – they talk about the benefit of the approach, and they sell to people who hold the purse strings. So they can open up access to budgets that, previously, may not have been there. If you’re talking to the chief executive and they think it’s important, they’ll find the money.”

Irrespective of the arrival of consultants, the industry is undergoing seismic change, driven by technology. On the one hand, client companies are using more of their own data to understand customers. However, the rise of software platforms – and the arrival of automation – are also threatening disintermediation between research buyers and agencies, as DIY research and automated online sample becomes more attractive to clients.

“The big traditional market research companies – with exceptions – are relatively slow at embracing innovation,” says Accenture’s Harvey.

“If I look at who’s coming to me with things that make me say ‘wow, I want to try that,’ they’re not the big research companies; they are small start-ups offering things that are really fast, with very big sample sizes and cool data visualisation.”

As a result, the skillsets needed to succeed in research are becoming more diverse. Complex data analytics are in high demand in agencies, but – according to research recruitment consultant Sinead Hasson, founder of Hasson Associates – graduates with these talents are more attracted to the perceived higher prestige of professional services.

“At an entry level, it’s a lot to do with money,” she says. “Graduates are pretty confident they’re going to earn a lot more working as a management consultant. It’s also status; if you say ‘I’m a management consultant’, it has a lot more kudos.”

ADDING STRINGS TO YOUR BOW

Future Thinking’s Gritten speaks of the need for agencies to have “polymath skills” – for instance, account managers being more abreast of technical aspects – if they are to sustain the industry. She also predicts there will be more consolidation as agencies look to bolster their existing offer in areas such as data science – an approach Future Thinking took in 2016 with the acquisition of Bulgarian data company GemSeek.

Perhaps the future lies not in a battle for influence, but in acceptance that the parameters for success are changing. Daniela Fernandez, managing partner at The Leading Edge, which recently retitled its leadership team to move away from methodology-specific job titles, believes the blurring of lines between agencies and consultancies is a positive thing for the industry, and will lead to greater competitiveness, reach and impact.

“Both sides can and should learn from each other – research without a strategic mindset gets shelved, and strategy that has no consumer or client insight behind it can take you down a completely wrong path,” she says.

For this to happen, Fernandez adds, both types of business need to evolve to have greater niche skills – such as ethnography or neuroscience – or the ability to merge strategy, advertising, quant and qual. “It’s all about creating teams with the right combination of skills.” ■



Animal spirits stir

Sweeping aside negative business surveys and weak consumer trends, the stock market hit an all-time high of 7,859 in the third week of May – up almost 1,000 points from the year’s low of 6,866 at the end of March. So much for the old stock-market adage, ‘Sell in May and go away, don’t come back ‘till St Leger’s Day’.

GDP growth of just 0.1% in Q1, the weakest in five years, pushed back expectations of a May interest-rate hike. Economists blamed the ‘Beast from the East’ and a fall in construction activity because of extreme wintry weather. Sterling dropped and the dollar rallied by 7%, from \$1.44/£1 in late April to \$1.34/£1 by early May. With 70% of FTSE profits dollar-denominated, the market duly rose alongside the world’s reserve currency.

The market was also buoyed by a rising oil price, which lifted leading FTSE companies BP and Shell. The oil price hit \$80 a barrel in the third week of May, the highest level in four years. With Saudi Arabia due to launch state-owned oil company Aramco on the stock market in 2019 (at a rumoured \$2tn valuation), it is unlikely to fall back far.

It was not the mighty greenback and the higher oil majors alone that propelled the market inexorably forward. The ‘animal spirits’ also stirred, in John Maynard Keynes’ famous term used to explain financial and buying decisions in conditions of uncertainty.

Geopolitical uncertainty abounds domestically – with fears of a hard Brexit or a Marxist Corbyn government – and internationally, with US threats of trade wars and tariffs, an ever changing position toward North Korea, political uncertainty in Italy, and the risk of a crisis in Turkey.

The synchronised global economic recovery enjoyed in 2017 has stalled, with growth in Europe slowing down



“We are in the matrimonial phase of the cycle”

markedly. At home, economic signals are mixed and confused: on the one hand, employment hit an all-time high of 75.6% in Q1, pay growth was 2.9% and inflation fell for the second consecutive month, from 2.5% in March to 2.4% in April; on the other, the GfK consumer confidence barometer fell to -9 in April against -7 in March, gross mortgage lending was down -2.3% in March, with total approvals 15% lower, and Visa spending down -2%.

Against this backdrop, bond yields have risen over the past year, with a positive impact on FTSE 100 pension funds. These have swung back into the black for the first time since the financial crash of 2007, with a £4bn surplus in 2017 reversing a £31bn deficit in 2016. The surplus has continued to grow and stood at £20bn by April 2018. Healthy company contributions, strong investment growth, and changes in the approach to longevity and discount-rate assumptions – which largely offset the impact of worsening financial

conditions – helped improve things. In contrast – and not surprisingly, given the £60bn of unsecured consumer debt (50% on zero-rate credit cards) – the household savings ratio fell from 7.0% in 2016 to 4.9%, the lowest in more than 50 years.

This goes some way to explaining why, for example, the total profits of the UK’s top 100 restaurant groups fell by 64%, from £345m to £125m, in the past year. Rising wages, food inflation, intense competition and over-supply of casual dining restaurants are also partly to blame.

Similarly, the high street has fallen prey to a perfect storm of squeezed consumers compounded by discount sellers at one end and online retailers at the other, with rising business rates, national minimum wage costs and rising foreign exchange in the middle. Which brings us back to those ‘animal spirits’ that have lifted the market in times of uncertainty.

Just as every Shakespearean comedy culminates in a wedding, so do bull markets. We are now in the matrimonial phase of the cycle, with merger mania sweeping the market. Not a day seems to pass without another union, deal or mooted marriage. Four were announced on a single day in mid-May – the takeover of ZPG (formerly Zoopla) by Silver Lake; Virgin Money by CYBG; Shire by Takeda; and Vodafone’s acquisition of Liberty Global’s European cable networks – along with three private equity approaches to IWG (formerly Regus), the world’s largest serviced office provider. This was followed by Ocado sealing a deal with US supermarket chain Kroger.

Not until the ensuing bear market will a Shakespearean tragedy unfold, and the flawed hero take centre stage. As the old saying goes, tragedy is comedy plus time. ■

Lorna Tilbian is former executive plc director and head of media at Numis Securities

COMMUNITIES ARE BEING ESTABLISHED IN THE DIGITAL WORLD WITH EVEN STRONGER EMOTIONAL CONNECTIONS THAN PEOPLE EXPERIENCE IN THE PHYSICAL WORLD, AS LIGHTSPEED'S MITCH EGGER'S EXPLAINS TO JANE BAINBRIDGE

SOCIAL SPACES

Who are your neighbours? Are they the family living next door, the old lady over the road, or the commuters traipsing by your side to the train station every morning?

