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In my experience...



Brian Tarran
Editor

Opinions vary on what constitutes good and bad customer experience. But having one's ability to understand written English questioned definitely falls into the latter camp. This happened to me with a telecoms provider when I was looking to switch my phone and broadband service. I was being a savvy consumer – shopping around and getting quotes. I'd found a deal that was too good to pass up, so I called my existing supplier to cancel my contract.

This wasn't a negotiating tactic, I told them. I had genuinely found a price that they couldn't match. But rather than admit defeat and process my request, the customer service representative instead suggested that if only I'd checked the fine print of the rival offer I might find that it wasn't quite the deal that I thought it was. Never mind that I had already read the new contract – twice. So that was the end of that. Suitably offended, I huffed off the phone and (privately) vowed never to come back to that company.

I started thinking about this experience again when I came to write this month's special report. Recalling the incident, I tried to put myself in the shoes of the customer service rep. Perhaps her intentions were honest, I thought. Maybe – rather than setting out to offend me – she was genuinely trying to help me; to make

sure I wasn't being hoodwinked by a cleverly worded – but ultimately deceptive – offer. Lots of people don't bother to read the fine print, so nine times out of 10 maybe this friendly reminder would be taken by customers in the spirit in which it was offered?

Either way, I learned a valuable lesson from this: customer experience is a minefield – a place where careful research trumps guesswork and good intentions. You need to be sure that your communications and touchpoints are aligned with customer expectations, or risk them blowing up in your face.

Beginning on p18, you can read how major companies use feedback processes to map their customers' wants, needs and wishes, and how this insight shapes their experience programmes and, ultimately, drives revenue and profit growth.

No company can afford to ignore their customers' experience, so my hope is that you continue to enjoy your new magazine. As ever, feedback is gratefully received.

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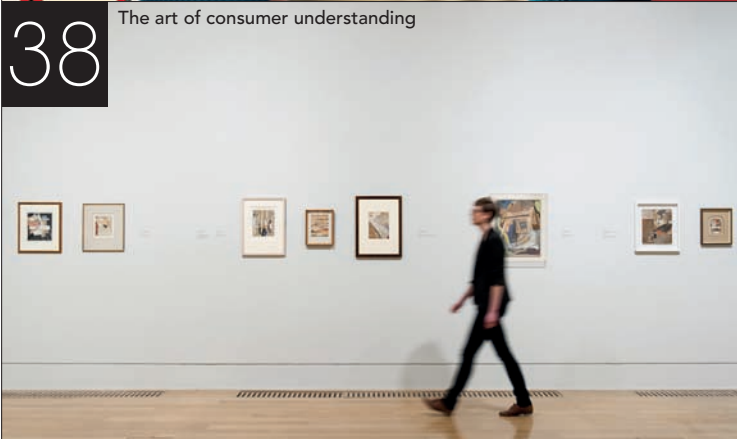
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How insight is used to enhance customer experience



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Global thirst, local flavour



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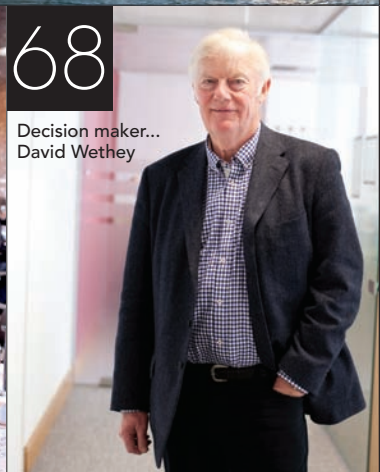
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IMPACT

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Global briefing

News, views and insights from around the world. From newsjacking in Asia to pivoting in Silicon Valley. Compiled by **Brian Tarran**

USA – P12

Ron Johnson had a vision for JC Penney: do away with ‘fake prices’ and frequent sales and replace them with everyday good value. Sounds fair, right? Customers didn’t think so. They stayed away from stores and Johnson was ousted. It’s a curious state of affairs, but behavioural economics offers an explanation of what went wrong and why.



Northfoto/Shutterstock

USA – P13

Most new products fail. That’s a fact of life. But don’t throw all your hard work away just because your big idea hits the skids first time around. Try pivoting instead; it’s all the rage in Silicon Valley. Sense Worldwide’s Brian Miller shares the lessons the rest of the world should be learning from California’s start-up community.

LATIN AMERICA – P10

In Mexico, Twitter has become a tool for ‘information and survival’. Citizen alerts help people avoid the sporadic outbursts of violence that are part and parcel of the country’s on-going drugs war. But most alerts come from anonymous sources – creating a need for tools to help people quickly check the veracity of the data they receive. Can social media analytics help?



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UK – P14

There's always more than one thing occupying people's attentions nowadays: whether it's watching TV while on a laptop, or streaming movies to a tablet device while texting a friend. Multi-screening is all the rage – but the way consumers use their screens are many and varied, and defy neat categorisation. MediaCom's Claire McAlpine reports on the findings of an ethnographic study.

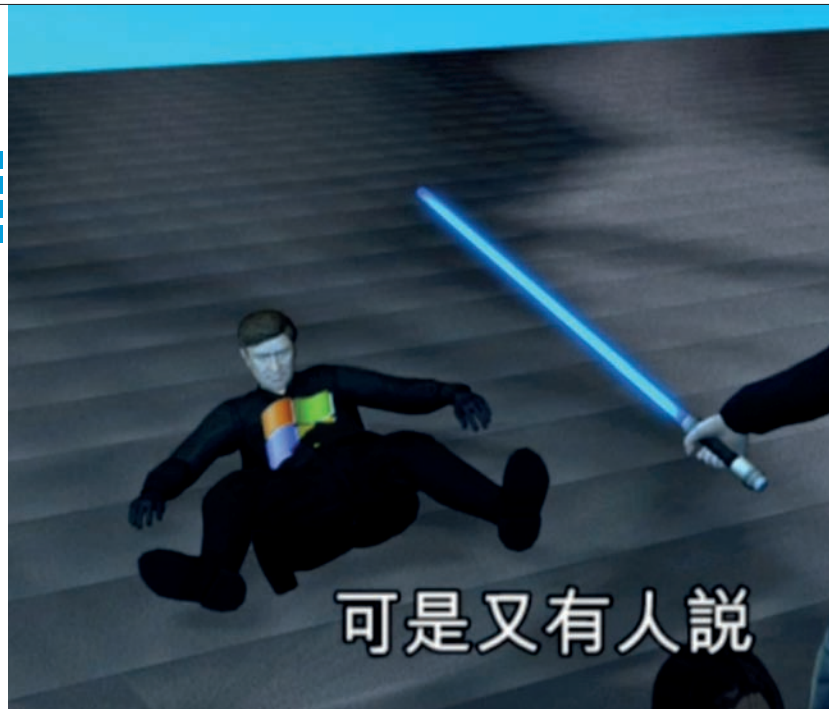
MIDDLE EAST – P16

Social media has grown rapidly in the Arab world in the years following the Arab Spring, so much so that Facebook now rivals TV for eyeball time. Everette Dennis, dean of Northwestern University in Qatar, explains how social media has raised the status of media and communications across the region.

ASIA – P08

When a big news story breaks, how can brands position themselves to take advantage? Singapore-based creative director Grant Hunter documents the rise of real-time advertising and the skills needed to succeed, drawing on his new book *Newsjacking*, co-authored with social media creative consultant Jon Burkhart.





Headline grabbers

A creative director explains how brands can turn current events to their advantage

You might not have heard of Taiwan's Next Media Animation, but you'll have seen its work. It produces crude, humorous CGI re-enactments of the day's news and it shot to global fame with its re-telling of Tiger Woods' infamous 2009 car crash (bit.ly/qjIj7w). Its videos go from concept to YouTube within three hours. It is an example of what Grant Hunter and Jon Burkhart call "urgent genius".

Hunter is APAC creative director for ad agency iris Worldwide, while Burkhart is a social media creative consultant. The pair have written a book called *Newsjacking*, which serves as an eight-step programme for bringing urgent genius into marketing departments.

It's an approach most can adopt, but few have mastered, says Hunter. "Lots of people love the notion of it, but when you get into the nitty-gritty – to try to work out how to get the right system in place – it becomes a tougher sell."

Largely it's a question of trust and confidence.

The companies that have done it well have spent months refining the process. Oreo's highly-regarded 'You can still dunk in the dark' tweet – sent within minutes of the 2013 US Super Bowl blackout – followed its Daily Twist campaign: 100 ads, 100 days, 100 different creative treatments, all tied to national events (You can review the campaign at pinterest.com/oreo/daily-twist/).

"It had got into a real-time mindset and built trust between client and agency," says Hunter, "so when it came to the Super Bowl, it had its real-time newsroom set up with agency, client and partners all in one place, so it was a perfect storm for it to be able to respond."

A marketing newsroom? It's not as weird an idea as it might sound. Former journalists might well be a



Tech wars: A lightsaber duel between Microsoft's Bill Gates and Apple's Steve Jobs, as imagined by Next Media Animation (above left)



Twist and out: Oreo's creative team spent 100 days in rapid-response mode, producing ads each morning that reflected the biggest news stories of the moment



fixture of the planning team of the future, suggests Hunter. Brands and agencies need to adopt an editorial mindset, he says. They need people with a nose for a story.

Grabbing the right news event to respond to involves some data input, says Hunter. "We will be looking at analytics from social sites and the social listening tools that we have. We'll be following what's trending on Twitter. But a lot of the time it comes down to a judgement call."

Brands can get it wrong, of course. "Recently there was an example in China where an SUV was stolen with the owner's baby still inside, and a rival manufacturer put out a social media post suggesting its cars were safer. That caused a massive backlash," says Hunter.

However, for brands that do find

themselves becoming the news – rather than responding to it – a dose of urgent genius can help them turn the situation to their advantage. In their book, Hunter and Burkhart give the example of French fashion retailer La Redoute, which, in January 2012, published a picture on its website of four child models – unaware that there was a nudist in the background. "La Redoute is a really good PR case study in the way it turned that around," says Hunter. "It didn't bury its head in the sand: it acknowledged it, apologised and then hid loads of other gaffes in its online catalogue and gave out prizes to people who found them."

Newsjacking is published by Thames & Hudson

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LATIN AMERICA

Verified accounts

Could social media analytics help Mexicans steer clear of cartel violence?

Do you trust what you read on Twitter? When word spreads of a celebrity death or some other piece of scandal, do you take it as gospel from the first tweet you see – or do you go in search of verification from a trusted source; the TV news maybe, or the next day’s papers?

But what do you do when those trusted sources have been cowed into silence; when the only people you can turn to are other people like you? Except you don’t know who they are. They’ve been scared into hiding their identity for fear of reprisals. And the information you need to verify isn’t trivial. It could be a matter of life or death. Someone’s tweeted that an army convoy is heading your way, and a gun battle might be about to break out – and you certainly don’t want to wait to find out that it’s true.

That’s the situation in Mexico. The brutal, bloody conflict between the half-dozen or so drug cartels vying for control, and the government forces seeking to bring them down, has been known to claim the lives of innocent bystanders – those caught in the cross-fire – so regular people, going about their daily business, are in need of fast and reliable information to keep them out of harm’s way.

A disruptive force

Social media has an obvious role to play here. It’s shown itself to be a useful tool in the midst of various different crises around the world,

whether natural (earthquakes) or man-made (terrorism), helping to steer people away from danger and get emergency help where needed.

But crises are an everyday occurrence in Mexico. Where people might be willing to take the word of an unverified stranger during a one-off event, ongoing disruption like that wrought by the Mexican Drug War creates an ongoing need for trustworthy information.

In Mexico, however, the institutions citizens would typically rely on have been deliberately targeted with both threatened and actual violence by the drugs gangs. “Like other armed conflicts, the Mexican Drug War is also a conflict over the control of information,” write a team of Microsoft researchers in their paper, *The new war correspondents: The rise of civic media curation in urban warfare*. “Local news media organisations and governments have been forced into self-censorship and, as some claim, into collaborating directly with criminal groups.”

So web-connected Mexicans are turning to social media outlets like Twitter for “information and

survival”, to quote a *New York Times* article. But people who are sharing reports of violence online have also been threatened with cartel aggression. In 2011, two bodies were found hanging from an overpass in Nuevo Laredo next to placards that read: “This is going to happen to all the internet busybodies.”

Anonymity, then, is crucial for safety’s sake. So the question asked by the Microsoft paper is: What can services like Twitter do to help people verify information when they can’t verify the people doing the sharing?

Social media analytics could help. One idea put forward is for a tool that would allow users to see quickly who else is sharing similar information on Twitter, and to see the relationships between the posters. “If information was only posted by people who were all connected to one another, it may be less reliable than if information was posted by a disparate collection of disconnected nodes,” say the researchers.

The full paper is online at bit.ly/12FMmC6



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US

The Penney drops

Changing customer buying habits takes a lot more effort than overhauling a pricing strategy, as JC Penney has discovered

Ron Johnson's disappointing tenure as CEO of JC Penney has been framed as an example of what happens when Apple-bred

arrogance runs up against the harsh reality of department-store retailing. However it's also the story of a man who set out to create "America's most exciting place to shop" but forgot to take customers with him.

When he was fired in April, *The New York Times* described Johnson as someone who blew into JCP's Texas headquarters "a star, a man who helped build the juggernaut Apple Stores". Through store redesigns and the creation of branded stores-within-the-store, Johnson sought to widen the appeal of JCP - to bring in a younger, hipper crowd.

That sort of thing tends to alienate existing customers, but the signs are that it wasn't a wrong-headed approach. Interim CEO Mike Ullman said during a recent conference call that these "attractions" - the stores within stores - had delivered encouraging performances and were "going to remain a strategic emphasis" for the company. "We're going to test and build out the ones that customers clearly want," he said.

But "test and build" wasn't a phrase familiar to Johnson, if reports are to be believed. When a colleague suggested a limited rollout of his new pricing strategy - which all but did away with discounts and coupons in favour of "fair and square" pricing - Johnson is said to have responded: "We didn't test at Apple." It proved to be his most controversial decision, and perhaps the most damaging.

Johnson's pricing overhaul was grounded in logic. Announcing the new strategy in January 2012, he explained how less than 1% of JCP revenue came from full-price sales. Nearly three-quarters came from selling products at discounts of 50% or more. So, Johnson asked, why not price accordingly? A t-shirt that retails for \$14, but only sells for \$6 should instead be listed at \$7. "The customer knows the right price... To think you can fool a customer is crazy," he said.

Except it's not crazy. Leigh Caldwell is a behavioural economist

and a partner at The Irrational Agency and he's written a book called *The Psychology of Price*. "If I buy a shirt for £20, reduced from £50, I don't just get a shirt - I also get the feeling that I've got a good deal. I get to confirm my identity as a savvy shopper or whatever self-image I have. That's the intangible value customers get from sales."

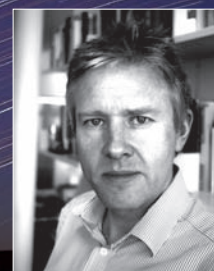
People can't really tell what good value is just by looking, he says, so they rely on mental shortcuts. With all its discounts and coupons, JCP had trained its customers to buy only when there was money off. So when the sales stopped, they stopped buying. "JC Penney might have changed its behaviour, but the customers were still using the same heuristic," Caldwell says.

Companies can change customer buying habits, but it takes time. And Johnson's time is up.



Silicon swing

How California's tech start-ups use insight to innovate, and how you can copy them. By **Brian Millar**



Procter & Gamble's recent mediocre sales results have been blamed on poor innovation. Microsoft's been panned for bringing so little new to market, and even Apple's share price has been hit as people tire of minor tweaks to their existing techno-slabs. Has the corporate world run out of ideas?

Quite the opposite. Big firms are idea machines. But they also contain an idea-killing machine. It's called the stage-gate process – scoping, building a business case, development, testing and validation. As a predictor of success it's about as

useful as throwing somebody in the river to see if they can swim. Your process should force innovations to evolve, rather than letting them drown.

Take a close look at Silicon Valley. It's rare to find a company there that was a first-time success. Most radically changed direction at least once. For example: Did you know that Twitter emerged from a podcast subscription service called Odeo, or that Flickr evolved out of something called Game Neverending?

They call it "pivoting", and the process works like

this: at an agreed interval, technologists, insight specialists and marketers come together to match technologies and needs. If a technology matches a need that it's not currently serving, then you have an opportunity to pivot.

The pivot process is a hungry beast, though. It's desperate for insight into consumer needs. You must approach every pivot session with a big bag of needs. Quantity is more important than quality, or careful validation.

When it comes to figuring out needs, the message is "Play, don't test". Think of Google Glass – a perfect

example of a technology in search of a killer app. Google created a competition to suggest uses for the product. The best 8,000 answers to the #ifihadglass hashtag were sent a pair to play with.