Or, in a digital world, do we need to rethink our notion of neighbours? Perhaps our relationships are stronger with people not physically close to us, but digitally close to us.

With the rise of smartphones, Mitch Eggers, chief scientist at Lightspeed Research, began to think about the way people are migrating to digital communities or neighbourhoods, where our innate desire to fit in is just as strong as in the physical world.

In 2017, eMarketer put the number of smartphone users at almost 2.4bn, an increase of more than 10% on the previous year. By the end of 2018, more than a third of the global population will be using one.

"The developed economies led the charge, but as smartphones became

more affordable, along with access and an extraordinary set of offers in the app stores, the entire world migrated to smartphones.

"What struck me was that we were not all migrating to a similar place – we were migrating to a place we constructed based on our values, beliefs, needs and individual proclivities. We were migrating to places and experiences where other people who sought those same experiences were migrating."

He cites activities such as Pokémon, where players can be in the same physical location but focused on their devices, rather than on their environment. "It is clear there is a digital experience in that particular

place more compelling than the analogue interactions also available. Often, our mix of beliefs, preferences and Pokémon needs are special combinations of politics, media, entertainment brand preference, and online community participation."

So what was the tipping point at which digital neighbourhoods could be clearly identified? Eggers says the building blocks were email and domain names – "they were the early tools of finding and remaining connected to people, spread across far-flung geographies, who hold some form of shared interest or point of view."

But Eggers says it was the release of the Apple iPhone, with its touchscreen and choice-based app store, that really presented the crossover point to forming digital neighbourhoods.

"The combination of a large range of possible experiences, extraordinarily high rates of adoption, easily personalised and customisable experiences, and fully mobile connections meant we could all reinforce our existing relationships and social interactions," he says. "We could also construct a new place – all digital – where we could enjoy a new type of community and alternative sense of belonging."

Social networking sites have further built on this, beginning with Myspace.

"In 2006, more people visited Myspace than Google – and at the dawning of 2017, 1.8bn online digital neighbourhood builders chose to include Facebook as part of their constructed experience."

In both the real and virtual worlds, people demonstrate a wide range of behaviours in the way they connect with each other. However, the digital world allows you to customise and shape your neighbourhood to suit your preferences. "In the real world, a person can avoid or embrace another

person or local establishment, but they can't just create the yoga studio they want, or the shopping experience they desire," says Eggers. "Similarly, they can't generate a line of people at their front door who are interested in dating them."

"Also, oddly enough, a person in a metropolitan area can travel to a bar and enjoy a potentially high degree of anonymity. In their digital neighbourhood, they may not have anonymity given all the digital breadcrumbs left behind as they navigate their constructed worlds of Instagram, Pinterest and Facebook."

Characteristics of digital neighbourhoods include behaviours, tastes, preferences and demographics; however, Eggers points out that the way we present ourselves in them is frequently only a slice of ourselves, and not the whole person.

"We often only present a good vacation moment, a nice plate of food, an exceptionally fun time or nice view. We can also collect and connect to a much larger group of people who want to belong to a digital slice or subculture. Those who like an indie pop artist – or who want to protest a coal terminal – can all be reached out to, collected and mobilised. We can find our like-minded people and connect, based on a narrow, unidimensional motivation or relatively uncommon interest."

Of course, real-world neighbourhoods evolve as people move in and out and have changing lifestyle needs; do the same shifts apply to digital ones? According to Eggers they do, but the changes are more dramatic.

"The major difference is probably the speed of joining and dropping, the degree to which an individual can precisely tune their experience to their preferences, and the rate at which any given experience evolves to better meet the needs of the ecosystems' inhabitants," he says.

For brands and marketers, it is vital to understand how this digital behaviour works, as people "self-cluster into membership and experience groups".

Brands should be aware of two important features: "First, our membership often reveals key information about our tastes, interests and needs," says Eggers.

"Second, nearly all the building blocks of digital neighbourhoods offer an advertising mechanism to reach refined, well-defined audiences – at least audiences far better defined than anything available historically. There is a reason why digital advertising technology and budgets are evolving and shifting rapidly. That is where the people are."

Brands looking to identify those most akin to their customers, and tap into them, can research their current customers to better understand their motivations, purchasing paths and habits. They can also use quantitative models, which, says Eggers, can help client marketers "find other people who are lookalikes – doppelgangers – to their current customers".

"These receptive audiences can be programmatically or algorithmically served an ad that is more likely to be relevant to them. It is these types of techniques that have made Google and Facebook advertising juggernauts, and allowed vast swathes of the population to use and enjoy Facebook membership and internet search for no charge," he adds.

Understanding digital neighbourhoods – and recognising what they give people that real-world communities don't – is going to be vital for brands in future. Platforms may evolve, but the convenience and reach in allowing people to come together for shared experiences, news, entertainments and politics shows no sign of abating. ■



RICHMOND

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View from Silicon Valley

Tech companies will often happily receive visitors from other businesses eager to understand what makes them so different from their own. Quite often, these touring executives visit various tech firms' HQs scattered throughout the Bay Area, pointing out ping pong tables and taking photos of kooky office features that have come to epitomise (or even satirise) the tech industry.

Always though, there's the same question at the heart of these trips: how can an established business change to be more disruptive or more agile than their competitors? It's a serious question for the research industry too. Firms often have to move faster than the speed of research and that forces them to look elsewhere for help. So, if you ever find stakeholders or clients asking the same questions about how to be faster or more innovative, point them to one thing: culture.

This is not about suddenly embracing an initiative such as Google's '20% time', the idea that you need to spend a portion of your working hours on a side project that might become a valuable new proposition for your employer. Culture is defined by more than that. Specifically, there are two cultural pillars that tech companies prize and that I would encourage other brands or research teams to explore.

Commit to constant experimentation

Facebook's oft-quoted mantra is 'move fast and break things'. Similarly, emblazoned across the wall of every Twitter office are the words 'innovate through experimentation'; a variation of this is similarly embedded in the DNA of all companies in the tech sector.

At every level of the firm, in every



"Success can act as a disincentive to experiment"

function and every location, you are expected to tweak something, to try something new, or to stop doing something to see what happens. The effects of these tests are rigorously analysed to understand what is beneficial to consumers and the business.

There are dashboards that anyone can access to see the live results of the thousands of experiments running across the product at any given time. This mentality of testing and learning can be enormously effective in helping research teams innovate.

The next time you look at a research plan, try to see where you could test something. Use a different question wording for 10% of your sample and see if that reveals interesting quirks or biases in how consumers answer. Vary incentives, subject lines in emails, or try a different workshop technique on a focus group.

Write an experimentation plan that runs throughout your project plan. Start debriefing not only the

results of the research, but the results of these experiments too. The cumulative impact of constant experimentation will not just be deeper insights into how consumers behave in research studies, but also discovering new approaches and methods to help optimise your projects or business operations.

Adopt a growth mindset

A few years ago, Jack Dorsey bought every Twitter employee a copy of Carol Dweck's wildly successful book on 'growth mindsets', to ensure the entire firm understood what the culture of the company should look like.

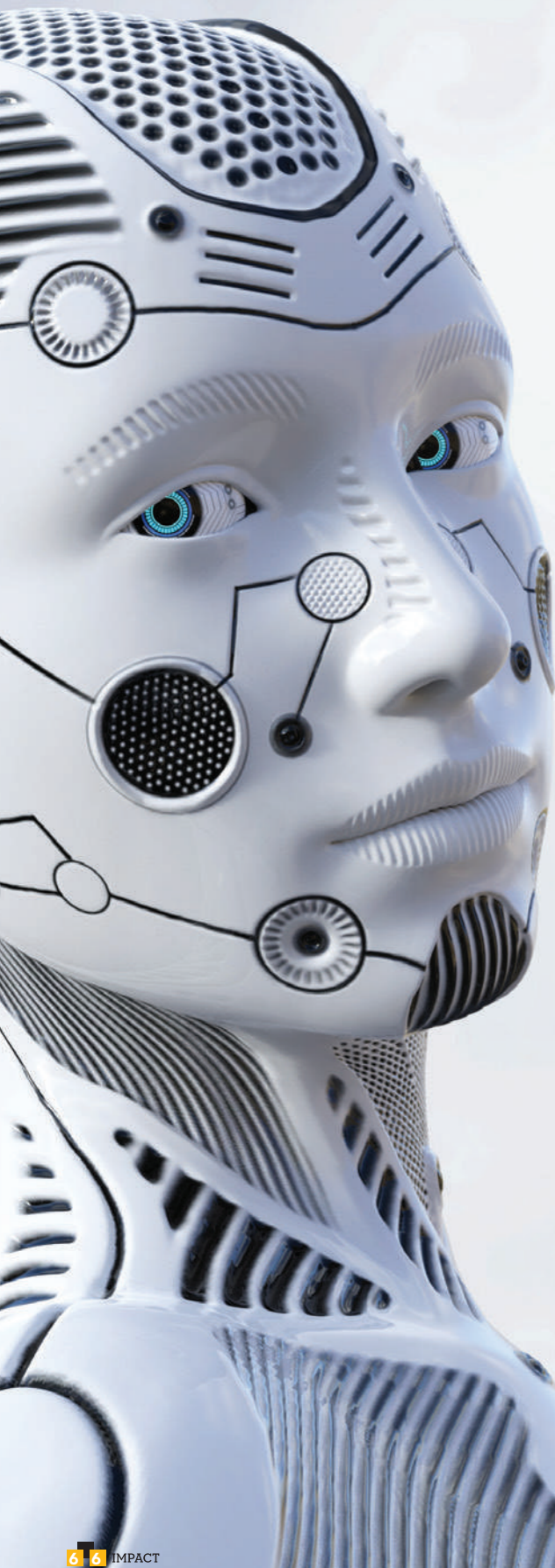
This is an essential companion to constant experimentation. Simply put, it is critical not to view the results of experiments as either successes or failures. Embracing a growth mindset is to view all we do as simply opportunities to learn and grow as individuals and teams.

Creating an aura around success can act as a disincentive to experiment if someone thinks they might fail if they try something new. Only by neutrally analysing and learning from the results together, before moving on to the next test, can you truly encourage everyone to embrace experimentation.

Together, these two concepts work to create an environment where people feel free to innovate, where you constantly optimise your work and exponentially increase the knowledge base of your team or business. This is what defines tech-company culture more than the ping pong table.

Try them on your next project and let me know how you get on @mdtaylor.

Matt Taylor is consumer insight lead at Twitter



NOW YOU'RE TALKING

CONVERSATION HAS BECOME THE NEXT FRONTIER FOR BRANDS, WITH CHATBOTS BECOMING MORE POPULAR AS A TOOL FOR CUSTOMER RESEARCH. BY **KATIE MCQUATER**

Artificial intelligence (AI) now underpins many of our daily interactions, whether we realise it or not, and brands are increasingly tapping into AI to improve their services and communicate with consumers.

The global chatbot market is expected to reach \$1.23bn by 2025, according to a September 2017 report by Grand View Research. Chatbots – which allow companies to converse with individuals via online platforms, such as Facebook Messenger, or within a website directly – are also broadening the rules of engagement for research.

As people become increasingly familiar with communicating with brands via chatbots, marketers are turning to these interfaces to conduct surveys and gain insights from interactions with consumers. More than just a gimmick, chatbots, when used in the right way,

have the potential to transform how research is conducted in future – from improving participant engagement and informing the 'System 1' approach to research, to reducing costs.

"We're seeing organisations tapping into Facebook Messenger to run extensive quantitative surveys, but this could only be the start of what's possible," says Catherine Crump, chief executive at insight consultancy FreshMinds. "As chatbots become more sophisticated – moving beyond fixed responses to a limited range of questions and, instead, using AI to learn intelligently and respond to the inputs they're given – we see their applications extending to qualitative research."

AUDIENCE INTERACTION

Querlo, an AI start-up that uses IBM's cognitive intelligence, Watson, has moved neatly into this space. It has a platform that allows brands to use chatbots to interact with audiences for customer experience and insights purposes, and is being used for B2B and B2C research.

The company builds custom chatbots and conversational AI solutions that are designed to be embedded within websites. Text analysis pinpoints specific words in the conversation, so marketers can gauge the individual's sentiment and emotion. Gamification can offer users incentives, such as rewards.

To date, the technology has been used by companies such as HSBC, Unilever, Pepsi, Tetra Pak and Lavazza.

"Brands need to take control of market research in an intelligent way," says entrepreneur and philanthropist Francesco Rulli, Querlo's founder. He says "nimble" strategies, such as chatbots, could be used more to help marketers compare and bolster research findings, particularly when the costs are high in terms of time and spend to build panels.

"If you just spent \$100,000 on a research project that took you two and a half months, why not spend a couple of thousand dollars doing a side-by-side

evaluation of what people are talking about – so that, if you see major discrepancies, you can sit down with the research company and analyse why they are there."

HONEST CONVERSATION

With heightened awareness around personal data after the recent furore involving Facebook, Rulli believes brands could use chatbots to establish an honest conversation with consumers about the value of their data and how it will be used. "Companies can have a very direct conversation and say, 'if you answer my questions, I'm going to use this data in a certain way'; or 'I'm going to reward you for the information you share with me'." He suggests developing an approach that is akin to the way airlines reward frequent flyers, with the number of points clearly visible when making a booking.

One problem is the sense that chatbots are preprogrammed with answers, rather than having a genuine conversation, but – as AI evolves – platforms are becoming more sophisticated in mimicking language and responding intelligently.

Khaled Ismail, vice-president of communications for Europe, Central Asia, Middle East and Africa at Tetra Pak – which worked with Querlo to build chatbots for B2B research – says: "It was a novelty in the beginning, especially when you're dealing with customers and people whose opinion you want. But, with AI included in it, you have something so smart it makes it intriguing to see what the next response will be."