Nobody is asking these people to do satisfaction surveys. They're asking them to go crazy with a technology and to see what happens. Some of the most profitable products in the world were consumer hacks – text messaging, for example.

So go forth and pivot. **Brian Millar is director of strategy, Sense Worldwide**

UK

Screen savour

Multi-screening is a way of life for most UK households. But the way people use their screens defies neat categorisation, says **Claire McAlpine**

Advertisers and researchers have spent a lot of time thinking about what multi-screening behaviour means for brands. As an industry, we've learned that individual screens – our phones, laptops, tablets, PCs and TVs – now rarely receive our undivided attention. Hence, the growing importance of 'screen neutral' content that works across different platforms, and connected campaigns that create journeys across different devices.

Much work has been done to try to identify and codify the different types of *things* these screens are used for. Microsoft's 'Meet the Screens' project is one example – an archetypal model of usage: the TV is the everyman, the familiar entertainer; the mobile, our lover, always by our side; the tablet is the explorer, the window to discovering entertaining content; and the laptop is our trusted sage.

Yet research among the 40 families within MediaCom's Real World Britain mobile ethnography project suggests these devices are being used much more fluidly than typical screen behaviour categorisations would suggest.

Watch... and learn

Through the research, we discovered that context – rather than screen type – is much more likely to determine usage behaviours. We saw examples of large desktop monitors becoming the second 'primary screen' in the room, with families actively splitting their attention between football on one screen and TV dramas on the other. One family went so far as to have two screens on opposite walls of the same room.

We also saw examples of small

screens, such as smartphones, being used to watch 'large screen' content despite a TV being present in the room. "When I go to my boyfriend's parents and they're watching a film that I don't really want to watch, I just get out my iPhone and put my earphones in so I can watch something else," explained 31-year-old Hayley, of Yorkshire.

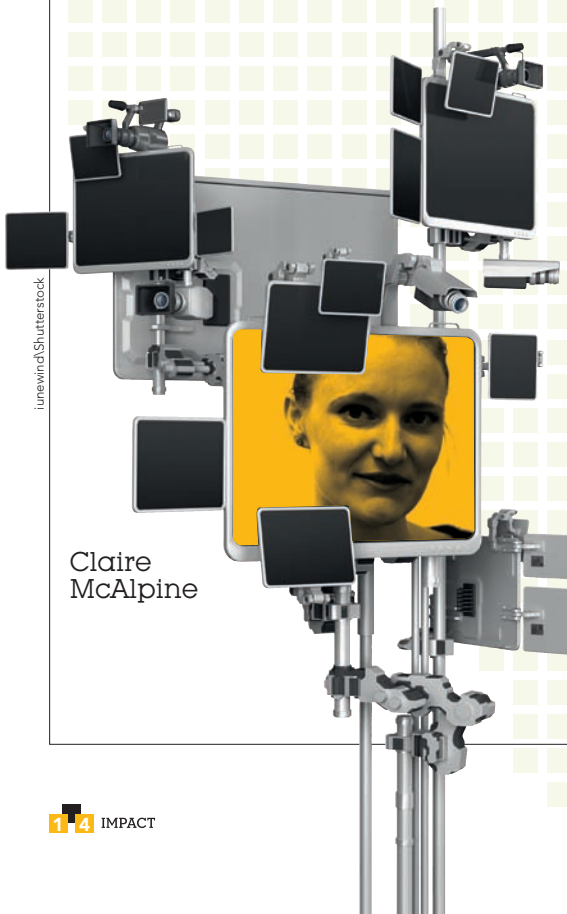
And what may serve as a communications device in one context – the teenager's smartphone that's used to message friends on Facebook while in the family living room – can switch to a content discovery platform in the bedroom when the TV screen takes on the role of social communicator; so that same teenager is now chatting via Xbox Live while using the smartphone to find and share YouTube videos.

Man and machine

Categorising screen behaviours might help us take important planning decisions about what roles different screens can play throughout a campaign. However, our research highlights how important it is to remember that human behaviour does not adhere to neat categorisations and is, instead, often driven by pragmatic and emotional needs – such as the girlfriend who doesn't want to leave her boyfriend's side to catch up on her favourite TV series.

The natural fluidity and adaptive skill of human behaviour bends screens to our own needs, rather than our behaviour simply being determined by technological developments.

Claire McAlpine is an associate director at MediaCom



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Claire McAlpine

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MIDDLE EAST

Spring forward

Two years on from the Arab revolutions, social media continues to make its presence felt

The terms ‘Arab Spring’ and ‘social media’ go hand in hand. In the two years since demonstrations, protests and revolutions swept through the region, much has been written about the role played by Facebook and Twitter in fomenting and driving these civil uprisings.

The repercussions of those events are still being felt; whether it’s actual political change – as in Tunisia, Egypt, Libya and Yemen – or in countries where governments continue to do their worst to suppress voices of dissent.

But change has been seen outside the political sphere too. Social media use has taken off dramatically in Arab countries since the uprisings started and, according to a recent study commissioned by the Northwestern University in Qatar (NU-Q), sites like Facebook and Twitter are now rivalling television for eyeball time.

Working with NU-Q, Harris Interactive surveyed 10,000 respondents in eight countries: Egypt, Tunisia, Bahrain, Qatar, Saudi Arabia, Jordan, Lebanon and the United Arab Emirates.

It found that people spend, on average, 22 hours a week watching TV – while internet users spend 21 hours a week on social media sites.

Facebook is the most popular site by far, used by more than 90% of social media users in all countries except Qatar (88%). Twitter is second most popular at 52%, while more than 50% of social networkers in Bahrain, Saudi Arabia and UAE use Google+.

Status update

“What we found is that [social media use] is almost universal for people who are online in these countries,” says NU-Q’s dean, Everette Dennis. “That’s not surprising, perhaps, as social media has grown everywhere in the world and become part of people’s daily conversations and their communications processes.”

But Dennis thinks that support for social media, and the belief in its credibility in the eight countries surveyed “probably out-distances that seen in a lot of other places”. For example, when respondents were asked to rate the most important sites for news, Facebook “was in the top three”, says Harris research director Kerry Hill.

NU-Q plans to repeat the survey over time, to track how usage and attitudes change. But from his vantage point, as head of a university specialising in media and communications degrees, Dennis sees that the popularity of social media has helped raise the status of the industry as a whole.

“Historically, the major means of communication in this region was the majlis – people sitting around in a gathering place and talking. Social media bridges that,” says Dennis, “and, along with the visibility of [the TV station] Al Jazeera, admissions and applications for university places have gone up.”

He adds: “Social media has been powerful and effective, not just at the beginning of the Arab Spring or the Arab revolutions – whatever one wants to call them – but it’s continuing to be so.”

An interactive visualisation of the NU-Q survey findings is available online at menamediasurvey.northwestern.edu

Social networking in the Arab world

Results based on responses from social network users



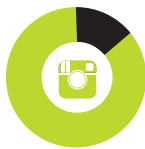
Facebook
94%



Twitter
52%



Google+
46%



Instagram
14%



LinkedIn
6%

Countries surveyed: Qatar, Lebanon, Egypt, Jordan, Tunisia, KSA, UAE, Bahrain
Northwestern University in Qatar, 2013

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Customers and companies talk about ‘experience’ a lot these days, and for good reason. Think of a product you want to buy or a service you want to use and – save for some rare instances – there will always be at least two competing providers to choose from. Tesco and Sainsbury’s both offer the same sorts of products at a similar price. You can get working, reliable phone, broadband and TV services from either Virgin Media or Sky. The list goes on: competing providers, all offering comparable products and services. So where do you choose to spend your money?

A lot of the time, the decision comes down to which company provides the best customer experience. What a ‘great experience’ looks like is largely in the eye of the beholder. It could be a website that’s easy to navigate, an e-commerce site that remembers your shopping basket across devices, or call centre staff who can solve a

query on the first call. But regardless of the form it takes, the end result is the same: great customer experience makes customers happy and keeps them coming back for more.

For many people, Amazon is the standard bearer for great customer experience. The online retailer regularly tops rankings for the quality of its service and the satisfaction of its customers. “Our energy at Amazon comes from the desire to impress customers, rather than the zeal to best competitors,” wrote CEO Jeff Bezos earlier this year in his annual letter to shareholders.

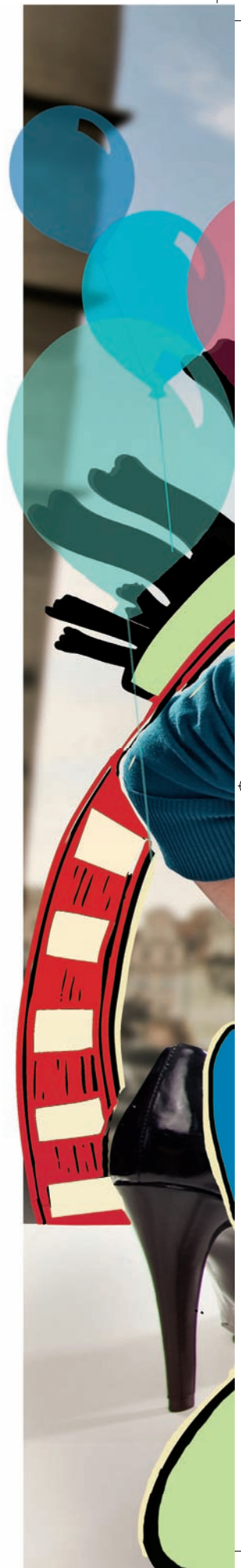
Bezos has been writing these letters since 1997. Returning to his first letter today, you see how he realised early on that the web was the “world wide wait” – at least it was in the days before e-books and digital delivery. Back then it lacked the gratifying immediacy customers could get by walking into a bookshop, browsing and making their purchase. “Therefore, we set out to offer customers something they simply could not get any other ▶

“Our energy at Amazon comes from the desire to impress customers, rather than the zeal to best competitors”



Enhance the experience

Creating customer experiences that surprise and delight at every touchpoint is fundamental to success. But it’s not easy to achieve. Businesses need to apply consumer insight with wisdom and creativity to make it happen. By **Brian Tarran**





way,” wrote Bezos. A broader selection of titles, round-the-clock shopping, reviews, recommendations, lower prices. Amazon offered an all-encompassing experience that customers couldn’t easily find in the physical world.

The origins of customer experience

Customer experience, as a concept, is not new. It would be absurd to think that there was ever a period in time where organisations didn’t think about their customers and the experiences they created for them. What’s different now is that customer experience is becoming a recognised professional discipline with an associated set of processes and practices.

Business historians might trace the roots of the customer experience discipline back to the 1980s; the decade that gave birth to customer relationship management. CRM was an early attempt at customer-centricity, says Ed Thompson, an analyst with the Gartner research firm. “But somewhere along the way it got screwed up. It lost its original meaning. It became about selling to customers and marketing to customers,



and generally doing things to customers. There was no thought of the customer really being put first.” This triggered a backlash in the early 2000s, says Thompson, and customer experience was born.

Leading the charge were Joseph Pine and James Gilmore, authors of *The Experience Economy*, a business text published in 1999 that proved influential in the early formative years of the customer experience movement.

“Experiences are a fourth economic offering, as distinct from services as services are from goods,” they wrote. “When a person buys a service, he purchases a set of intangible activities carried out on his behalf. But when he buys an experience, he pays to spend time enjoying a series of memorable events that a company stages – as in a theatrical play – to engage him in an inherently personal way.”

The key words there are “personal” and “memorable”, says Stephen Walden, vice president of consulting and thought leadership at Beyond Philosophy, a customer experience consultancy. Thus, customer experience management – as a business discipline – is about “looking at and noting the emotional connections people have

through the customer journey,” says Walden. “It’s about finding and extracting value in the customer journey, in a way that differentiates you from the competition.”

Pine and Gilmore updated their book in 2011. They lamented the fact that, 12 years on: “Relying on the manufacturing of goods and the delivery of services remains the mindset of too many executives, prohibiting the shift to more vibrant enterprises offering experiences.”

“Experiences are a fourth economic offering, as distinct from services as services are from goods”

That’s undoubtedly true, but it would be wrong to say that interest in customer experience isn’t growing. Company by company, senior executives acknowledge that they need to offer more than just easily-commoditisable goods and services. They are hiring people to develop customer experience strategies, putting teams in place to design those experiences and training staff to deliver them.

BRUCE TEMKIN'S SIX LAWS OF CUSTOMER EXPERIENCE

1 Every action creates a personal reaction

Experiences are in the eyes of the beholder, so remember that experiences designed for everyone satisfy no one.

2 People are instinctively self-centred

Don't let company organisation drive experiences. Don't make customers jump through hoops because of the way your business is set up.

3 Customer familiarity breeds alignment

A clear view across the organisation of what customers need, want and dislike can align decisions and actions.

4 Unengaged employees don't create engaged customers

Walt Disney explained it thus: “You can design and create and build the most wonderful place in the world. But it takes people to make the dream a reality.”

5 Employees do what is measured, incented and celebrated

Companies need to clearly define what good behaviour is and reward it accordingly. And be wary of sending out mixed signals.

6 You can't fake it

Employees and customers alike can sense if customer experience is not really a top priority.

Download the full white paper at bit.ly/Gszm

A common currency

For many companies today, customer experience is thought about and managed as the sum of all the interactions a customer has with a company: whether its an ad they've seen, a product on a store shelf, a phone call to customer services, an exchange of tweets, or a recommendation from a friend. Marketers call them "touchpoints" – and there are a lot of them.

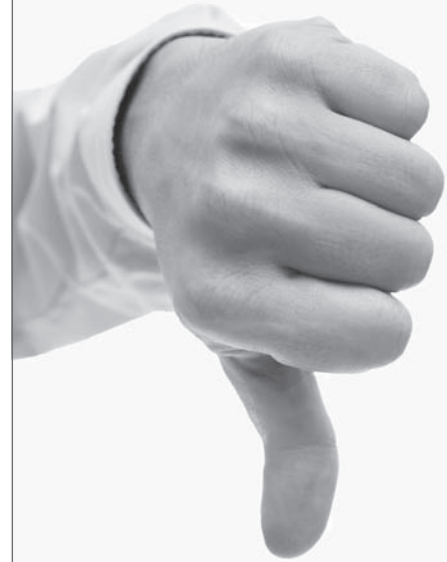
"In digital, you've got social and video, core website and mobile. Then you have the traditional offline channels – TV, radio, print etc," says Brian Walmsley, chief marketing officer of Bounty, a parenting club owned by the Treehouse Group. "When I started in marketing 20 years ago, it was just TV and print. Now there are so many different

touchpoints that it makes sense to have a common currency."

That currency is customer experience. Using Net Promoter Score or some other metric, CMOs like Walmsley are able to measure satisfaction with each of these different touchpoints to figure out which ones are performing well and which ones are letting the side down when it comes to driving sales.

That's right: 'sales'. While the quality of an experience might best be measured by assessing the consumer's emotional response to it (see *The psychology of customer experience, and how to measure it*, p23, those businesses that have adopted customer experience programmes tend to use hard financial metrics to grade performance – and work by Harley Manning and colleagues at Forrester Research supports this decision.

"Customer experience is a tremendous path to profitability," says Manning, research director in



Excellent.

Here's an irony.

We've learned more about how to improve loyalty from listening to unhappy customers than from anywhere else.