"We're trying to use it to capture information in an interactive way, so that the person on the receiving end feels they are not just responding to a survey." But, Ismail adds: "It's all to do with how much you invest in it – it can be basic, or you can make it really witty and interesting."

A 2017 study by Michigan State University and YouGov found that participants rated an overall survey experience more highly when they took it via a Facebook Messenger chatbot, on their smartphones, compared with the typical YouGov, web-based survey platform.

Surveybot, a platform that allows businesses to create their own chatbot surveys for Facebook Messenger, has benefited from the behavioural shift towards chat apps among young people, according to its founder Liam Houlahan. "People spend more time on messaging apps than on social media, and email response rates are no longer what they used to be, especially for younger demographics."

One example of this is Surveybot's work with a media company to survey its radio station audiences about song choice each week. "One of the stations at this company had a huge problem with their audience no longer responding to their email-based surveys. This station has a very young target demographic [18- to 25-year-olds]." Houlahan claims the brand fulfilled its research quota within the first week, going on to test 40 songs every week using the platform.

PARTICIPANT DIVERSITY

Other Surveybot clients range from large corporates – which use the technology for internal human resources surveys and event registrations – to research agencies conducting field work and retailers capturing feedback data while shoppers are in store. According to Houlahan, the chatbots also achieve a greater diversity of participants, by reaching people in a space where they are already spending time.

Beyond respondent engagement, chatbots could also have bigger implications for the way the insight function works within organisations. "Imagine how powerful it would be for employees across an organisation to have access to an insight chatbot, able to scour previous research studies and give instant answers to stakeholders' most pressing questions," says Crump.

"It would help to raise the profile of the insight function and ease the administrative burden, allowing client-side insight professionals to focus on the context, commercial knowledge and counsel that's needed to help senior stakeholders make key decisions." ■

CAN WE HANDLE THE TRUTH OF EVOLUTIONARY PSYCHOLOGY?

PETER TOTMAN ARGUES THAT THOSE RESISTANT TO, OR UNFAMILIAR WITH, EVOLUTIONARY PSYCHOLOGY SHOULD LOOK IN MORE DETAIL AT THIS STRAND OF SCIENCE



The way the research community has embraced behavioural economics (BE) should auger well for evolutionary psychology, the next step up the meaning ladder. It even adopts a more respectful tone than BE, explaining that all those biases – far from making us ‘morons’ – made perfect sense when we lived the hunter-gatherer dream.

Evolutionary psychology offers insight into our behaviour, but goes beyond what planner and BE specialist Nick Southgate calls “mapping the shallows” – shedding light on our deepest feelings and motivations. Yet there seems to be a limit to our curiosity. Mention evolutionary psychology in polite research circles and there will be blank stares, awkward silences – even angry, offended eyes.

I want to examine the nature of this resistance before exploring the benefits of overcoming it.

THE EVIDENCE CHALLENGE

While most people accept the basics of evolution, ‘cognitive creationists’ argue that its impact on the brain is limited. Why wouldn’t we accept that the principles of evolution work on our brains as well as our bodies? The answer may be because it leads to inconvenient conclusions.

Word count, superficial knowledge and intellectual shortcomings prohibit me from exploring some of the more credible challenges to evolutionary psychology here. Debates as to whether it qualifies as a science or a social science should not deter engagement. Researchers are, after all, bricoleurs who use different perspectives to seek new insights; we are not scientists looking for absolutes.

THE METHODOLOGICAL CHALLENGE

Evolutionary psychologists talk about proximate and ultimate causes. Proximate causes are those we can easily articulate. Ask someone why they buy an expensive watch and they may point to the craftsmanship – but the

‘ultimate’ cause may be to signal status. Both could be ‘true’ of course, but only the proximate motive may be readily accessible to the individual. The challenge of unconscious motivation is a familiar challenge to researchers using BE.

Pre-BE qualitative is often falsely seen as ‘ask and tell’ research. It was, in fact, developed to answer the deeper questions that consumers – and quantitative research – could not answer directly. ‘Good’ qualitative researchers have always been alert to signs of rationalisation, cognitive dissonance, physical ‘tells’ and verbal clues (‘Freudian slips’). Projective techniques were pioneered to explore unconscious or undesirable motivations. Some ultimate causes may still be beyond our reach. Life-history theory argues that we become sexually active earlier if raised in risky environments. How on earth do we access that?

Work needs to be done to explore what ultimate causes are accessible through ‘questioning’ or techniques. We are a more creative profession than we give ourselves credit for; however, there will be value in simply factoring evolutionary psychological thinking into our analysis and interpretation.

THE POLITICAL CHALLENGE

Political discomfort is the real barrier. However, much political criticism of the discipline is based on real or wilful misunderstanding. The Social Darwinism of Herbert Spencer and others attempted to extrapolate the concept of ‘survival of the fittest’ on to groups and race, and was used to justify colonialist – even racist – beliefs in the late 19th and 20th centuries. Modern Darwinism focuses on the ‘deep unities’ obscured by cultural differences – and denies group selection. Evolutionary psychology is the antithesis of racism.

Modern debates about evolutionary psychology can stray into culture-war territory. As psychologist Stephen Pinker points out in *The Blank Slate*, much of modern culture, education and

media assumes people are shaped wholly by environment and that human nature is a myth. In fact, evolutionary psychology is subtler than portrayed, arguing that we share a universal human nature that finds many and diverse cultural manifestations.

Most tricky of all is gender difference. Evolutionary psychology recognises the genders are more alike than different, but argues reproductive and parenting roles (inevitably) mean significant differences in psychological make-up. In the current zeitgeist, claiming such innate gender differences is sacrilegious to many.

These critics often fall prey to the naturalistic fallacy. Evolutionary psychology describes how things are and not how they ought to be. Nor is it deterministic; we always have a choice, and this is helped if we can distinguish between reason, morality and our instincts.

WHAT ARE THE POTENTIAL BENEFITS OF OVERCOMING THESE CHALLENGES?

Some evolutionary psychology (especially around status and signalling) will be familiar to qualitative researchers of a certain vintage, trained in psychoanalytical thinking. Indeed, some have noted the similarity between the traditional Freudian unconscious and the model emerging from evolutionary psychology. Robert Wright, author of *The Moral Animal*, notes that, like evolutionary psychology, “Freudian thought finds sly unconscious aims in our most innocent acts”. Both can be contrasted with more pragmatic BE language of heuristics and biases.

Here are a few aspects of evolutionary psychology that a researcher might find interesting – some have tangible methodological implications, others can help us understand people (and ourselves) better.