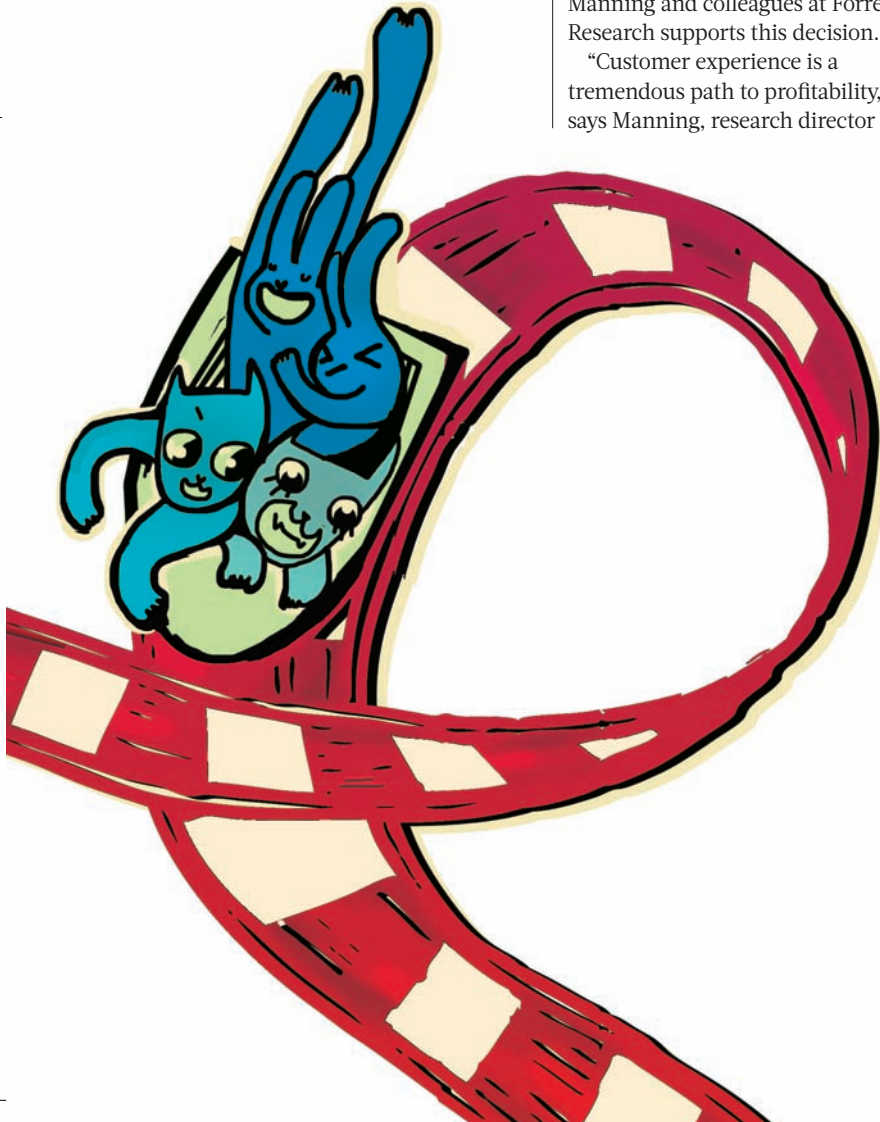
That's because increases in loyalty are more likely to come through taking away the causes of dissatisfaction than from anywhere else.

Of course, that's not the full story when it comes to measuring customer experience (CEX).

But as a start point for using CEX to increase customer loyalty and value, it's not bad.



www.quadrangle.com/CEX





Forrester's customer experience practice and co-author of *Outside In: The Power of Putting your Customers at the Centre of Your Business*. "Each year, when we compile our customer experience index, we ask loyalty questions and we run correlations, and what I can tell you – based on six years of data from thousands of US consumers – is that nothing drives purchase intent more than positive customer experience."

For executives like Walmsley, the strength of customer experience as a discipline, and as a way of thinking, is that it brings the whole organisation together. "It tells us all – brand, marketing and sales – that

we need to be putting the customer at the heart of the business and focusing on ways of improving the experience and monetising it," he says. "A marketer who only talks about customer experience without asking, 'How do we monetise it?' is only having half a conversation. That's equally the case if you're a sales person and you're only talking about revenue. Customer experience brings people within the business together and gets them talking, using a common language."

What does fantastic look like?

Sean Risebrow is head of customer experience for Virgin Media, an aforementioned provider of cable broadband, TV and telephone services. Five years ago, he says, the company's senior leadership team asked a question: "What does fantastic look like in this business?" It was Risebrow's job to find out and deliver it.

He's witnessed the transformation in fortunes that a customer experience focus can bring. Virgin Media was born in 2006 from the merger of NTL, Telewest and Virgin Mobile. NTL didn't have the best reputation at the time, admits Risebrow. The company was bottom quartile when it first measured itself using Net Promoter Score (NPS).

"But we had this vision to be number one for customer experience," Risebrow explains.

NPS is an alternative measure of customer satisfaction, which asks customers to rate how likely they are to recommend a company or a service. There's some dispute around its claim to be the "single most reliable predictor of a company's ability to grow", but the idea that happy customers tell their friends is by no means controversial. "Encounter something positive and it makes us feel good and increases the likelihood that we will engage with it again and recommend it to others as a positive experience," says Simon Moore, a chartered psychologist.

“ Customer experience brings people within the business together and gets them talking, using a common language ”

Where Net Promoter has benefited Virgin Media is in "helping the company get into the customer's shoes," says Risebrow. In five years, Virgin Media has gone from bottom quartile to top quartile. In the same time frame, its stock price on the Nasdaq has risen from less than \$5 to \$50. "That's a ten-fold increase in shareholder value that you can associate with our journey as we've gone through and improved the customer experience."

Starting the transformation

In theory, Risebrow sees customer experience management as being a straightforward, two-step process. Step one is to listen to customers. Step two is to do something with the data you collect. In practice, there's more to it than that, and for companies who've yet to adopt customer experience management



as a discipline, it can be hard to know where to begin.

Forrester's Harley Manning advises that companies start at the end. "It's always important to keep the end goal in mind, and that is to do business in a way that creates a great experience for customers – as a way of getting a bigger share of wallet from those customers, retaining them longer, generating positive word-of-mouth and reducing the cost to serve them."

The next step is to develop a plan for the kind of experience you want to deliver. Take the Apple Store – a great example of a company remaking the retail experience. "Well-intentioned people might walk into an Apple Store and say, 'Wow, that Genius Bar is great. We should put one in every one of our stores'. But maybe that's totally off-strategy for you," says Manning. "If you are a company that competes based on being a cost-leader, then putting in an expensive Genius Bar is not going to match your brand attributes – it's going to disrupt your overall strategy and confuse your customers."

So figuring out what it is that customers want and expect is key. But it's surprisingly easy for firms to jump to the wrong conclusions if they don't have research to point the way. "If you're in a pub tonight and you love Virgin Media, you'll be talking about products first, value for money second and service third," says Risebrow.

Discovering that was "quite a shock" to the organisation, he says. "When we started down this path five years ago, we thought we would differentiate on service. But what customers want is super-fast, reliable broadband and next-generation TV. Last year, we took the decision to double our customers' broadband speeds and committed £130m to do that. The big

bucks in the business need to follow what's important to customers. But this is very different to where we thought we'd be spending money when we started this journey."

Customers are people too

Customer understanding comes through customer research, says Manning: "...interviewing customers and studying what they do when they interact with you, whether that's in their homes or in a retail location or office, to really get at their true context and their true motivations."

Journey mapping is an approach that many companies have found to be useful in helping them get to grips with all the different touchpoints that customers encounter on the path from awareness through to purchase. It was one of the first tools Standard Life employed after deciding that, as

a business, it wanted to be defined by the customer experience it provides, rather than just products or services.

The executive spearheading the transformation of the life assurance business, with £19bn in annual revenue, is Stephen Ingledew, managing director of customer and marketing. His main aim was to get Standard Life to relate to its 3.7m customers as individuals; as human beings. "We had to start relating to them in the context of their broader lives, not just in terms of what their financial needs were," Ingledew says. There were pockets of customer experience work already going on within Standard Life, but nothing pulling it all together. The same was true of customer insight, Ingledew says. "We had a team responsible for customer insight but, in a way, the insight they had wasn't being used. It didn't actually result in anything." ▶

THE PSYCHOLOGY OF CUSTOMER EXPERIENCE, AND HOW TO MEASURE IT



By Dr. Simon Moore, a chartered psychologist with the British Psychological Society and an executive consultant with Innovationbubble

Customer experience is an ethereal concept, but one that has a very physical and measurable impact on brand value, trust and economics. It combines factors better understood by trained psychologists – the rational, irrational, emotional and sensorial judgement scales that operate both consciously and unconsciously in the mind of the consumer.

There are a number of methods that we can use to try to tap into these different aspects of experience. Focus groups have often been employed to mixed effect, but customer journey mapping is a useful tool that lends itself to creating 'experience profiles'. Customer-led storytelling can open a window into the mindset of the consumer and has the advantage of being led by them, so it's not constrained by pre-judged questions on the part of the investigator. Biometrics also offers some awareness of the arousal and engagement levels of the consumer at different points in the experience journey.

Psychologists can also employ measures of consumers' emotional experience (both positive and negative, and weak and strong), evolutionary programming (gratification bias: the tendency for people to prefer a smaller, immediate payoff over a larger, delayed payoff), decision-making biases and personality aspects.

The weak link in this whole area is uncovering the hidden/unconscious triggers that influence customer experience. Psychologists are making some inroads here, and work on implicit associations and implicit attitudes have the potential to turn some of the more ethereal aspects of experience into measurable data.



The solution, as Ingledew saw it, was the creation of a new team with three core responsibilities. He explains: "One part of that is insight, and we have people whose job it is to think about how they use insight to drive business change. The second part of the team is a group responsible for the ownership of customer experience, end-to-end, on an ongoing basis, no matter how a customer comes to us. They're looking at what works and what doesn't work from a consumer perspective, but they'll also look at what makes it difficult for our own people to relate to customers."

The third part of the team is responsible for customer complaints – not just handling them, but responding to them and learning from them, which is something

Standard Life wasn't doing enough of before, Ingledew says. "Often, complaints aren't big complaints. They are usually just people explaining how we're not making something easy for them, or that they're getting sent bits of paper that they don't need. But we weren't taking that feedback and thinking about how we could improve the experience and save some money at the same time."

The importance of feedback

Having a system in place that can manage, respond and filter customer feedback to relevant parts of the organisation is a critical component of successful customer experience programmes. Feedback comes in different shapes and volumes, ▶

THINK LIKE A DESIGNER

Mat Hunter of the Design Council on how design thinking helps businesses solve customer experience challenges

'Design thinking' refers to a generalised way in which designers understand problems and the way they create solutions. Designers will always look at a problem from the outside in and from the users point of view. They'll say: "Look at this experience that I'm having. Look at these things that I'm touching or feeling or that I'm surrounded by? Are they good? Do they make me feel happy? Do they help me achieve what I want to achieve?"

This is where the link to customer experience comes in. Designers are very much user champions. Some people would argue that businesses typically optimise for the status quo. They find a way to remove the inefficiency from a sales process, a purchase process, a usage process, a support process. And what you end up with is lots of departments – the retail department, the marketing department, the manufacturing department, the after-sales department – all of these silos, because that's the way that corporate structures can best optimise them.

But from the customer experience point of view, of course, it becomes very disjointed. Maybe what the sales force is thinking is very different from what the manufacturers are thinking, and of course after-sales support aren't really

talking to the manufacturers. So you end up with a sub-optimal customer experience. The way designers think is to look across a business – to see, from start to the finish, how to create an integrated, empowering, wonderful experience.

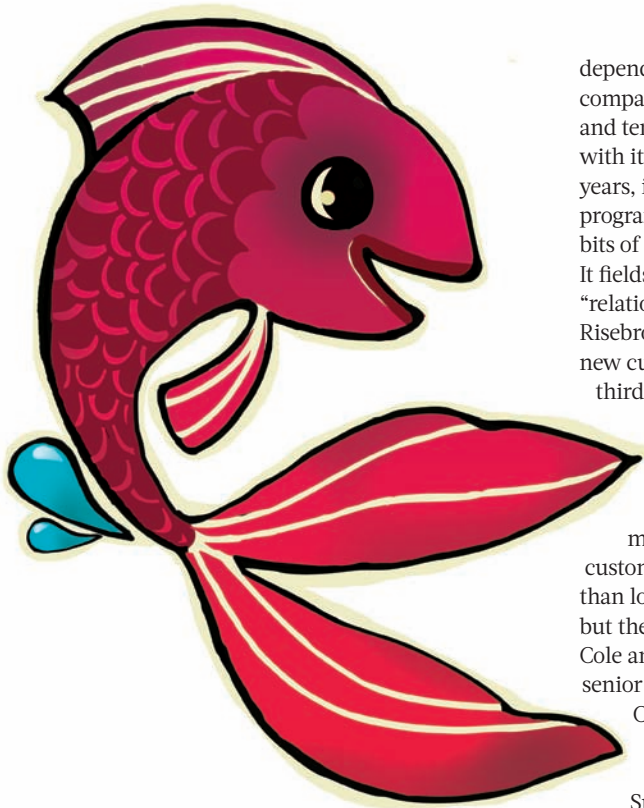
Designers have learnt to collaborate with social scientists, cognitive psychologists and anthropologists in order to really understand what people want. The distinction, perhaps, between classic market research and design-led ethnographic research is that market research, typically, speaks to lots of people to understand what they do now, whereas design attempts to understand people's latent needs, their future needs, their unmet needs – and that requires a slightly different approach.

Steve Jobs is probably the best-known exemplar of design thinking. He was dismissive of market research and asking people what they wanted, not because he didn't care what people wanted but because he recognised that he had a very rare talent: to be able to take the world around him and understand it and synthesise it into what people might need in the future.

Mat Hunter is chief design officer at the Design Council







depending on the organisation. A company like Virgin Media has “tens and tens of millions” of interactions with its customers annually. In five years, its customer experience programme has amassed five million bits of individual customer feedback. It fields upwards of 10,000 “relationship surveys” per month, Risebrow says. In addition, every new customer is surveyed and a third of all people seeking service support will also be asked for feedback.

At Deutsche Post DHL Supply Chain, the numbers might be smaller – its customers are big corporates rather than lots of individual consumers – but the data is no less crucial. Harry Cole and Paul Ryan are, respectively, senior vice president and VP of Customer4Life, a customer experience programme that kicked-off last year. DHL Supply Chain measures customer loyalty and satisfaction through regular surveys, like most

companies, but it also has established protocols for feeding back data in other ways.

Win or lose, after contract renewals, third parties are sent to interview the client (or former client) to find out what went right (or what went wrong). It employs a “customer sponsor”, whose job is to meet with customers and monitor the experience that they are getting. It runs “top-to-top” sessions to bring senior executives together to discuss their needs and whether they are being met. And it develops joint business plans with its customers – including major retailers, consumer goods companies, auto makers and technology firms – and these plans are reviewed quarterly.

These joint business plans could almost be considered totemic of the change DHL Supply Chain has gone through. “We had become very good at writing things like account plans, which tended to focus more on our needs,” says Cole. The new approach is to sit down with customers, to

THE RISE OF THE CHIEF CUSTOMER OFFICER

Meet the new breed of executive taking charge of the customer agenda

Chances are that you haven't ever met a chief customer officer. “It looks like there's about 337 of them right now,” says Curtis Bingham, founder and executive director of the Chief Customer Officer Council. “The numbers are still kind of slim.” But they are increasing.

The CCO Council dates the first appearance of this role back to 1999, when Jack Chambers was named CCO of the Texas New Mexico Power Company. But as of now, according to Forrester's Paul Hagen: “They sit at high levels of power within companies as diverse as Allstate, Dunkin' Brands, Oracle and USAA”.

Oracle's CCO is Jeb Dasteel. He joined Oracle in 1998, having worked in management consulting. His job initially was to build a business consulting practice to work with Oracle's

customers to develop business cases for how Oracle's technology could be applied within their organisations.

“But nine years ago, our president asked me to step in and pull together all the different facets of customer centricity that we were starting to develop across the company, none of which were really linked together or synchronised. My job,” says Dasteel, “was to come up with one rational global view for how we manage customer centricity.”

Forrester defines the chief customer officer role broadly as “a top executive with the mandate and power to design, orchestrate, and improve customer experiences across every customer interaction”.

Yet according to Bingham, customer experience is but one small part of the CCO's job.

A ‘chief customer officer roadmap’ produced by CCO Council members contains “over 100 different activities that a company needs to embark on or engage in, in order to be customer-centric,” says Bingham. And customer experience is only one-twelfth of those (see bit.ly/15Ny2cX).

“The CCO's biggest objective is to increase the overall value of the customer as a strategic asset,” he explains. “They succeed by bringing the customers' perspective to the executive team and balancing customer needs with business needs. And the ones that are most successful are the ones that can, at every major strategic decision-making point, answer the question, ‘What is the impact of this decision on the customer?’”



Jeb Dasteel



Curtis Bingham

“share experience, ideas and commitments”. “It’s no longer just a supplier relationship, with us saying ‘This is what we’ll do for you guys’. It’s very much a jointly crafted and agreed plan, which we think gives us a great roadmap to get at new areas that will allow us to create a much better customer experience.”

Co-creating with customers

As DHL Supply Chain is discovering, co-creation processes have a valuable role to play in helping companies design and deliver experiences for their customers. “It’s catching on like crazy,” says Forrester’s Manning. Businesses are keen to adopt it, and quickly, but Manning cautions that it needs to be part of a rigorous process. “You can’t just bring your customers in and say, ‘Tell us what you want’. You have to be disciplined.”

“Having a customer mindset is just as important for finance, IT and HR as it is for those working in marketing”

The process starts with a bit of design thinking, the aim of which is to define where a business wants to go and to look at all the different possible routes for getting there (see *Think like a designer*, p24). “That’s the part that people tend to forget,” says Manning. “They tend to fixate on the first idea that pops into their head – when they really should be considering all possible solutions to the problem first, before narrowing it down to one.”

It’s at the halfway point, when you know the general shape of what you want to do, that co-creation comes into play, explains Manning. By following this process, companies can ensure that their experience has been properly ideated, prototyped

and tested with real customers. “You avoid going down the wrong path in creating a thing that you think people will like,” says Manning.