- Our sense of a single self is an illusion. Our brains are modular and we ‘contain multitudes’. Human rights barrister Dexter Dias, author of *The Ten Types of Human*, argues that we are composed of a series of ‘people’ driven by different evolutionary goals – we are the ‘Kinsmen’ one minute, the ‘Nurturer’ the next. Identifying which ‘persona’ we are interviewing may have important implications. A car purchase may evoke the protective parent in us (Volvo) or the status-focused individual (BMW or a Prius perhaps). It has also been shown that marketers can prime these sub-selves and influence responses.
- Wright argues that the intersection of our hierarchical instincts and reciprocal altruism explains much of our human experience, from the existence of our conscience through to our universal love of gossip. It also explains why we are destined to be our own ‘reputation managers’, endlessly convincing ourselves of our kindness so we can better convince others.
- Haidt’s moral foundation theory helps us understand the predominance of fairness, and how and why we often talk at cross-purposes when we argue about it – and fairness comes up in research all the time.

IF YOU STILL CAN’T HANDLE THE TRUTH...

Some will struggle with this bleak picture of humankind presented by evolutionary theory. First Darwin upset the religious, now modern Darwinism upsets humanists. The image of humanity presented is not necessarily an appealing one. The thinking may also clash with cherished political beliefs, or you may be repelled by some of the people keen to hijack aspects of the discipline.

Evolutionary psychology is broad and comprises different components. Picking and mixing according to interest and comfort is consistent with the best traditions of the bricoleur, ensuring the thinking is used as new perspective that enriches, not a grand theory that narrows. There is also Dias, MRS Conference keynote speaker (*Impact*, April 2018). His compelling take on evolutionary psychology is more hopeful and politically sensitive, winning acclaim. You no longer have to be a misanthrope to get into evolutionary psychology – but it still helps. ■

Peter Totman is qualitative director at Jigsaw Research

AN HONEST OPINION?

RATINGS FOR PEER-TO-PEER COMPANIES ARE ARTIFICIALLY INFLATED. A NEW PAPER ARGUES, BECAUSE PEOPLE WOULD RATHER NOT LEAVE BAD REVIEWS. **KATIE MCQUATER**

Ratings have become increasingly vital currency for helping us choose businesses or services and deciding how to spend our money. Review sites such as TripAdvisor have irrevocably altered the hotel and hospitality industries, for instance, while 84% of consumers trust online reviews as much as they would a personal recommendation.

The reliance on ratings is even more keenly felt in the gig economy, where they play a fundamental role in how peer-to-peer platforms such as Uber and Airbnb operate. Customers turn to ratings to decide which services they use and, in many cases, feedback is directly linked to a provider's overall success – for instance, Airbnb listings with 'superhost' status receive greater exposure in the site's search results, while a bad Uber rating could cost the driver their job.

Perhaps this is why positive reviews seem to have become the norm on gig-economy platforms, with little in the way of poor feedback. Indeed, if the ratings are to be taken as genuine, the overall standard is seemingly increasing over time. Intrigued about whether this increase was the result of a genuine improvement in service, or something else, researchers from New York University undertook a study on the rise of positive ratings within a reputation system.

The paper, *Reputation Inflation*, argues that the effectiveness of public ratings between trading partners deteriorates over time because reviewers feel under pressure to leave 'better' feedback, resulting in inflated ratings. Over time, the researchers argue, these "individually rational choices" about what feedback to give

can create a less informative equilibrium, "and, in the extreme, put the reputation system on an inexorable path towards uninformative".

Analysis of an unnamed gig-economy online marketplace, with data spanning more than 10 years, found the majority of workers had overwhelmingly positive recent feedback, but this was not always the case. The share of workers receiving the highest possible rating (five stars) increased from 33% to 85% in six years. The researchers also looked at longitudinal data for four other online marketplaces that had shown a similar increase in positive feedback ratings over time.

PRIVATE RATINGS

To determine whether the improved ratings were because of standards being raised or reviewers lowering their criterion, the researchers took an alternative measure of user satisfaction, using data from an

experimental private ratings system introduced by the company. This feedback was not shared with either the worker involved or with the public, and the system operated alongside existing public feedback, both written and numerical.

The study found that the average scores for private feedback fell at the same time as average public feedback scores for the same transactions were increasing – users who were actually dissatisfied with the service were still leaving good public ratings. More than a quarter of users (28.4%) who privately reported that they would definitely not hire the same worker in future then publicly rated them four or more stars out of five. This ruled out the hypothesis that ratings were increasing because of improved standards; users were simply lowering their standards when it came to feedback, rather than becoming more satisfied with the service.

The role of private feedback was the most interesting aspect of the paper for John Horton, assistant professor in the Information Systems Group at New York University's Stern School of Business, and one of the paper's authors. "We actually wrote this paper over several years, writing most of it before the platform began the experiment," he says. "That we witnessed rapid inflation more or less in accordance with our theory was surprising and gratifying, as it suggested we had hit on the root cause."

After the platform had been collecting private feedback for 10 months, it began to release aggregated anonymous private scores publicly – and, although the workers would not know which user had given what feedback, the move meant that the private feedback scores suddenly became consequential. As a result, when these private scores were made public, private feedback immediately began to increase.

Regardless of whether workers could retaliate to a bad rating, users were aware that their scores had consequences (that is, the ratings were now public and could influence future

users). According to the paper, this suggests "an inherent tension between ratings being consequential and ratings being informative".

The researchers argue that reviewers lower their standards for public feedback because of the perceived 'cost' associated with giving a negative rating. Some reviewers feared retaliation for leaving a bad review, while others expressed concern that a bad rating could harm the individual involved.

The paper also looked at the sentiment in comments accompanying numerical ratings and used a model to predict numerical feedback from written observation.

This meant researchers could identify what proportion of average feedback growth was because of changes in market 'fundamentals' – such as improved features, better cohorts of workers, lower prices, and so on – and the residual component of growth that could not be explained by these improvements.

INHERENT TENSION

While predicted feedback scores (based on written comments) rose over time, these figures had not increased as much as the real numerical feedback scores. Using this model, the authors suggest that more than 50% of the boost to rating levels recorded over the six-year period could be attributed to reputation inflation – reviewers lowering their standards.

When it comes to businesses applying some of the paper's principles, or developing alternative feedback models, Horton says firms could try to incentivise truthful reviews, focus on those that can lead to service improvement, and create less subjective questions – for instance, asking 'Was the pick-up on time?' instead of 'Is this a five-star driver?'

He adds: "Trying to shield raters from retaliation is good but, as our study shows, this doesn't seem to fully 'work'. I think there's an inherent tension in these systems in that bad ratings need to be harmful for the system to work, but it's that harm that causes the inflation." ■

Filippas, Apostolos and Horton, John and Golden, Joseph, *Reputation Inflation* (8 March, 2018).



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VIRAL ACTIONS

BAD BEHAVIOUR IS CONTAGIOUS IN THE WORKPLACE, AS INDIVIDUALS' ETHICAL CONDUCT IS MALLEABLE AND INFLUENCED BY THAT OF THEIR PEERS. **KATIE MCQUATER** REPORTS

Unethical behaviour in the financial industry has become something of a cliché in the years since the recession, when its misdemeanours were laid bare. Now, new research has found that workers in the financial advisory industry influence how likely their colleagues are to commit financial misconduct, with people who witness deviant behaviour more likely to behave badly themselves. The paper underlines how individual bad behaviour can become contagious within the culture of organisations.