So how do companies measure the success (or otherwise) of their customer experience strategies? As mentioned at the outset, companies – by and large – are using hard, financial metrics to evaluate impact, but there are more customer-centric measures too.

At DHL Supply Chain, Cole explains how satisfaction and loyalty scores sit alongside “more tangible metrics” such as contract renewal rates, margin retention and revenue growth potential. Ingledew at Standard Life has a “customer scorecard” made up of four aspects: number of customers, customer value, customer experience – determined according to the number of complaints and the organisation’s customer effort score (a measure of the effort customers exert to get their problems solved) – and customer advocacy (measured using Net Promoter).

Ingledew’s scorecard goes in front of Standard Life’s UK board each

month, and to the group board each quarter. Traditionally these performance reviews would focus just on the financials – revenues, costs, profits etc. “But now the customer metrics are part of that as well.” Just as it should be, he says.

“To be talking about improving the business; to be keeping more of people’s money with us rather than see it go elsewhere... That’s actually quite a hollow discussion if you can’t talk about why people would move their money, what their motivations are, what they’re trying to achieve and whether we can help them do it,” says Ingledew. “It all relates back to customer need. Having a customer mindset is just as important, really, to a finance director, the IT director and the HR director as it is for the people who work for me in the marketing and customer division.”

Staff engagement and experience

Changing an entire company culture →



to get everybody thinking 'customer first' – is probably the single biggest challenge facing those tasked with delivering the customer experience agenda. But achieving culture change is the difference between success and failure.

At both Virgin Media and DHL Supply Chain, metrics like customer loyalty and NPS now factor into remuneration and bonuses. Such steps are important to take, says Bruce Temkin, a former Forrester analyst. Temkin now heads-up his own consultancy, Temkin Group, and is co-founder of the Customer Experience Professionals Association (cxpa.org). He's written a white paper, *The Six Laws of Customer Experience* (see p20), one of which is: "Employees do what is measured, incented and celebrated".

In most cases, delivering great customer experience is not recognised and rewarded. "Organisations often hone their

measurements, incentives and celebrations to achieve short-term growth and profitability targets," says Temkin. But improving customer experience is anything but a short-term goal. It requires deep customer understanding, a team or a person willing to champion it (see *The rise of the chief customer officer*, p26), a culture that's willing to embrace it, and employees who are engaged enough to deliver it. And it requires ongoing commitment. The goal posts are always shifting. What 'fantastic' looks like today might be very different tomorrow. And companies are not just competing within their own verticals – they are competing across the board.

"Customers are not just comparing their experience with us to that of other financial services organisations," Standard Life's Ingledew explains. "They are comparing us

against the experience they have with brands like Apple or John Lewis. These other brands are setting the bar for the standards that they are expecting."

There's a social change taking place, Ingledew says. Customers are much more empowered now. "We're used to them being passive in the way they've engaged with us, but now they are much more proactive, more demanding. They are speaking up and saying what's not acceptable. There's a demand for better engagement, greater transparency and more simplicity.

"Underpinning all of that is the way our personal lives, our work lives and our consumer lives have been changed by technology. The boundaries between the physical and the digital have broken down," says Ingledew. Expectations are shifting – and companies need to start running just to keep up. In today's world, experience is everything. ■



ENDNOTES

Quadrangle's Phil Rance rounds off this special report with some final food for thought

The reason you measure customer experience is to improve it. Specifically, it's to get customers to stay with you and to say good things about you. Get this right and, over time, it (a) increases satisfaction, advocacy and sales; and (b) reduces cost to acquire, cost to serve, and churn. That's a seriously big prize.

But the complexities of competitive, multi-channel, multi-touchpoint markets mean you're unlikely to achieve this without a system for measuring customer experience (CEX) that is designed to help you improve it. Drawing on our experience and our discussions with world-class practitioners like Apple Retail, here are six thoughts to guide the design of such a system:

There are always two dynamics at play in CEX: the stuff that adds to a customer's experience; and the stuff that degrades it. These aren't the same and you can't lump them together to create a nice, neat continuum from 'very good' to 'very bad'. You have to identify, measure and, ultimately, deal with the things that add to and degrade customer experience separately, if you're to make real progress.

The data that CEX provides needs to be capable of guiding action: unfortunately, this is not a statement of the blindingly obvious. It has far-reaching implications for what you measure – first, understand what matters to your customers, then focus on this obsessively – and for the design of feedback: data has to flow to the people in the business who can impact it; and they then need to have the authority to act on it.

CEX metrics should be connected to transactional data: not just sales, but other data such as loyalty, cost to serve, failures or errors.

That's because you need to be able to relate back what customers say in CEX surveys to what they do in reality. Ideally, this would be through the lens of a segmented view of customers, to create a joined-up picture of customer experience and customer value for each segment.

'Off-the-peg' never works for measuring CEX – think unique and bespoke: the design, content (what matters to our customers) and usage of an effective CEX system needs to be brand/business specific. The questions you ask, the depth and frequency with which you ask them, the arrangements for distributing and using CEX data, and so on... all need to be bespoke to you.

The most important factor in measuring CEX is that it's aligned with operations: that is, the part(s) of the business that deliver on what CEX measures throughout the customer journey – across all channels and for all touch points. The two primary aspects of alignment are (a) a shared understanding of what matters to customers in delivery; and (b) a common set of customer-centred KPIs and targets.

The future of CEX is in technology-led data collection and reporting platforms: we're right to get excited about the new capabilities these create. But please remember that these platforms merely dial up the mission-critical importance of getting the design right of the underlying CEX system that powers them.

Phil Rance is corporate development director at Quadrangle



It's an intermediate measure and we need to be constantly reminded of this.

So thanks, Bart.

The basic assumption is that the more satisfactory the experience, the more loyal and, over time, valuable customers are likely to be.

Broadly that's right.

But there are complexities to do with measuring customer experience (CEX) that can lead us to focus on and, hence, do the wrong things.

Modern customer experiences contain a great many moving parts.

Get some parts wrong and it doesn't matter; get others wrong and the wheels come off.

The fact that different parts have differing impacts on customers' behaviour has far-reaching implications for the design and use of CEX systems.

The start point is to work through how the data from CEX will be deployed across the business.

By whom, where and for what.

But the key is to know, from a customer perspective, which parts of the experience are critical.

To recognise that there are always two dynamics – positive and negative – at play in customer experience.

And to properly understand what creates, and what destroys customer loyalty and value.

So you focus not on measuring experiences, but on improving outcomes.

Because outcomes rule, Dude.



The behavioural insight hothouse

As controversies over UK government schemes like Workfare and Universal Credit show, there are no easy answers when it comes to getting people back into work. So when a JobCentre Plus in Loughton, Essex, found it could noticeably improve results by making some straightforward, inexpensive changes to procedures, people sat up and took notice.

Administrative processes for some jobseekers were reorganised so that customers talked about getting back to work on their first day – and conversations focused on the two weeks ahead, rather than those just past. People still claiming benefits after eight weeks were asked to take part in expressive writing and ‘strengths identification’ exercises. The result? Thirteen weeks after signing on, people in this group were 15–20% more likely than a control group to be back in work. The scheme is now being expanded across Essex and in other parts of the country.

It may be early days, but for now it’s another success for the government’s Behavioural Insight Team (BIT). When the small team (originally nine members of staff, now 13) was set up within the Cabinet Office by the coalition government in 2010, with the remit of applying the insights of behavioural economics and psychology to public policy, it met with some scepticism. But tangible results in areas ranging from tax collection to loft insulation have since helped it gain much more favourable coverage from media across the political spectrum.

How the Cabinet Office’s ‘Nudge Unit’ has grown to influence policy and strategy development across government – and beyond. By **Jonathan Knott**

Peter John, a professor of public policy at University College London (UCL) who sits on BIT’s Academic Advisory Panel, says that the creation of the unit reflects a trend within academia that has migrated into public policy.

“Government has always been interested in people’s behaviour,” says John. “What’s new is a more intelligent and evidence-based approach to behaviour change, incorporating insights from behavioural economics, psychology and neuroscience. There’s a greater focus on the micro causal processes that drive people’s behaviour – and an awareness that small changes can potentially have large impacts.”



Break from the norms

The financial crisis of 2008 was perhaps the most glaring indication yet that the assumptions of classical economics – which treats people as conscious, rational and self-interested decision-makers – frequently do not hold true in real life.

John says that the work of thinkers like Daniel Kahneman (author of 2011's *Thinking Fast and Slow*) has been important in establishing the idea of the brain's 'automatic system' to help us understand why we don't always make good choices, even when we should know better. Another influential text is Richard Thaler and Cass Sunstein's 2008 book *Nudge* (from where BIT's nickname, the 'Nudge Unit', derives). Maintaining that "there is no such thing as a 'neutral' design", the authors argue that (often simple) redesigns of environments can produce more desirable behaviours without the need for legislation.

A notorious example came from Amsterdam's Schiphol Airport, where adding pictures of houseflies onto the urinals reduced spillage by 80%. Thaler and Sunstein dub their approach "libertarian paternalism". It presumes to know what is good for people, yet it does not involve any actual coercion.

Thaler reportedly impressed David Cameron when the pair met in 2008, and is now an advisor to BIT. 'Nudging' naturally appeals to a cash-strapped government that values individual freedom – but the shift goes beyond party politics. One key document was actually commissioned by the preceding Labour government. MINDSPACE, published by the Institute for Government think tank and the Cabinet Office in 2010, explains behavioural insight principles and suggests how they can be applied to policy (see box, above right).

MINDSPACE The Behavioural Insight Bible

An influential report, originally commissioned by the Labour government, explains the central principles of behavioural insight using the MINDSPACE acronym (Messenger, Incentives, Norms, Defaults, Salience, Priming, Affect, Commitments, and Ego).

'Messenger', for example, is the idea that people are influenced by the source of information; 'priming' that subconscious cues can affect our receptivity to an idea, while 'ego' explains how we do things that make us feel good about ourselves. MINDSPACE is regarded by many as the best practical overview of applying behavioural insight to policy-making.

Then 2012 brought us *Learn, Test, Adapt*, authored with academics including Dr Ben Goldacre, which explains the fundamental importance of randomised controlled trials to developing evidence-based policy, addresses common objections, and provides advice on setting them up.

"I think it's fair to say that Britain is ahead of the game," says John. No other country's government has a dedicated behavioural insight team, and the coalition agreement's reference to "shunning the bureaucratic levers of the past" makes its intentions clear.

More than a nudge

Despite BIT's growing reputation, the old doubts about 'nudging' – that it was manipulative, flaky, or simply an excuse to cut back the state – have never quite been shaken ▶



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off. And they resurfaced with a vengeance in April. At the behest of the Nudge Unit, jobseekers were being asked to fill out a survey designed to “identify candidates’ strengths”, or face the withdrawal of benefits. But the questionnaire was denounced as a sham when bloggers exposed just how tenuous was the link between the answers provided and the results.

“That was really quite shocking,” says Jonathan Rowson of the RSA think tank. “At best it’s a randomised controlled trial without the proper informed consent. At worst it’s just manipulating people who are very vulnerable, without necessarily even helping them.”

Rowson is director of the RSA’s Social Brain Centre, where the approach to behavioural insight differs from ‘nudging’ – and is arguably less susceptible to the criticisms it commonly faces (see box, right). The centre has worked on encouraging fuel efficiency with taxi drivers and on decision-making with the police. Rowson sums up the approach as: “Giving people an understanding of their own nature, and letting them use that to shape their own lives.”

Most BIT-influenced policies, to date, have been classic ‘nudges’, but some major projects aim at more conscious behaviour change. BIT works with the department of Business, Innovation and Skills (BIS) on the Midata project (part of the Consumer Empowerment Strategy), under which consumers will be able to receive their transactional data back from companies in a portable, machine-readable format.

BIS hopes that Midata will help transform attitudes to personal data, allowing it to be put to creative uses by new businesses. But the project

DIFFERENT APPROACHES TO BEHAVIOUR CHANGE

A ‘nudge’ approach often targets people’s automatic behaviours without them realising, but other approaches to behavioural insight engage people more consciously. A 2009 academic paper, *Nudge, Nudge, Think, Think* (subsequently expanded into a book) argued that engaging people’s rational faculties (for example, through community budgeting) could also be an effective way of changing behaviour.

In between these two approaches, the RSA has developed the ‘steer’ concept, which acknowledges the role of automatic and habitual factors in behaviour, but encourages people to consciously recognise and control these.

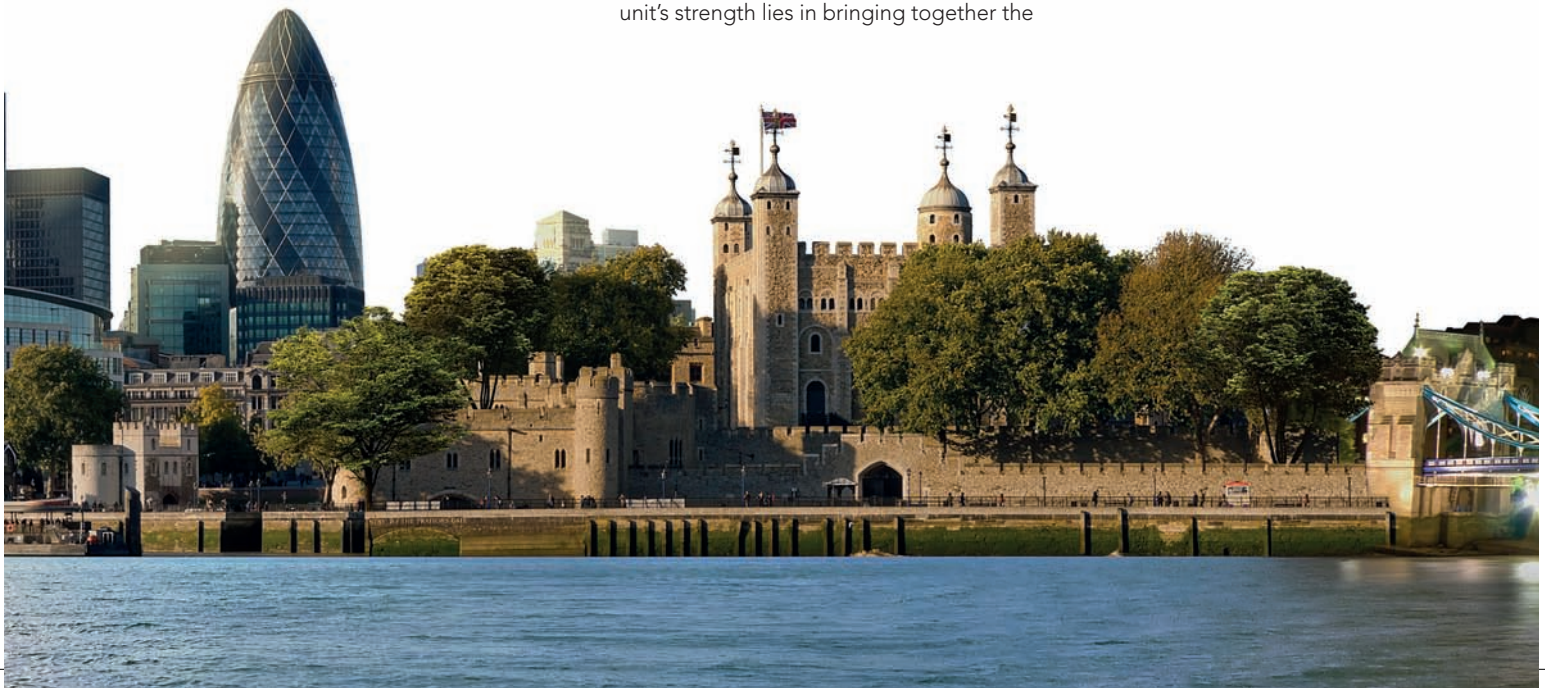
The latest paper from the RSA’s Social Brain Centre, *Divided Brain, Divided World*, arguably moves beyond this again. Taking its inspiration from a book by psychiatrist Ian McGilchrist, it asks whether many of the modern world’s problems relate to the domination of the left hemisphere of the brain over the right hemisphere at a cultural level, leading to an excessive desire to measure, control and quantify at the expense of holistic insight.

is equally motivated by the idea that a greater access to data will give people a better understanding of their behaviour, and help them make better decisions.

Working relationships

For a department like BIS, BIT’s role has been to connect it with “key thinkers such as Professor Thaler and contacts who run similar initiatives abroad,” says a spokesman, while also helping the department “more easily identify and speak to leading businesses who could be instrumental in creating Midata services”.

As well as providing direct advice, BIT disseminates its ideas through conferences, seminars and workshops. UCL’s John says that the unit’s strength lies in bringing together the



wisdom of academic research and practical nous gleaned from the coalface: "It's often the people on the ground who have the insights," says John. "It's a strategy of using whatever science is available, but also utilising a common pool of knowledge."

The costs of implementing interventions always fall on the government bodies that BIT works with. John says that much of the unit's role involves steering and joining up the dots. "The team can't actually deliver or monitor behavioural intervention itself," he explains. "It has a facilitative role to encourage departments or agencies to do the trials themselves, but give them support about how they could be designed and evaluated, and how evidence may be brought to bear. Some of these ideas were kicking around anyway. BIT helps give it a bit of extra focus and profile."

In his paper *Policy Entrepreneurship in UK Central Government*, John argues that BIT displays some features of a 'skunkworks unit' – a small team within a larger organisation that is given a brief to innovate and more freedom to operate (see box, p34). John argues that factors like a lack of hierarchy, freedom from short-term management objectives, and low staff turnover have enabled BIT to be a "catalyst for innovation, without having to do all the innovation itself".

BIT head David Halpern has dubbed the unit a "guerrilla operation" for the way it snatched early opportunities to shine. But as behavioural insight's potential for cost-effective impact becomes increasingly accepted, some departments, such as the Department for Energy and Climate Change (DECC) and the Department of Health (DoH), are ▶

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setting up their own internal teams of behavioural insight researchers. New public bodies, such as the financial regulator the FCA and the executive agency Public Health England (PHE), are also committed to behavioural insight ideas.

"There's a lot of momentum behind these kinds of initiatives," says Tim Chadborn, lead researcher on PHE's Behavioural Insight Team. Chadborn says his group will be working to set up collaborative research projects with local partners, and then co-ordinating the replication of successful interventions elsewhere. They have put out a call both to PHE's central teams and to local centres for suggestions, saying that the team plans to provide the skills and expertise to enable the robust evaluation of these initiatives.

"We are trying to develop and stimulate innovation at the local level," says Chadborn.

Public private partnership

BIT was created with a two-year 'sunset clause', but a 2011-12 update demonstrated that it had

WHAT IS A SKUNKWORKS UNIT?

The name Skunk Works has its origins in Al Capp's popular US comic *Li'l Abner*, where the mysterious 'Skonk Works' emitted foul fumes when brewing dead skunks and shoes into 'skonk oil'. The term was used in a business context at Lockheed Aircraft Corporation in Burbank, California during World War Two as a nickname for a small, secretive project that designed the US Air Force's first jet fighter (the P-80 Shooting Star). The team, based in a tent next to a stinking plastics factory, was given a large amount of autonomy. The idea of a physically separate innovation unit, free from bureaucratic impediments, has since been adopted elsewhere, and the term 'Skunkworks Unit' is widely used in discussions of management theory.

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met the criteria that would enable its life to be prolonged. The document boasted that BIT had helped make savings of 22 times its cost, and predicted further savings of at least £300m over the next five years. BIT's influence is now extending beyond government. The unit

recently announced that it would be part-privatised, carrying out work for external organisations as well as governments.

But as interventions are scaled up, departments will inevitably encounter hurdles. Chris Branson of Ipsos MORI's Behavioural Insight Group believes that additional research may be needed to assist departments with the finer details of implementing and evaluating behaviour change initiatives. Ipsos MORI has worked with Professor Susan Michie of UCL on bringing together aspects of 19 different academic behavioural insight frameworks into a model they use to help develop primary research.

"Analysing the causes of a particular behaviour can directly suggest the type of intervention that is likely to be important in that situation," says

Branson. "Does it need to motivate people? Does it need to allay certain fears, or make sure people are looking at something that they weren't previously looking at?"

Branson believes that agencies may be able to help government departments gain a more detailed understanding of specific contexts, as well as to evaluate impact over the longer term – or in more depth – than would otherwise happen (such as sub-group analysis within a randomised control trial).

But while the details may as yet be unclear, behavioural insight's influence on policy looks set to continue. "It's a bit like Pandora's Box," says Branson. "The design of people's environment has an impact on how they behave. As soon as government is aware of that, then it can't fail to care about that design." ■

INTERVIEW

“We’ll see a great deal more consideration given to default rules in the public and private sector”

Cass Sunstein, the co-author of *Nudge*, talks to Bobby Duffy about his new book, *Simpler: The Future of Government*

Bobby Duffy: *Simpler* outlines how government rules can encourage better behaviour and economic outcomes. One of the terms you use is 'behavioural market failures'. Can you explain what you mean by that?

Cass Sunstein: Within economies, there are market failures – for example, when a polluter makes people sick and those people are not parties to any transactions with the polluter and its business. Behavioural market failures, however, involve issues with human fallibility that lead to harmful outcomes.

One form of this fallibility is when people are faced with many complexities and they become overwhelmed. Financial products are a good example of this. If people have pages of detail, they might not sufficiently process the information. For this reason, the Consumer Financial Protection Bureau in the US has a goal to make sure that people can understand the information they are given.

BD: You make the point that government should help to get people on the 'right track' even if they take no action at all. Careful consideration of default positions is one of the key mechanisms for this – automatic enrolment in pensions and savings schemes, for example. How far do you

see this approach going?

CS: We will see a great deal more consideration given to default rules in the public and private sector. We are just beginning to appreciate the potential uses of automatic enrolment. For example, there was a university in the US a few years ago that changed its default printer setting from single-sided to double-sided printing. In the first semester, that saved more than seven million paper sheets, even though people could easily opt out and print single-sided.

BD: At the end of the book you discuss the common objections raised about paternalism – including concerns about its impact on welfare and autonomy. Which of those objections do you think ▶

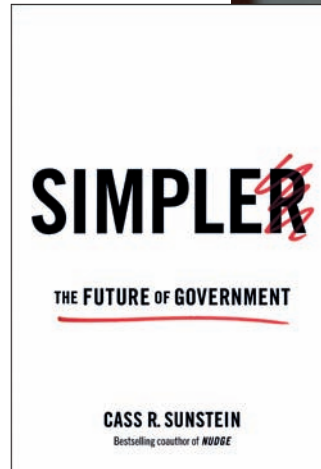
are strongest, and which are missing the point?

CS: I distinguish between two kinds of paternalism: bans, on the one hand; and nudges on the other. People should be concerned about mandates or bans if the goal is to stop adults from entering into transactions. In some cases, we do want such bans – but in a free society, consenting adults are generally allowed to make such agreements as they like. So it's prudent to scrutinise rules that forbid voluntary agreements carefully.

With respect to nudging people towards certain behaviours, the concern about paternalism is reduced because people can always go their own way. If you have automatic enrolment in a savings plan, but people think this is silly and want to take the money home and not save, they can. Or if you have a disclosure policy that informs people about what a healthy meal looks like, they can say: "I agree with you, but I want an unhealthy meal because it is delicious".

There are a couple of objections I do think are worthwhile though. I learned a lot from a book called *Taking Liberties*. It is a very careful and sceptical book, and one point the author makes is that, for the very reasons that nudges are effective, it may be too quick to say that they are easily reversible. The idea is that people can always opt out – but we know from the data that people often will not. And it goes in two directions: one is that in some cases you really do want active choosing rather than a default; and second, you want to make sure people are informed of their ability to opt out and give them an occasion to do that.

But paternalism, at least in a weak sense, may be unavoidable. In both the public and private domains, there are default rules in place that have been chosen not by the individual, but by the legal system, and to which the individual is frequently subject. The problem with the anti-paternalism movement in its strongest form is that it disregards the extent to which some sort of government intervention is always present.



Phil Farnsworth

BD: You have clearly spent a lot of time advising people in government and public services on how to turn behavioural theory into practical policy. What advice can you give for achieving this?

CS: The thing to do is to think about what problems the organisation or the government has, and what are the best things we can do to fix them.

In the US, we have an issue with childhood obesity, with which the First Lady is very concerned. We had something called the Food Pyramid, which was the main icon used to describe healthy eating, but it was difficult for the public to understand. Behavioural economists helped to explain why people found it confusing and so we replaced the Food Pyramid with something called the Food Plate, which is easier to follow.

Behavioural work in the US also informed the provision of free school meals to children who can't afford them. Eligible people were not signing up for the programme – perhaps unsurprisingly, as it was a somewhat

confusing process, and if you are impoverished, trying to figure all that out might not be your top priority. Now the US has introduced a programme called Direct Certification where, if kids qualify, they can be automatically enrolled rather than having to go through a separate application process.

As you can see from these examples, the way to approach it is to look for the problem to be solved and ask: "What tools do we have?"

Cass Sunstein is the Robert Walmsley University professor at Harvard University and Harvard Law School and the director of the programme on behavioural economics and public policy. He was talking to Bobby Duffy, who is managing director of Ipsos MORI's Social Research Institute. This is an edited extract from an interview originally published in Ipsos MORI's *Understanding Society* magazine (bit.ly/ZfpLgI) Reprinted with permission. ■

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For anyone who tried to get tickets for the Damien Hirst retrospective last year, or who has squeezed past the crowds to peak at Lichtenstein's pop art in all its glory, the fact that Tate Modern is one of London's top tourist attractions will come as no surprise. Art has become a mass mainstream pastime in a way that was unthinkable 20 years ago, and the Tate has been a pioneer in this movement.

But from a research perspective it is an interesting and unusual outfit. It isn't chasing

market share, trying to beat its competitors, or aiming for ever-increasing profits like so many commercial organisations. The role of research at the Tate is not to help dictate future strategy but rather to refine it, and to be constantly vigilant that the organisation understands its audience.

And make no mistake, the Tate takes its audiences very seriously. To demonstrate this, when Marc Sands took over as director of media three years ago his job title was changed to 'director of media and audiences'. "It sounds like just a name change but it represents a significant change of approach," says Sands. "It's a very good idea to set up a department where you operate as a media owner, creating content across all platforms, but we found the audiences weren't really represented in that discussion. It meant I was asked less for my own opinion and more to bring the views and opinions of multiple audiences to the table. And if you are representing audiences, you'd better do some research to find out what they think, otherwise you're just making it up."

The rational and the creative

The role of research has grown within the Tate from what Sands acknowledges as a "relatively low base some time ago". Central to research's place is the Tate's clearly defined remit: "To increase the public's understanding, knowledge and enjoyment of British contemporary and modern art". And as Sands says, the moment you put 'public understanding' in the mission statement, then there's an imperative to do the research to prove that the public are gaining that understanding. In addition, education is a large part of what it does – from school visits to adult learning programmes – and you can't run that without audience insight.

Last year, Tate further reinforced its research credentials when Sands hired a dedicated research and insight person. "She used to be at Procter & Gamble, and she brings the rigour of one of the leading FMCG organisations to our research. That rigour – and Procter's way of approaching things – is hard in an organisation like the Tate, because the language and terminology is not well understood by the majority. But if you can align that skill with an understanding of how an art organisation works, then that's a powerful combination," says Sands.

Sensitivity is required in the manner in which research is presented, he says. The research might be brutally rational, but the organisation isn't necessarily so. "Don't colour the truth, but be

The art of consumer understanding

Marc Sands tells **Jane Bainbridge** how research and insight is helping the Tate achieve its goal of bringing modern art to the masses



CV
MARC SANDS

1988

Joins DMB&B as graduate trainee. Works at various ad agencies including HHCL & Partners over the next eight years

1996

Marketing director, LWT/Granada Television and, in 1998, joins British Digital Broadcasting (ONdigital) on secondment

2000

Joins *The Guardian* and *The Observer* as marketing director and becomes board director of Guardian News & Media

2010

Joins the Tate as director of media and audiences

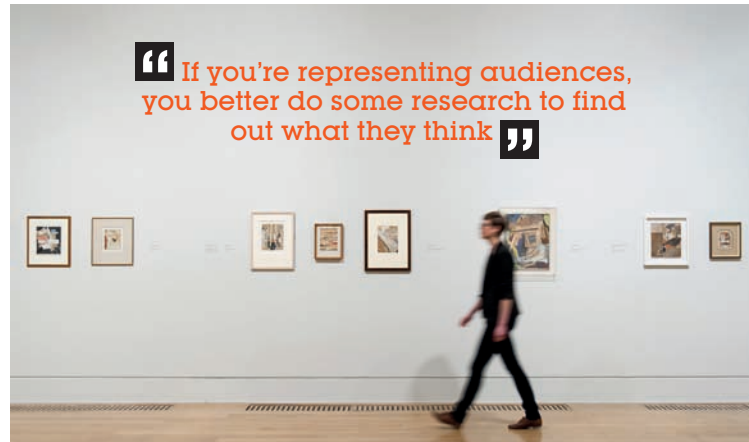
sensitive to how you say it; hard data is not where arts organisations come from – and it’s not entirely where they should be going either – but they need to bolt on some of the better bits, as it helps them make better decisions,” Sands explains.

No painting by numbers

As it stands today, there are multiple strands to the Tate’s research programme. Its primary source of data comes from working with Morris Hargreaves McIntyre, which conducts baseline studies on audience numbers, appreciation and understanding of the free collection and paid-for shows, among other things. “That’s rear-view mirror research; it’s saying: ‘In that year, we did this, this amount of people came, and they thought this’. It doesn’t really assist too much in future research and planning,” says Sands.

So to bolster this baseline research and add more forward-looking work, Sands lifted a concept he’d used during his time at *The Guardian* and introduced an audience panel at the Tate.

“We thought it would be interesting if we could dip into a sub-set of the larger Morris Hargreaves McIntyre research pool and look at the audiences, dive in and segment different audiences with different questions along the way. That’s been in operation for about 18 months and we look at pretty much everything on that. The questions could relate to anything: What is the audience recognition of the artist? What is the likelihood to visit, based on a certain price point? If we called



Schwitters in Britain (30 January - 12 May 2013)
Tate Britain © J.Fernandes, Tate Photography

the show this rather than that, would it increase your propensity to come?” says Sands.

One role research doesn’t have is in selecting which artists are given exhibition space, because that would lead to only the big, famous and familiar artists being picked and shown. “I think it would be wrong to do that. Art is not chocolate bars. If the audience says, ‘Yes, we want more chocolate’, then I’d put more chocolate on because that would give me greater market share. Here you are trying to create an ecology of stuff that you show, that can cover many different bases.” And so it is that while on the one hand Tate’s exhibitions have included pre-Raphaelites, Lichtenstein and, coming up, Lowry – on the other it has lesser-knowns such as Schwitters and Saloua Raouda Choucair.

CASE STUDY THROUGH THE EYE OF THE BEHOLDER

In 2011, Tate Britain was in the midst of an important period of change as the permanent collection was being both re-housed and re-hung. An over-arching philosophy behind this process was the desire for art itself to be engaged with and experienced in a way appropriate to the varied needs of the diverse audience that the gallery attracts.

The Tate wanted to get a real-time perspective on how people interact with the gallery space and collection. So, rather than have people recount their experiences after the event, research agency Firefish asked select visitors to spend time in the gallery wearing first-person line-of-sight video capture equipment. The resulting footage

showed directly how the collection layout, physical gallery space and human traffic contributed to people’s engagement with and experience of the art.

Sands said: “The logic of the way the art is presented was not particularly clear, so people were randomly going [from picture to picture]; it is now being hung completely differently. It’s being

displayed chronologically: you can walk from the earliest painting from 1545, round through 500 years of British art. We’ve not done this because of the research, but partly in response to it. This building is not a simple layout; it’s a big hall with lots of galleries off it, so you want to give people multiple options for their journey.”



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THE TATE IN TIME

1889 Henry Tate, an industrialist who made his fortune in sugar refining, offered his collection of British art to the nation, but there was no space in the National Gallery

1892 Architect Sidney R.J. Smith designed a new gallery to be built on the site of a former prison, Millbank Penitentiary

1897 Its doors opened to the public, displaying a small collection of 245 British artworks in eight rooms

1932 The much-extended gallery is officially named Tate Gallery

1955 Tate Gallery becomes wholly independent from the National Gallery

1988 'Tate of the North' opens in a disused warehouse in Albert Dock, Liverpool

1993 Tate St Ives opens

2000 Tate Modern opens in the converted space of the former Bankside Power Station and all four galleries are rebranded

2009 Start of major redevelopment of the Tate Modern site to use its redundant oil tanks and increase gallery space

“You don’t give the audience the keys to the safe. You absolutely include them in a sort of progressive involvement,” Sands says. But you don’t give them a straight ‘yes or no’ choice. “There are curators here who aren’t doing it for fun but for the remit of the Tate, and to get a balance of exhibitions over a year,” he explains.

How research can be used to good effect is illustrated with a show coming up later this year on the subject of iconoclasm. “It actually means the destruction of art and there’s a famous history of it from Henry VIII in the reformation to Rothko recently. It’s a fantastic subject; but you call the show ‘Iconoclasm’ and I guarantee hardly anybody will go because they don’t know what it means. I had a feeling it was a brilliant show but a disastrous name, so we researched some different names. Now, you call it ‘Art Under Attack’ and people are fascinated – no difference to the show, no dumbing down, but packaged in a way so that it’s not just people who know art who will understand it.”