The research analysed the propensity of co-workers to commit misconduct by looking at financial advisers whose co-worker groups had changed as the result of a recent company merger.

It found that an adviser is 37% more likely to commit misconduct if their new co-workers – introduced to the brand post-merger – have a history of misconduct, compared with an adviser working in the same firm who is merged into a branch with no history of misdemeanours. This result implies a social multiplier of 1.59 – when an adviser carries out misconduct, that

case results in an additional 0.59 cases of misconduct by their colleagues. Poor behaviour is most probably spread through social interaction, with the paper citing previous research on the evidence of peer effects on crime and bad behaviour – such as the work of Bayer, Hjalmarsson and Pozen (2009). “In our setting of financial misconduct committed by white-collar professionals, no formal training programmes teach advisers how to commit misconduct. Because of the need for secrecy, misconduct techniques and social norms can only be transmitted through informal channels, such as social interactions.”

One notable feature of misconduct in the financial industry is that it arises in clusters, says William Gerken, assistant professor of finance and PNC research fellow at the University of Kentucky, one of the paper’s authors. “Certain firms and certain areas have much higher rates,” he adds. “But clustering of misconduct is not limited to the advisory industry; we’ve seen it in many settings – financial analysts covering tech stocks during the dotcom boom and financial statement misreporting. If you extend the concept of the workplace, you could think of the outbreak of doping in the Tour de France as another example.”

Contagion is just one reason behind this clustering of misconduct, however. It could also be down to self-selection into a group because of similar characteristics – or simply individuals making judgements because of the costs and benefits of certain behaviours. Knowing whether it’s contagion that’s driving the bad behaviour can help regulators and practitioners fix the problem, says Gerken.

The researchers also found that co-worker influence is asymmetric: while there was evidence of contagion in misconduct, there was no significant evidence that good conduct is contagious.

This surprised the researchers, because peer effects are often thought to be a result of people mimicking the behaviour of others to fit in. It’s why peer effects often occur among children – and, if peer effects are down to social norms, it would suggest the same, or symmetric, effect for good and bad behaviour. Instead, the research identified asymmetry – which is more consistent with peer effects because of social learning, explains Gerken.

“As most employees are generally engaging in ‘good’ behaviour, we learn little from observing others behaving well. We may assume they have similar beliefs above the costs and benefits of misbehaviour,” he says.

“If we observe someone who is misbehaving, however, it is shocking and salient, and causes us to rethink our beliefs about the costs and benefits of bad behaviour.”

So, how can businesses prevent the spread of bad behaviour? Understanding the causes of misconduct, and the elements shaping corporate culture, is key for managers looking to prevent it.

“Misconduct is rarely formally taught, so how knowledge and social norms related to misconduct develop give key insights for understanding how corporate culture arises, and how managers can shape it,” says Gerken.

Employee behaviour is malleable and organisational culture is constantly developing. When considered alongside another study that the researchers are working on – showing how personal financial stress can lead employees to commit misconduct – the findings highlight how bad behaviour at an individual level can become a wider problem for the whole organisation if left unchallenged. ■

Is Fraud Contagious? Co-worker Influence on Misconduct by Financial Advisers, Stephen Dimmock, William Gerken, Nathaniel Graham. *The Journal of Finance*, Volume 73, Issue 3.

JOB OF THE FUTURE

JOB'S ARE THE CRUX OF OUR ECONOMIC AND SOCIAL LIVES, BUT AUTOMATION IS DISRUPTING EMPLOYMENT.

A REPORT FROM NESTA MODELS THE SKILLS AND OCCUPATIONS THAT WILL BE NEEDED IN THE FUTURE.

BY JANE BAINBRIDGE

What will work look like in 15 years' time? A dominant narrative is one of jobs being taken

over by robots and lost to automation, leaving swathes of the workforce without the right skills, stranded in unemployment.

Lists are published frequently, showing which jobs are future-proofed and those professions are most 'at risk'. Invariably, there's a common, negative thread – focusing on all that will be lost, and pondering how society might cope with hordes of people devoid of purpose and earning power. These studies often exist in isolation and rarely look at the effect of automation on job creation, failing to consider macro trends such as globalisation, ageing and other impacts on the economy.

Innovation foundation Nesta decided to approach the future of work from a slightly different tangent for its *Future of Skills: Employment in 2030* report. It used a "novel and comprehensive method" to map how employment is likely to change, and the implications of this for skills. Its aim was to highlight different occupations and point out potential reskilling priorities.

Hasan Bakhshi, Nesta's executive director, creative economy and data analytics – and one of the report's authors – says: "Fears about the job-destruction effects of new technologies are not new. Earlier



generations of machines, however, were limited to routine activities, based on well-defined, repetitive procedures. This time, new technologies are mimicking the human body and mind in increasingly subtle ways, encroaching on many non-routine activities, such as legal writing and medical diagnoses, as well as truck driving and security guarding."

Even so, Bakhshi says it's important to remember that new technologies boost employment when the profits generated are spent in the economy, and that automation leads to new jobs. "Historically, new technologies have eradicated some jobs in some industries, but – in the long run – the economy's employment-to-population ratio has grown during most of the 19th and 20th centuries," he adds.

So what skills are needed for future-proofing careers? There has often been a dual discourse on this: the need for science, technology, engineering and maths (STEM), plus analytical expertise, as our jobs become less analogue, but – conversely – more human skills that robots can't do, around relationships and communications.

21ST CENTURY SKILLS

Bakhshi says high future-demand occupations will need "a mix of social skills, such as social perceptiveness, instruction and coordination, as well as cognitive skills – originality, fluency of ideas and active learning – a mix that is sometimes described as 21st-century skills".

Automation is, of course, affecting market research and Nesta's report shows that highly routine occupations are most at risk. "In the UK, customer service occupations – which includes market research interviewers, as well as call- and contact-centre jobs – are highly likely to shrink in the workforce. Market research analysts have rosier prospects, but are still likely to become less important.

"Market research directors, in contrast, could see growth in the workforce, says Bakhshi.

The methodology behind the report involved: trends analysis – looking at the drivers of change and the interactions that are expected to shape industry structures and labour markets in 2030; foresight workshops, involving panels of experts debating the future prospects of 10 occupations and then using active learning and algorithms to label occupations; machine learning, to predict for all occupations based on the previous work; and analysis, to interpret the results.

"Our methodology reflects three insights," says Bakhshi. "First, there is a high degree of persistence in the structure of the workforce, suggesting that looking at

the history of employment is a good starting point for predicting its future. Second, the US and UK economies are experiencing structural change that, theory suggests, will have major consequences for employment, so naïve extrapolation paints a distorted picture of prospects. Third, occupations involve a complex configuration of knowledge, skills and abilities, meaning our predictive models must be sophisticated.

"We used a foresight methodology, combining qualitative human insight informed by historical-trend analysis, to train a machine-learning classifier of jobs according to their expected demand prospects in 2030."

The report found that education, healthcare, and wider public sector occupations are likely to grow. Its model predicts hypothetical occupations that are "almost certain" to increase in workforce share. In the US, there are four – 100 year counsellor, aerospace engineer, green construction worker and care worker. For the UK, the model predicts two – immersive experience designer and restaurant owner. "One of the occupations obviously has high levels of creativity and combines traditional craft- and tech-based skills; the other fits hospitality and sales occupations, and requires originality, flexibility and management skills. These occupations seem intuitive to me, and reflect deep truths about the future strengths of the UK economy," says Bakhshi.

He believes with the right skills investments – people can take advantage of how the labour market will change, and protect themselves against inevitable disruptions.

However, Bakhshi points out that governments and educators have their work cut out to adapt to the realities of the future labour market.

"There are key areas of the workforce where those charged with investing in the nation's talent urgently need to shift direction. But the starting point is the recognition that society can do something about the problem," he says. ■

THE JOB MARKET LIVING YOUR VALUES

Lip service is one of the issues that comes up when we chat to disgruntled employees. Things such as values being used for PR/marketing, but not for the day to day. Constant spouting about diversity and inclusivity, with no real evidence, is currently a hot topic.

If you are a company, or work for a company, that has core values, you need to be confident that they are being adhered to throughout the business. Recent tales from people about firms where it's one rule for the managers and another for the team make me feel that – no matter how far we travel in transparency – there are still companies that take us right back.

What you don't want is to see words such as 'honesty', 'loyalty' and 'trust' painted on the reception wall, only for them to fade fast as you walk through the office.

If a company has gone to the effort of creating values, it means it has made a conscious decision that it wanted something to define and guide the business. These values should be used specifically when dealing with clients, employees, suppliers and other relevant stakeholders.

“What you don't want is to see words such as 'honesty', 'loyalty' and 'trust' painted on the reception wall, only for them to fade fast as you walk through the office”

So if you are a manager in your business, make sure the leaders are on board; without their buy-in, this group could act against those values and undermine the process and your power to live these values. It's worthwhile taking time to ensure that all the key stakeholders agree.

Once you have the values nailed down, you need to know what to do when these are breached – when someone acts in a way that goes against a value.

If you don't act when you see negative behaviour, the consequences can be contagious. By not acting you are saying:

- Bad/negative behaviour is OK
- These values mean nothing
- We don't stand by our word
- You can't trust us.

So, make it clear what the consequences are and act as soon as you see the negative behaviour. You could:

- Link performance management to compliance with values
- Inform the line manager and call a meeting immediately if you see or hear of bad behaviour.

It can be challenging, but tackling these things head on can benefit you and your business and ensure that your employees trust you. That's got to be high on your priorities for a successful business.

Sinead Hasson is founder and managing director of recruitment consultancy Hasson Associates.



The new data protection framework, introduced recently by the EU General Data Protection Regulation (GDPR) and the UK Data Protection Act 2018, requires a fundamental shift in the approach to privacy, focusing on assessing risks and prioritising activities with a higher risk profile.

Researchers will need to become comfortable with a more nuanced approach to compliance, as this new regime introduces a level of uncertainty to what may previously have been more rigid and clear-cut obligations. For instance:

- Do you need to appoint a data protection officer (DPO)? This depends on the risk level of your organisation's processing activities
- Do you need to conduct a Data Protection Impact Assessment (DPIA) for each research project? This depends on the risk of the proposed processing
- Do you need to keep full records of any of your processing? It depends on the risk of processing, as well as the size of your organisation
- Do you need to notify research participants, commissioning clients, or the Information Commissioner's Office (ICO) about a data breach? It depends on the nature of the breach and the risk level
- How do you implement privacy by design and default? By considering the risk level across the organisation
- What is expected for robust security measures? It depends on the technical and organisational measures that can ensure a level of security appropriate to the risk.

The common thread across these legal obligations is the priority given to assessing the risks that processing poses to individuals' fundamental rights and freedoms. Risk is a key component in ensuring you adhere



TAKING A RISK

DR MICHELLE GODDARD
EXPLAINS HOW ASSESSING THE RISKS INVOLVED IN PROCESSING DATA IS FUNDAMENTAL FOR ORGANISATIONS WORKING UNDER THE NEW DATA PROTECTION FRAMEWORK

to the obligations under the legislation. But what does this really mean for research suppliers?

RISKY PROCESSING ACTIVITIES

Risk is not defined specifically, but examples of activities that are more likely to result in a high risk include:

- Systematic automated profiling
- Large-scale monitoring of special category data or criminal convictions data
- Systematic monitoring of a publicly accessible area on a large scale.

Data protection authorities across the EU have issued guidance with additional examples of high-risk processing activities. Remember, however, that risk must be determined in the specific context of your own operations and there is no 'one size fits all' list.

Processing likely to be riskier in a research context covers:

- Large-scale processing of special

category data (such as ethnicity, political or religious beliefs, and health data) – for example, political opinion polling and healthcare research

- Researching large groups of vulnerable individuals or children
- Segmentation exercises that match or combine different datasets
- Gathering of public social media data for generating profiles
- Archiving of pseudonymised personal sensitive data from research projects or clinical trials.

In considering whether a research activity is risky, you need to think carefully about the 'likelihood and severity' of any negative impact of your processing activities on individuals. Potential individual harm includes: discrimination; identity theft or fraud; financial loss; damage to individual reputation; loss of confidentiality; reversal of pseudonymisation; or significant economic or social disadvantage.

IMPLICATIONS OF THE RISK LEVEL

As I said at the start of this article, clear obligations and/or exemptions under the GDPR flow directly from the level of risk:

- Conduct of a DPIA and consultation with the ICO (if there is a residual high risk after completion of DPIA) is mandatory where data-processing activities are likely to result in a high risk to individuals. As it is a Tier 2 Breach of the GDPR, the maximum sanction for failure is a fine of €10m or 2% of turnover – whichever is higher
- High-risk data breaches must be notified to data subjects (in addition to the ICO)
- Smaller businesses, which have less extensive record-keeping requirements, must ensure written records adequately cover their high-risk activities.

Consideration of risk works both ways, however. If you identify that the

processing is not risky, or low risk, you may be exempt from some obligations, such as notifying the ICO about a breach or having to appoint an EU-based representative if you are a controller based outside the EU.

RISK MITIGATION

Identifying risk allows you to implement mitigation strategies. These need to be embedded in the organisation by developing a culture that ensures everyone takes a privacy-centric approach. This must be implemented by specific suitable technical or organisational measures, such as:

- Encryption to improve security
- Pseudonymisation or other steps to de-identify personal data
- Minimising the amount of personal data required for a project.