Tate is faced with a similar quandary with a show coming next year, showing works by a “leading European artist”. Through research, it has found that although the name recognition of the artist is high, people can’t recall a single image of their work. Sands acknowledges that creating the promotional poster for that show will be a challenge, and there’s a risk it won’t meet the targets initially hoped for.

Artistic vision

Alongside the research panel, the Tate also has 105,000 members who provide a valuable source of insight; as well as ongoing feedback to specific shows, they are surveyed twice a year.

Added together, all this research – be it from members, the audience panel, or online ticket purchasers – helps Sands bring the voice of the audience to the table. “If I’m arguing a point with a curator, it helps if I can point to research and say ‘Well, this is what people actually said’. We can choose to ignore it if we want to; you cannot be a slave to this stuff. This is a highly creative organisation with extremely creative people, so



© Tate Photography

Tate Gallery, more commonly known as Tate Britain, is currently showcasing the work of Patrick Caulfield



© Tate Photography

Tate Modern, a converted power station, generates an estimated £100m in economic benefits to London each year

you need to know when to apply the principles and when not to.”

Going forward, there are some significant projects that research will help with. Pricing is one area Sands has started to investigate. Tate went free in 1992 and “It was a tipping point in the world of museums,” he says. “It moved from the fringes of a middle class sport to something mainstream.”

But even though access to the main gallery is free, the Tate does charge for its special exhibitions.

“Most museums and galleries are priced in a similar way,” says Sands. “No-one has stepped out of the £14–£16 blockbuster. But should we be looking at differential pricing? Should we be

looking at the way airlines price – so for early and online bookings you pay less? There’s lots of room for manoeuvre, and while we’re not trying to extract more money out of people, we’re trying to ensure more people come and see the shows,” he says.

And Tate Modern, with its five-million-plus visitors a year, is going through a very significant change. It has opened a new performance space in its disused oil tanks (the gallery is based in the former Bankside Power Station) and it is adding an 11-storey building attached to the present one. “The vision for that is being tested now,” says Sands. “That is a massive strategic play that Tate Modern is

putting together and that we are currently finalising, in terms of what will go in there, how we will position it and how we will promote it. I don’t want people to think that it is simply an extension to Tate Modern. I want it to be understood that when you put the two pieces together, that’s a new Tate Modern.”

Wherever the new Tate Modern takes the organisation, it has the benefit of being an incredibly strong brand with a core of devoted customers. And while the organisation has a clear sense of itself, Sands says this view will always need to be tempered or informed at points with research and insight. “Otherwise you just end up talking to yourself and that’s the real danger,” he says. “You have to be careful you don’t end up looking inwards all the time.” ■



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Global thirst, local flavour

Building strong local brands is a cornerstone of SABMiller's success in the global beer market – and insight plays a crucial role, says marketing director Nick Fell. By **Jane Simms**

In May 1983, Ted Levitt, editor of the *Harvard Business Review* wrote one of the first articles to popularise the notion of globalisation. He argued that as markets were globalising – and, by extension, homogenising – then the companies that globalised their brands accordingly would steal a march over their more local competitors.

So influential was his thinking that, over the past 30 years, many organisations have tried to build monolithic global brands to take advantage of the 'inevitable' trend. Companies including Coca-Cola, McDonald's, Unilever, Levi-Strauss, Vodafone and Heineken have pursued the global brand route – at various points crushing local cultural and taste differences to fit the theory. City analysts piled onto the bandwagon too.

But while a handful of companies have made a success of the strategy, many others have had to adapt their approach as it became clear that the growing consumer demand for international brands was neither as inevitable nor as inexorable as Levitt predicted. A handful were sceptical from the outset. SABMiller was one of them because, in the words of its recently retired chief executive, Graham Mackay: "Beer is different."

Mackay believes that the highly emotional characteristics of beer brands, combined with their long history and association with place, will always dictate a high degree of localism that sets them apart in the fast moving consumer goods universe.

There are very successful global brands, of course, and SABMiller itself has four – Grolsch, Peroni Nastro Azzuro, Pilsner Urquell and Miller

Genuine Draft. But these account for just 3% of SABMiller's total sales volumes. The company's results – sales and profits grew by 10% and 12% respectively in the year 2012–2013 – appear to vindicate its approach. Mackay sums this up as follows: "While much of the consumer goods industry is focused on identifying how everyone is the same, SABMiller is trying to work out how everyone is different."

“ Things that people ingest are slower to globalise because they tend to be an indigenous part of local culture ”



Fermenting change

The company's 80-strong research and insight team plays a huge part in helping the company to discern those differences. Marketing director Nick Fell takes up the story.

"Levitt was sort of right," he concedes. "Consumer needs are increasingly common as markets develop. We see the same patterns of need and homogeneity around the world as most consumer goods companies. But beer is a bit different in that the need is felt more keenly at an

emotional rather than a functional level. The categories where global brands dominate are those where the manufacturing process brings a functional benefit. Things that

people ingest are slower to globalise because they tend to be an indigenous part of the local culture."

SABMiller is a global business. The world's second biggest brewer – in volume terms – it boasts more than 200 beer brands and employs 70,000 people in more than 75 countries across six continents. However, most of its brands will be unfamiliar to many, despite being powerful in their home markets. About 97% of the beer the company



produces is consumed within the market of origin.

This will change: “Our global brands are less well developed because we started late,” says Fell, part of whose remit, when he joined the company in 2006, was to help to build its global brands. But the company won’t turn its back on its distinctive approach to winning success – an approach built on the foundations and business principles laid down many years ago in South Africa.

The springboard for expansion from its home country was the advent of democracy in South Africa, which freed it up to invest outside the country, just as wider geopolitical changes were throwing up new opportunities across Eastern Europe, Asia and Africa. In the early days it acquired breweries – often badly neglected – from governments wanting to privatise, applying the disciplines it had learned in South Africa to enhance quality, drive down costs and improve distribution. But its marketing approach was, where possible, to build existing local brands through strengthening their associations with local heritage and cultural icons.

“We have a three-step marketing process,” says Fell. “We ask local markets where they are going to play, how they will win strategically there, and how they will activate their strategies. So we start with segmentation, help them develop brand,

channel and portfolio strategies, and then help them turn those strategies into activity plans. We use our own bespoke segmentation methodology at the start of the journey, and then move on to develop brand positionings based on that. We use consumer research at a local level to test these out, develop advertising, test that out, and so on. So we have a global set of standards, beliefs and techniques, along with basic stringent guidelines about what ‘best’ looks like, but we don’t believe in dictating global methods. We give latitude to local markets to tailor their approach.”

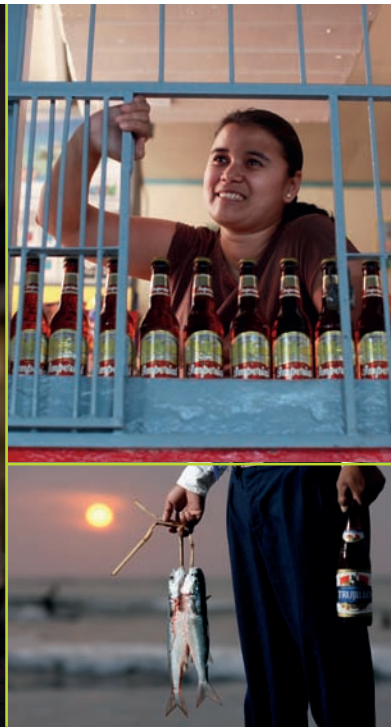
Insight with a capital ‘I’

This has continued to be SABMiller’s strategy throughout the three main waves of acquisitions it has made over the past 20 years, although the extent to which acquired companies have adopted the ‘package’ depends on their sophistication. For example, between 1994 and 2000 most of the acquisitions were in Eastern Europe, where marketing was quite basic. “Most of the people working there now were hired by us,” says Fell. It was a similar story with the Bavaria business in South America, which it bought in 2005.

By contrast, Miller, which it bought in 2002, was, says Fell, “a very sophisticated business in a very sophisticated market, so we successfully married

Global brands account for just 3% of SABMiller’s total sales volumes. The rest comes from local brands, like Tanzania’s Safari (above)

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 WORLD TELEVISION



CAREER PROFILE

Nick Fell

- Appointed marketing director, SABMiller, in 2006
- Previously president, global commercial strategy, Cadbury Schweppes, and director of marketing, Cadbury Trebor Bassett
- Spent 15 years with Diageo in senior roles, including global brand director for Johnnie Walker and group marketing director for Guinness Brewing

St Stefanus (above left) is a Belgian abbey ale. Poland's Tyskie (above right) joined the SABMiller stable in 1996

what we did with what they did – as we did with Fosters, which we acquired in 2011.”

But insight has always been left at a local level – supported by the centre and the regional hubs when necessary.

“We define the function as ‘Insight’ (with a capital ‘I’) rather than ‘Consumer Insight’, ‘Shopper Insight’ or whatever,” explains Fell. “Its fundamental role is to support the commercial leaders in the business to produce insights (with a small ‘i’) because insight is their responsibility. It is a very clear partnering exercise.”

He continues: “In the regions and at the centre here, working for me, we have insight specialists and, where we have difficult projects or issues in particular markets, those markets can call on the centre for help. For instance, if a market has an issue with brand positioning or performance, we would look at the data to help them work out what the problem is and how they might think about addressing it. But most of the time, the main role of the insight specialists is to help the local markets to build their capability. They help the local businesses get better by doing – supplementing what they do with expertise where appropriate.”

“Insight has always been left at a local level within SABMiller – supported by the centre and the regional hubs where necessary”

There are seven insight people in SABMiller’s head office; every market has its own research manager, and what Fell describes as “quite a big department” with a broad remit to manage market data and provide support for the commercial insight teams. In total, there are up to 80 research

and insight people around the world, with primary research conducted by local suppliers.

But this sophisticated network is concerned primarily with the way beers are targeted and positioned, not with how they taste.

“When we talk about ‘beer’, what we are really talking about is lager,” says Fell. “Lager accounts for 97% of beer consumed around the world and, for the average consumer, the intrinsic differences between these ‘beers’ are very minimal. If you do blind tastings, the differences perceived by consumers are very, very small.”

While the market is not, for the most part, made up of globalised brands, beer is essentially a globalised product, which, because of modern brewing techniques, can be brewed to the same high standard anywhere, he says. “The differentiation of beer, albeit a very ‘local’ product, comes down to the marketing and the business system.”

SABMiller believes that deep, rich and rigorous consumer insight is critical to brand building. In the words of Mackay again: “We take it to a level of granularity that borders on the obsessive, in order ▶

Picture credits
SABMILLER /
JASON ALDEN /
ONEREDEYE

We help businesses grow by providing bespoke insight programmes designed by passionate researchers, technical specialists and graphic designers all under one roof



to understand and assimilate those attitudes towards beer which are – from a consumer’s perspective – indefinable.”

Fell explains: “Most markets have three or four mainstream brands and we insist that they are positioned in different areas – and against different consumer passion points – in order to keep them separate and relevant to different consumer groups.”

So, for example, in Africa the company has been trying to define the essence of ‘masculinity’ in order to inform its ‘masculine character’ positioning. Fell explains: “Through qualitative research aimed at understanding the consumer in the round and what it is to be ‘a real man’, we found that while, generally, people define its essence as being a good husband and father and providing for the family, in Africa ‘a real man’ is seen as someone who is prepared to step up and help those outside the family too. This insight gave us a much stronger positioning to bring to bear in our advertising there.”

Similarly, he adds, while ‘passion’ is traditionally associated with Italians, SABMiller’s research showed that far from being a frivolous quality, in Italy what passion really means is that people put their “whole spirit” into something. Here again, this insight has informed its positioning of the Peroni Nastro Azzuro brand in Italy.

“We have uncovered these two crucial insights through deep dives,” says Fell.

A TASTE FOR DIVERSITY

SABMiller’s top 10 brands in order of volume sales:

- 1 SNOW, China
- 2 Coors Light, USA
- 3 Miller Lite, USA
- 4 Carling Black Label, South Africa
- 5 Aguila, Colombia
- 6 Castle Lager, South Africa
- 7 Hansa, South Africa
- 8 Miller High Life, USA
- 9 Poker, Colombia
- 10 Miller Genuine Draft, USA / Global

Ursus, a local premium brand in Romania, bought by SABMiller in 1996, was highly successful until recession hit. The local team realised they needed to rethink their ‘value’ offer to consumers during the financial crisis, and find ways of repositioning the brand, whose symbol is a bear.

“The team has gone to great lengths to understand the symbolism and iconography of different bears among different customers in Romania, to the point of becoming experts on bears,” says Fell. “It looks funny from the outside, but they are doing really exceptional work, and have just kept going with it until they got it right.”

“Getting it right’ is the result of extensive semiotic and qualitative studies designed to discover the strengths and emotions surrounding the Carpathian bear – known locally as ‘the king of Romania’s forests’. The new creative executions, featuring the bear, resonated with consumers and were largely responsible for the 24% lift in volume sales in Romania last year.

“I don’t think there’s anything we do in the area of insight generally that is better or more sophisticated than any other big consumer goods company,” says Fell.

“SABMiller is characterised by a constant dissatisfied drive to do things better than before, and everyone in the company is driven by this, including insight people. That’s not about a system imposed from the top down; it’s the result of a



passion and a commitment to local brands, born out of the culture in the business.”

Beer buddies

This commitment was exemplified in last year’s relaunch of Victoria Bitter – or VB – in Australia.

“VB was the brand that broke all Australian beer market rules,” says Fell. “For 30 years VB had a very effective (and famous) advertising campaign – ‘For a hard-earned thirst, you need a big cold beer, and the best cold beer is Vic, Victoria Bitter’ – and it had 4.9% alcohol content, compared to 4.5% or 4.6% for most Australian beers.

“But in 2000 it all went pear-shaped. The slogan was replaced by ‘VB – The Drinking Beer’ as part of a marketing strategy to reposition VB up-market, and [parent company] Fosters decided to reduce the alcohol content to 4.6%. There was a national outcry.”

Less than a year after SABMiller acquired Fosters, it announced it was to relaunch VB, restoring its old familiar branding and its 4.9% alcohol content. The story was the lead or second lead item on every news programme in Australia on 12 September 2012, and VB was relaunched on 19 October.

“One bit of footage showed a worker standing by a bottling line saying that the relaunch was ‘up there’ with the birth of his children,” recalls Fell. “When people feel that strongly about a brand, you have to take it seriously. Local people are proud of their local brands: they play a big part in their lives.” ■

SABMiller has 80 ‘flagship local brands’, of which only four are global brands: Grolsch, Miller Genuine Draft, Peroni Nastro Azzurro and Pilsner Urquell

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Change of

Auto Trader has gone digital-only. Group consumer marketing director Jonathan Williams tells **Lucy Fisher** why data is set to fuel the brand's future growth

The last print edition of *Auto Trader* was published in June. In keeping with other titles that have abandoned the news-stand, the classified magazine had seen ad numbers and circulation dwindle in recent years. Group consumer marketing director Jonathan Williams admits that with "only around 500" advertisers in the magazine, the print product had become "too thin". It is no more.

But with 11.5m unique users online, *Auto Trader* isn't doing too badly. The used car emporium, part of Trader Media Group, which is controlled by the publisher of *The Guardian* newspaper, is frequently cited as having navigated the tricky digital transition in publishing more effectively than most. A journalist writing for *The Sunday Times* even went as far as to say, that: "As Guardian Media Group's most valuable investment, Trader Media guarantees the financial future of liberal journalism in Britain from an office tucked behind the Morrisons supermarket in Wimbledon town centre".

As it transitions to a pure-play digital brand, *Auto Trader* will be spending a considerable sum on TV advertising, says Williams. It has also migrated to what he calls an "always on" media approach. Both moves are part of a wider attempt



gear

Digital Storm/Shutterstock

to hold onto the brand's enviable market-leading position and to remain front-of-mind, despite the fact that consumers are only in the market to buy or sell a car "every three or four years". So the *Auto Trader* marketing team, which numbers around 15 people and which Williams heads, will be looking to build "more enduring" relationships. "It's about reaching people who are in- and out-of-market," Williams explains.

Reving up

Having been in the business for 12 years, Williams says he's seen first-hand how the migration to digital has been led by the consumer. There is an ever-growing demand for accessing content online, particularly with the growth of mobile.

There's no harm in making a bold step in that direction – particularly if any money spent on producing the print publication can now be diverted into other types of investment designed to

future-proof the business.

"When I joined, it was a case of pay for your print ad and get online for free," says Williams. "But today we've got 11.5m unique users on our site and 3.5m users on mobile." Mobile is frequently being used close to the point of purchase, he says, with 40% of those who access the brand via mobile standing on the dealer forecourt. But, as all marketers know – although ▶

“What you do with data is only limited by your imagination. It's about having a bold and creative approach”

arguably few have yet managed to deliver – brands need to create a seamless environment across devices.

Williams believes that where some brands go wrong is in trying to replicate content across channels too stiffly. “Our iPad app is designed to allow motorists to move through with their hand – to ‘pinch in’ or ‘swipe through’ thousands of vehicles very quickly. Whatever you design you have to design it for the device,” he says.

It’s clear, too, that a major draw of digital channels is the ability to harness data and create conclusions and proof-points about marketing spend and effectiveness. Certainly that was a large part of *Auto Trader* group director Nathan Coe’s presentation about the company’s decision to go digital-only, when he faced a group of journalists back in May – online leaves a digital footprint, so dealers are able to identify where to invest.

What’s more, the recent hiring of Trevor Mather – a former group chief executive of software design and IT consultancy Thoughtworks – as CEO of *Trader Media Group* is in keeping with the company’s focus on technology. “He’s got the background we’d hoped for,” says Williams.

Performance tuning

The ability to make more informed and scientific decisions as a result of data-driven marketing is

THE ROAD WELL-TRAVELLED

2011 – present
Group consumer marketing director, *Trader Media Group (TMG)*. Responsible for managing brand marketing and through-the-line communications. Also led the development of the “UK’s largest automotive segmentation” to drive insight and product innovation and has helped lead the migration of *Auto Trader* from a publishing business to a digital business

2008 – 2011
E-marketing director, *Trader Media Group*. Management of *TMG*’s digital marketing strategy, including the launch of *Auto Trader*’s iPad and mobile apps

2004 – 2008
Head of marketing, *Trader Media Group*. Building on- and offline communications strategies, as well as the approach to *TMG*’s launch into social networks, including Facebook and Twitter, and its eCRM programme

2001 – 2003
Marketing manager, *Auto Trader*. Management of the marketing of *autotrader.co.uk* to B2B and B2C audiences

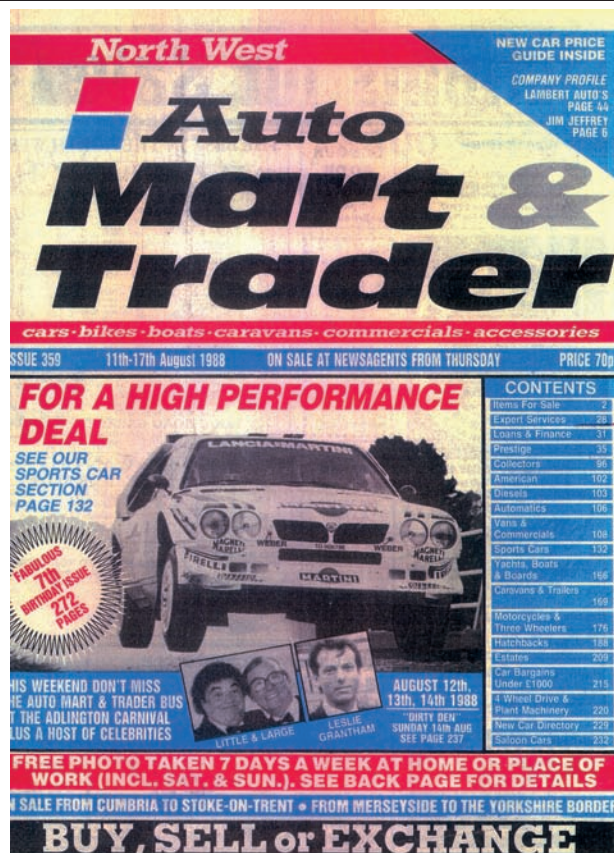
CV
JONATHAN WILLIAMS

something that Williams is keen to pursue. He says that the brand recently saw significant success with a large-scale marketing segmentation project. “We did some cross-matching of behavioural, attitudinal and demographic data. We were looking at barriers to engaging with the brand, media placements per audience and product design. We have taken a sample; we have a billion rows of touchpoints within our website. We brought this big data and joined it with other datasets and looked at the behavioural data of nearly 15 million motorists.”

This ongoing project has informed marketing and product design, he says, and will now be brought in-house, having so far been facilitated with the help of agencies such as HPI, Glue, Aegis and YouGov. “We’ve seen great results and we’re starting to operationalise it – to have it sitting within our business, so we can dynamically interrogate it, with our own research people,” explains Williams.

He says that the identification of certain

AUTO TRADER'S JOURNEY FROM PRINT TO DIGITAL



1977 *Auto Trader* is founded and produces its first trade magazine by the name of Thames Valley Trader

1988 The company formally takes on the name *Auto Trader* and rebrands all titles

1996 Launch of autotrader.co.uk

2010 *Auto Trader* launches online consumer reviews, mobile advertising and an iPhone app. Unique visitors per month at autotrader.co.uk reach 10m

2011 Launch of iPad app

2013 *Auto Trader* celebrates its 36th birthday and announces that the final edition of its magazine will be published in June as it transitions to a digital-only business

segments has revolutionised the brand's communication with particular groups of people. "One segment, we found, socially-proofs everything – colour, make, model, dealer, even finance options. Now we can tailor products to them," he explains, by way of example.

Another segment was identified as coming to the site to do price-checks on low value cars but not selling vehicles there. "They were primed to sell but going off to competitors. People who have low value cars don't want to pay the same [listing fee] as someone selling a £10,000 or £15,000 car," says Williams. A package for those selling cars worth £1,000–£2,000 was subsequently created and he claims *Auto Trader* has since seen "recovery" in that portion of the market.

To further grow the digital channel, Williams is looking to raise awareness of private individuals (as opposed to dealers) being able to sell their cars via autotrader.co.uk. It was discovered that

“ Consumers are looking for brands they can rely on, not for purely transactional ones ”

only 20% of the brand's private seller market was driving 50% of its private advertising revenue. TV ads have been tailored specifically for private sellers, and Williams says that, as part of the "always on" strategy, they have just agreed a six-month sponsorship deal with television channel Dave.

The plan, it appears, is to more than fill the gap left by the magazine. And, as Williams says: "It's about manoeuvring the brand to build enduring relationships." He describes a product called My Car, which is due for launch this year, and which will act as a conduit for offers to motorists – around finance, MOTs and servicing, for instance. "Consumers are looking for brands they can rely on, not for purely transactional ones," he points out.

In addition to private sellers and buyers, *Auto Trader* will also be looking to forge deeper links with car dealerships. Richard Walker, market

intelligence director, describes an online portal which helps dealers source and price inventory. "Up-to-date data linked to demand on the site can help forecast how long it might take to sell a car, and helps dealers be more informed. The accuracy of valuations is a lot better now," he says.

No slowing down

Very few people would argue that *Auto Trader's* business – a marketplace to connect car buyers and sellers – is not better suited to the digital world. Closing the print edition is not a sign of failure, the company says. In 36 years, circulation has fallen from a peak of 368,000 in January 2000 to just 27,000 in March 2013, but for every print reader it has lost, it has gained 10 online.

As it turns to face a digital-only future, *Auto Trader* is doing so with an increased marketing budget (up 25% to £15m, according to reports), and increased visitor numbers across mobile, tablet and desktop. Of course, more visitors means more data and more opportunities to convert browsers into buyers.

Williams admits that keeping on top of all the data points will be an ongoing challenge. "It's about joining up the dots, and knowing what's working," he says. "There are a million and one things we could do, but it's important to identify the things that will deliver change.

"We are the market leader by quite some considerable way. We've got 50% market share of the classified market and our closest rival has less than 10%. But everyone likes choice. We don't rest on our laurels. Sometimes you get big brands growing at such velocity that they lose touch with their customers."

Auto Trader seems determined not to let that happen and is using digital engagement to good effect. For example, last year it used its YouTube channel to test its creative strategy. It ran six different campaigns on the site, and then reviewed the comments, likes, shares and views to determine which was the most popular. The winner then ran on TV.

It's this kind of data-led marketing which



With the magazine gone, *Auto Trader* is concentrating on web, mobile and tablet (above). A snapshot of the dealer dashboard (below).



Williams' team is investing in. But data is not there to be followed blindly, he points out. Rather it's there to enable bold marketing moves and innovations. "I'm a big believer in doing things differently and being able to challenge the status quo," he says. And it's important, he adds, not to expect data always to give you the answer. Where it may help, of course, is in negotiating budgets: TV advertising is notoriously expensive, but the success of the campaign on YouTube will have provided a much-needed vote of confidence.

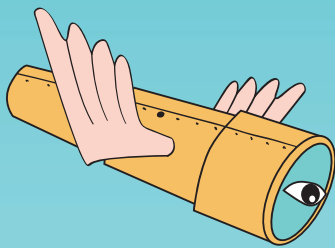
"Be creative and use the power of your people to deliver opportunity," says Williams. "I'm a believer in being exploratory, in innovation. Don't ask similar questions of the same people. It's about having a bold and creative approach. What you do with data is only limited by your imagination." ■



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Demand for information grows, but 'traditional' MR is left on the shelf



MARKET RESEARCH AGENCIES ARE LOSING OUT TO LARGER INFORMATION VENDORS AND THEIR 'OWN THE CLIENT' STRATEGIES, WARNS RESEARCH RATINGS FOUNDER **STUART BUTLER-SMITH**

The first quarter of the year is typically the lightest for new business and renewals, so Q1 financial results have typically been the weakest set of numbers from which to draw new inferences for how the full year might pan out. And because the chief executive officers of listed companies would already have given us – and more importantly their staff – a view on the next 12 months during the annual reporting season, there really shouldn't be anything new to comment on.

But this year, Q1 results are more telling – and that's because they reinforce the pattern shown in both the third and fourth quarters last year.

The pattern is this: The traditional full service market grew at 1.6% in 2012, and we forecast continued low growth of 0-2% for 2013. Media measurement is the bright spot, forecast to lead growth at 4-6%, with ad hoc spending dragging at a forecast that is flat or slightly negative.

Anything involving digital

media, analytics, emerging markets, or the technology, energy or healthcare verticals, is a good place to be. Look at the results from the companies in the table (below right), and each will confirm this pattern.

Do the larger listed companies represent the fortunes of the whole industry? In a nutshell, yes. They are more diversified geographically and by discipline, and they tend to perform better than the industry as a whole. But what about outside the industry?

Spending indicators have been fairly directionless over the last three months, as they have been for the last six months, following a period of downgrades. Despite a pervasive sense of gloom, advertising, GDP and purchasing (general and vertical-specific) are actually telling us that 2013 should, at least, be no worse than 2012.

Stock market indices for the highest-spending market research verticals of fast-moving consumer goods

(FMCG), media and healthcare are most definitely on the up, indicating a shareholder mandate to invest.

So what information are they investing in? It may come as a surprise to readers that market research, which accounts for 18% of the \$187bn that companies and public sector clients spend on data or content, was one of the slowest-growing information categories in 2012 (compared to the average increase of

KEY PERFORMANCE INDICATORS

Q1 2013 REVENUE

Arbitron	\$111.8m ▲ 5.1%
ComScore	\$68.8m ▲ 11%
Forrester	\$71.5m ▲ 1.7%
Gartner	\$406.8m ▲ 10%
GfK	€347.9m ▲ 0.8%
Harris Interactive*	\$33.6m ▼ 1.5%
Ipsos	€359.6m ▼ 5.3%
Kantar Group/WPP	£588m ▲ 3.2%
Nielsen	\$1.38bn ▲ 3%

*fiscal Q3 results

4.6%). In other words, the same clients that research agencies sell to actually increased their spending on other data, such as financial, credit, risk, legal, geolocation and HR information, as well as event and conference attendance, and so on.

As we know, information purchasing is increasingly centralised and functional roles are converging. The information-purchasing ecosystem is becoming a boundaryless free-for-all confronting vendors and internal customers. Is this a one-off? We don't think so. We believe market research spending will continue to lag over the medium term – it's not just cyclical.

Own the client

So why isn't someone making the case for market research? A clue to the answer lies in the supply side. A factor characterising many of the largest information vendors is a strategy to 'own the client' – something that many market research companies used to talk about four or five years ago. Starting with one product, these vendors have defined their clients' needs, built platforms to deliver their data and licensed-in information from other vendors. But they have always owned the customer relationship, thus making the mutual dependency and loyalty so much greater. Market research agencies don't enjoy that same degree of advocacy as they are usually one of a number of firms serving a client's market research needs.

But there's a strong financial case to be made for market research agencies to try to

own the client. Spending on 'marketing insight' information grew to \$49.4m in 2012. By 2017 it will have grown to more than \$60bn, with non-traditional disciplines accounting for nearly half of it. These disciplines – of which fast-growing digital media measurement, online qualitative and social analytics account for \$3.3bn – include elements of services provided by research and advisory companies; credit firms; magazine, conference and event organisations; vendors of solutions for survey software; access panels; neuromarketing; and predictive analytics. They will grow more than eight times faster than the traditional full-service market. If market research firms are to grow, the easiest thing to do is to build, buy or set up a joint venture with a vendor to provide their clients with what they want.

Or they could innovate – but it isn't obvious that this necessary innovation is in the market research gene. It is the 'new market research' companies that are beating the innovation drum. Even though they represent only 12% of the total insight market, they account for 65% of new product launches; 48% of mergers and acquisitions; and 72% of distribution agreements. Of the 1,004 market research firms that we engage with, fewer than 20% launched a new product, service, office or joint venture in the year to May 2013. This is the lowest rate of innovation in the information industry.

Stuart Butler-Smith is the founder and CEO of **Research Ratings**

MOOD SWINGS

HOW RESEARCH AGENCIES IN EUROPE ARE FEELING ABOUT THE FUTURE

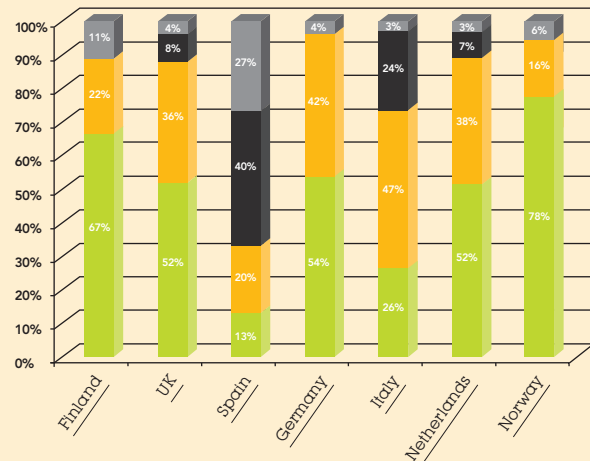
EFAMRO, the European 'association of research associations', has kicked off a new survey that seeks to gauge the mood of the market research industry in seven major European countries. The first wave, which surveyed 284 research agencies during the first quarter, sought to discover how optimistic companies were about their own performance, as well as that of the wider industry.

Broadly speaking, companies were more positive about their own prospects than the industry at large, with German firms the most confident of an improvement in industry performance, and Spain and Italy fairly downbeat – reflecting the macro-economic difficulties facing those countries.

The survey will be repeated in the third quarter.

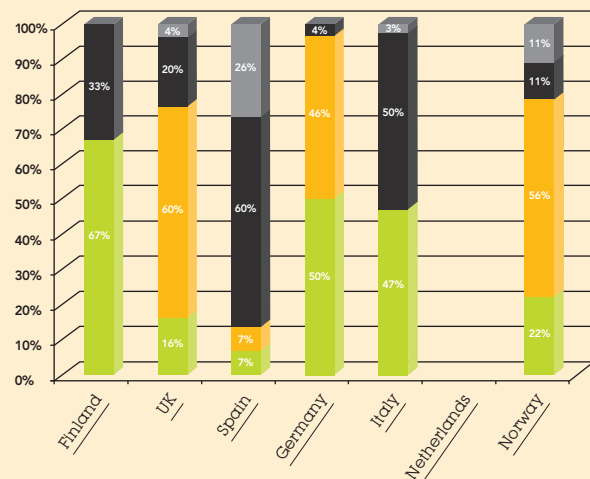
Thinking about the year ahead, do you think your research revenues will be higher than, lower than, or the same as 2012?

■ Don't know ■ Lower than 2012 ■ About the same as 2012 ■ Higher than 2012



Looking at the research industry (in your country) overall, what are your expectations for growth over the next 12 months?

■ Don't know ■ The industry will decline ■ The industry will stay about the same size ■ The industry will grow



Money makers

A ROUND-UP OF THE LATEST INVESTMENTS IN RESEARCH AND DATA-BASED COMPANIES

\$254.2m for data visualisation and analytics firm **Tableau Software**. Funds were generated by its initial public offering, in which 8.2m shares were sold at \$31 each, valuing the firm at \$2bn.

\$18m in series A funding for machine-learning platform provider **Skytree**. Investors include US Venture Partners, Javelin Venture Partners and Osage University Partners.

\$17m for web analytics company **ClickTale**. Investors include Amadeus Capital Partners, Goldrock Capital and Viola Credit.