DPIAs are the tool required under the GDPR to help in this process. As the ICO notes: "An effective DPIA will allow organisations to identify and

fix problems at an early stage, reducing the associated costs and damage to reputation that might otherwise occur."

DPIAs require time, effort and resources and – although research suppliers have not traditionally undertaken a formal assessment approach – the requirements reflect the instinctive approach taken in considering the ethical implications of a research activity.

WHAT NEXT?

There may not always be one 'right' answer in the new data protection regime, but there is an obligation to keep processing under continual review, to prioritise, and to analyse, evaluate and record decisions that are taken, to ensure accountability for protecting individuals' privacy. Remember, data protection compliance is an ongoing journey, not a destination. ■



Personal data: river deep, mountain high

It's an increasingly rare experience to write for a print publication several months in advance. There's a tension between wanting to say something relevant and the risk that what is topical today will become obsolete – and, quite possibly, inaccurate – in the weeks before publication.

The real-time nature of communications that is now the norm may suggest our individual behaviours are changing just as fast. Our fundamental needs do not change so quickly, however – such as our desire for privacy. So GDPR should be lauded as a much-needed update to data privacy legislation that was created 20 years ago.

Two years ago, the MRS Delphi Group challenged Facebook founder Mark Zuckerberg. Our research showed that, contrary to his apparent beliefs, privacy matters to people of all ages. In March this year, the MRS Delphi Group published new research that showed consumers rate data security above every other trust driver, including service delivery. So while we (and our clients) may have been tearing our hair out as the GDPR deadline approached, we all recognise that – as advocates of customer-centricity – this legislation can only be a good thing.

MRS has worked tirelessly to support our members with GDPR briefings, webinars and advice via the Codeline service. The research industry, in particular, needs to demonstrate the highest standards when it comes to the personal data supply chain.

Respondents and customers need to see this at every touchpoint, and be continually reassured that our work is transparent and ethical. It is in this spirit that I have encouraged this society to embrace the data analytics sector, so we can all work together to deliver customer insight at speed and with integrity. You will hear more on this initiative in the autumn.

So although we might be enchanted by the speed of change, we must be careful that we aren't dragging customers along behind us. This is one thing I am confident won't change between the time of writing and publication in July.

Finally, I would like to congratulate all new fellows and medal winners (see opposite) and I look forward to seeing many of you at the MRS Summer Party on 26 July.

Jane Frost CBE, chief executive, MRS
jane.frost@mrs.org.uk



MY SOCIETY

Excellence awards and fellowships

The personal contributions that make the research sector a great place to work were recognised at the seventh annual MRS Excellence Awards on 9 June. The following became MRS Fellows: Crispin Beale, Nick Bonney, Elaine Francis, Karen Fraser MBE, John Griffiths, Julie Irwin, James Law, Stephen Phillips, Mike Roe and Danny Russell.

Winners of the MRS Annual Conference Awards and the *IJMR* Collaborative Research Award were also announced. To find out who won, visit mrs.org.uk/excellence



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That's why you may have stopped hearing from us since 25 May this year. Please log into your MyMRS web account on mrs.org.uk and update your consent settings. It only takes two minutes and will ensure you are getting the most out of your membership.

Calendar

Member events

July

24 – *IJMR* Lecture
Fusing database and survey data

26 – MRS Summer Party

September

6 – MRS North
Best of Impact 2018, Salford

11 – MRS South West
Planning for new communities, Bristol

13 – MRS Operations Awards

20 – MRS Professional Webinar
Dealing with difficult people

27 – MRS Speaker Evening – Narrative by Numbers: how to tell powerful stories with data

Training highlights

September

12 – Understanding Cyber Security and Data Protection with ISO27001

The ISO27001 standard demonstrates that you are taking the company's and customers' security threats seriously.

17, 24 September and 1 October – Advanced Consulting Skills Masterclass

This three-day course covers the processes and consultancy skills required to make a valuable contribution to business success.

19 – Consumer Psychology

Up-to-date thinking in consumer psychology, neuroscience and behavioural economics, and the latest consumer trends.

20 – Effective Advertising Evaluation

Advertising effectiveness research, from the simplest studies to multimedia, including guidelines and tips for best practice.

27 – Econometric Modelling and ROI

Run models yourself and/or gain a better understanding of the process to be a more effective buyer of these services.

Conferences

September

20 – Luxury Research, London

October

4 – Utilities Market Research, London

Where next?

You've reached the end of *Impact*, but there's plenty more original content to enjoy in the MRS's family of publications, including Research Live and the *IJMR*

RESEARCH-LIVE.COM



BE360: stopping our taps running dry
Water supply crises are on a par with weapons of mass destruction, climate change and the outbreak of infectious disease when it comes to the biggest risks facing the world. A significant proportion of the current supply is used by agriculture, but individuals still need to take some responsibility for saving water. The Behavioural Architects' Crawford Hollingworth and Liz Barker explore how organisations are using behavioural science to reduce consumption.
www.research-live.com/be360-water

To err is human, to research also human
The claim that 'all you need is the right analytics platform' has become the norm as research buyers opt for software over traditional approaches, leaving quantitative specialists searching for new ways to add value.

But Simpson Carpenter's Ryan Howard argues that researchers must combine AI with genuine research craft – otherwise, it's a race to the bottom in a price war without a winner.
www.research-live.com/err-human

Busting incentives myths
Incentives are often an afterthought for businesses looking to establish an online community. Going beyond 'cash for answers', however, results in longer-lasting relationships, better insight and more value for researchers and members, says ResearchBods' James Clutterbuck. He addresses three common myths about incentivisation, including the belief that because points for vouchers and prize draws work for access panels they should also work for insight communities.
www.research-live.com/incentive-myths

IJMR

Researching in-store, at home: Using VR within quantitative surveys
This article, by Ian Bramley, Alastair Goode, Laura Anderson and Elisabeth Mary, outlines the results of a study that integrated a virtual reality (VR) film within an online mobile survey, to test point-of-sale displays in a retail store environment. Respondents were exposed to the store using VR, rather than being shown an image or film of the store's interior. The study found that this added to respondents' enjoyment, and it demonstrates the technical feasibility of incorporating VR without high failure rates or the need to over-incentivise participants.

Clustering halal food consumers: a Twitter sentiment analysis
The growth of social media has raised the possibility of tracking consumer preferences using opinion-mining techniques. This study, by Mohamed M Mostafa, analysed a random sample of 3,919 tweets about halal food to gauge consumer sentiments, using an expert-defined lexicon of 6,800 seed adjectives. Sentiment was generally positive, and the study was able to cluster halal food consumers into four segments, divisible by religion, self-identity, animal welfare attitudes, and concern for food authenticity.
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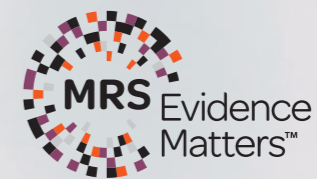
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