\$9m for big data analytics provider **Guavus**. Its technology takes network, device, content and subscriber data from mobile network providers and analyses it to help them manage the technical aspects of their network. The analysis also supports sales, marketing and customer service functions by identifying patterns in behaviour. Total funding to date is \$87m. Investors include Goldman Sachs and TransLink Capital.

\$6.75m for location analytics company **PlaceIQ**. Investors include US Venture Partners, IA Ventures, Valhalla Partners and KBS+.

\$4.5m for Indian data and analytics start-up **Indix**, which is developing a business intelligence platform for product managers. Investors include Nexus Venture Partners and Avalon Ventures.

\$3.3m for enterprise analytics company **VoloMetrix**, which builds software that uses anonymous, real-time information from a

company's email, calendar, instant messaging, and social platforms to analyse how teams are allocating time, and where collaboration can improve. Investors include Shasta Ventures.

\$3m for **Sticky**, a media technology company that uses eye-tracking software to analyse digital campaign performance. Investors include Conor and Northzone.

\$2m for **Swipp**, which bills itself as a social intelligence platform that allows people to share their opinions with one another. Funding will go towards its Swipp Plus product line, which allows marketers to learn what people think and feel about their content, company or products, and identify top influencers. Investors include Old Willow Partners. ■



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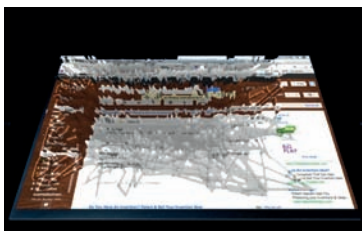
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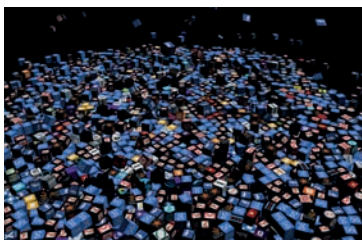


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FEDERICO ZANNIER IS SELLING HIS DATA ON KICKSTARTER, MAKING HIM A FORERUNNER FOR A NEW BREED OF TECH-SAVVY CONSUMERS SEEKING A BETTER DEAL FOR THEIR PERSONAL INFORMATION



This visualisation tracks Zannier's mouse movements



Each cube here represents a website Zannier has visited

“I’ve violated my own privacy,” says Federico Zannier. “I’ve data-mined myself. Now I am selling it all. But how much am I worth?” At the time of writing,

the answer is \$2,733. Zannier, a 28-year-old graduate of New York University’s Interactive Telecommunication Masters programme, used a Chrome extension and some custom software developed for his Mac to start tracking almost every interaction he has with the web: pages looked at, mouse cursor position, webcam images, and GPS location and app usage data.

By the time he’s finished he will have amassed about 7GB of data – and he’s put it all up for sale on Kickstarter, the crowd-funding website. Why? “I’m already being tracked, so why not just do it myself?” he says in an interview via email.

The tracking referred to is that done by advertisers, primarily to help target advertisements. Companies around the world spent \$100bn on online advertising last year, according to eMarketer. “That same year I made exactly nothing from my own data,” says Zannier, writing on his Kickstarter project page. He reckons it’s crazy to give away so much of value for free.

“The intent of this project is to highlight something that happens everyday,” he says in our interview.

“In the future, instead of volunteering all of my data (which is overwhelming), or having [companies] storing my personal data, maybe we can just offer them the necessary information for cheap.”

Zannier is an extreme example, but he’s not the only one looking to get something more out of the nascent ‘personal information economy’. Advertisers and web publishers might argue that the data they collect is in lieu of payment for all the great free content people get access to online. But the counter-argument is that consumers might be willing to give up much more of their information if they could negotiate a fair price in return.

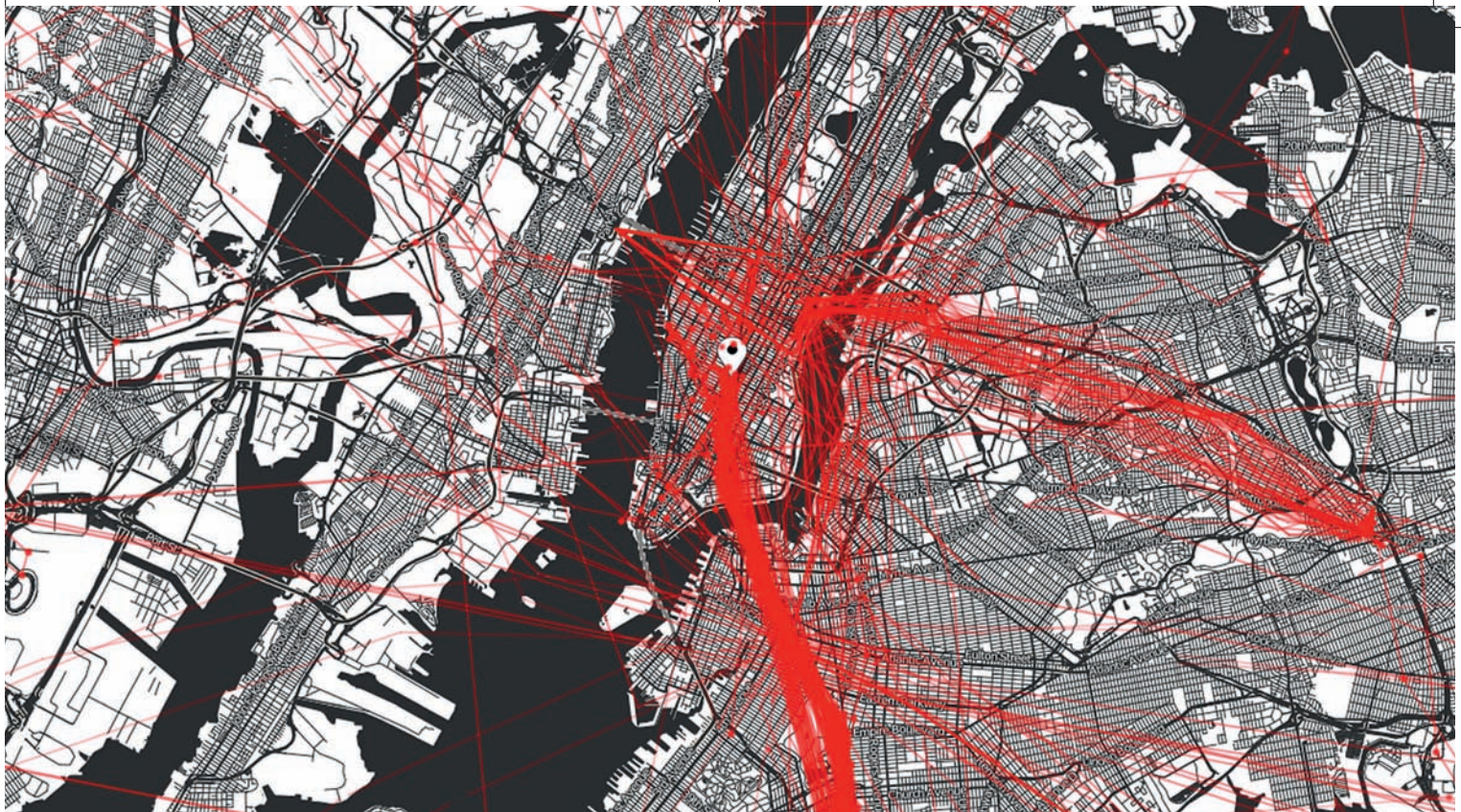
QUID PRO QUO

As news of Zannier’s Kickstarter project emerged, Confused.com published a report about the rise of the “personal information player”. Research by The Future Laboratory, which formed the basis of the report, found that almost two-thirds of people in the UK think they should pay less for life insurance if they can prove they don’t smoke, and that three-quarters would make more of an effort to be a good driver if they were financially rewarded for doing so. Both ideas work on the assumption that insurance companies would have a way to track whether consumers are upholding their end of the bargain.

Chris Downs is all for sharing more to get more in return. He’s a designer who did what Zannier has done, albeit 12 years ago. In 2001, he collected as much data as he could about his interactions with companies – bank statements, loyalty card data, phone records – compiled it all and flogged it on eBay. He got £175.

Making money wasn’t the point of the experiment, he says. As an interaction and service designer who’d trained as an industrial designer, Downs was interested in finding out more about the properties of data and what it can and can’t do, in the same way he would for wood, plastic or other design materials.

What he found was that data on its



own, held in silos, isn't actually much use to anyone. It's only when you start linking it all together that it makes sense. But here companies run up against data protection laws, which – though designed to protect people – actually end up standing in the way of products and services that might be more useful to them, says Downs.

"Today we're in a fight about who owns data. We try to protect it; companies try to harvest as much of it as possible," he says. "I want to see a day when the debate moves on from 'us versus them' to a focus on creating value out of data and making it useful. Then we could unlock incredible, new, data-driven services.

"I can't help but look at my bank statements and think how dumb they are," Downs says. "Let's say I go to John Lewis and buy a TV, then I log on to my online banking; all it tells me is that I brought something from John Lewis that day and it cost £600. But wouldn't it be awesome if it told me what I had bought, and I could drill into that to find the warranty for the TV, the online instruction manual, or I could click to add it to my home contents insurance."

MEANS OF EXCHANGE

Downs thinks it'll be another decade at least before we start to see "a more mature approach to how data is thought about and managed". But the kinds of services he imagines require more than just an attitude shift. "There needs to be backend systems and services that aggregate data, and that means collaboration," says Antonia Ward, editor of *The Future Laboratory*. "I can see that happening. We are already seeing a greater trend towards brands collaborating with each other and consumers wanting them to do that."

But still more is needed to properly grease the wheels of the personal information economy, says Ward. "Things like wearable technology, so you're not having to input data, but you've got data going automatically from your device or accessory to somewhere central, to be shared with brands that you trust. Alongside that, we have to be comfortable that there are times when we are able to go offline, when our habits or data are not being shared," she says.

Whatever the future looks like, there's little doubt in Ward's mind that folks like Zannier and Downs are forerunners. "The consumer of the future won't have to sell their data themselves," she says. "They will be tapping into systems and services that will enable them to trade their data." ■

Zannier has mapped his geolocation data so others can track where he was, and when

DATA-DRIVEN

What motivates personal information players? According to Confused.com and *The Future Laboratory's* research:

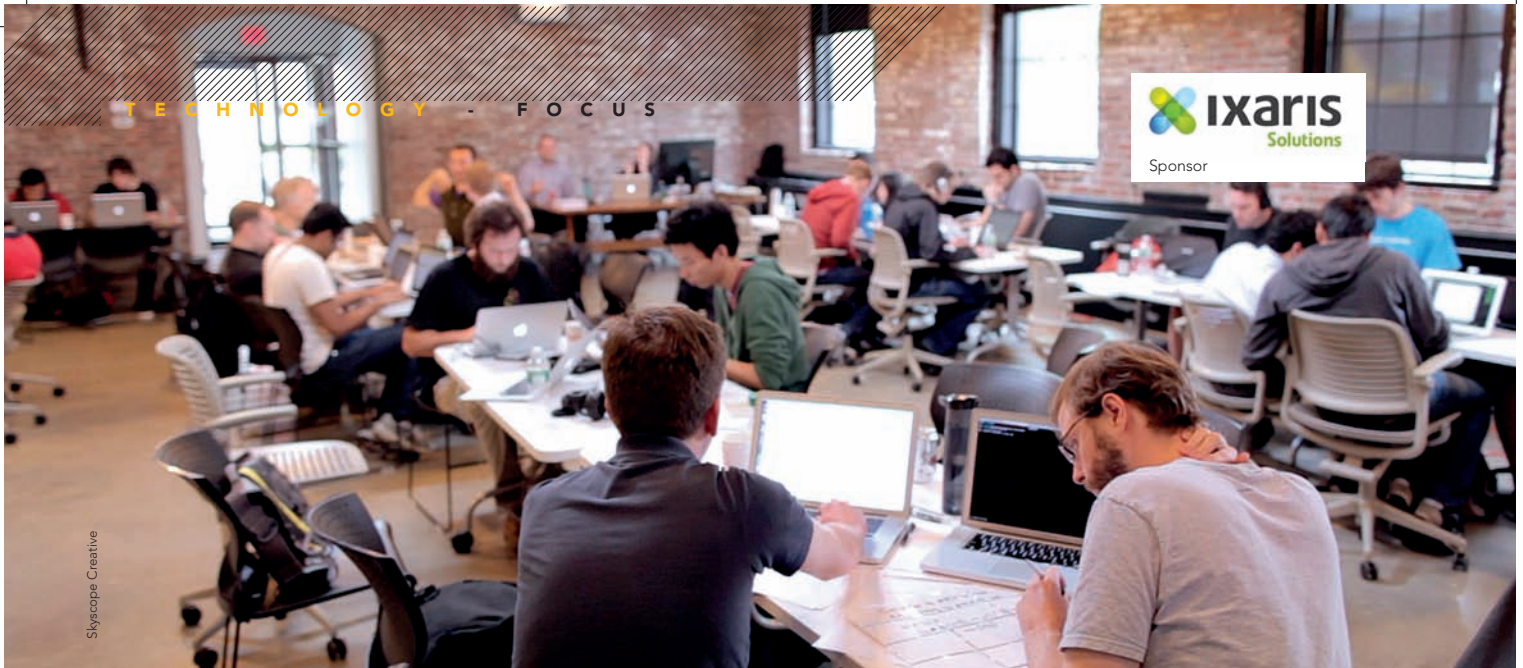
- 57% of people in the UK would share personal data in return for a more bespoke product or service
- 42% think the most useful gadgets and online tools would be those that help them make and save money
- 60% of 25–34 year-olds have already used a self-quantifying app or service to monitor fitness levels, mental health and sleep patterns

ANALYSE THIS

Impact has backed Federico Zannier on Kickstarter. Our \$5 gets us a week's worth of data, including information on the 500 websites he visited, 4,000 screenshots, 4,000 webcam images, mouse movements, GPS location data and an application log containing 4,200 lines of text.

That's quite a lot to get through, so we're looking for some help to crunch all the data and produce our own analysis and visualisations for a later issue.

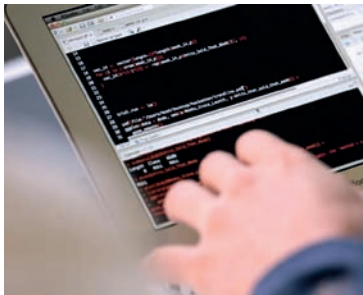
If you think you can help, please email brian.tarran@mrs.org.uk



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FOR THE HACK OF IT

A GROWING NUMBER OF FIRMS ARE TURNING TO HACKATHONS TO SOLVE BUSINESS CHALLENGES. DUNNHUMBY INCLUDED



How do you solve an age-old problem like predicting new product sales? "It's something we've been dealing with for 10 years," says Chris Brooks, head of analytical systems at Dunnhumby, the company best known for its work on Tesco's Clubcard. Models are refined, algorithms are tweaked, new solutions are proffered, but still "the vast majority of new product launches fail," says Dave Balter, CEO of BzzAgent, Dunnhumby's word-of-mouth marketing company.

Time for something different then – and that something was a hackathon. Hosted in Boston in partnership with the "big data hacker space" Hack/Reduce (whose mantra is "code big or go home"), the event brought together 111 teams to compete (both online and in-person) to find the most accurate model for forecasting sales for a new product 26 weeks after launch.

"We're well-versed in the traditional approaches for predicting new product sales," says Piers Stobbs, Dunnhumby's head of data science research and development. "What we were interested in was attacking the problem from more of a machine learning, computer science perspective, to see whether it could do as well or shed additional insight."

The two approaches are very different, Stobbs explains. Where a traditionalist might start by trying to understand the problem and building a solution from the bottom up, he says: "The machine learning approach – people sometimes call it 'the black box' approach – doesn't really care so much about fundamentally understanding the problem. You just try and generate as many potential attributes and features as you can that might be relevant, and then throw them all into the proverbial black box – into various algorithms that then use different analytical techniques to build what are often more complicated models, but which can lead to more accurate predictions."

Each team had just 13 weeks of real-life sales data on which to base their algorithms and predictions (though they were also given 26 weeks of sales data for different product launches as a "training set"). They didn't know what the products were – only that they were generic items like books, DVDs or yoghurts. And with that, so began 12 hours of furious hacking.

OUTSIDE IN

The competition was run through Kaggle, a platform that brings together 100,000 data scientists globally to have them take part in such events. A Kaggle-powered leaderboard kept track of each team's scores throughout the day. By 9pm, Jaysen Gillespie, a director of financial and marketing analytics at Criteo North America was declared the online winner, with a score of 0.19028. The in-person winner was a team of MIT students – Alex Levin, William Li and George Tucker – who scored 0.20031. ▶

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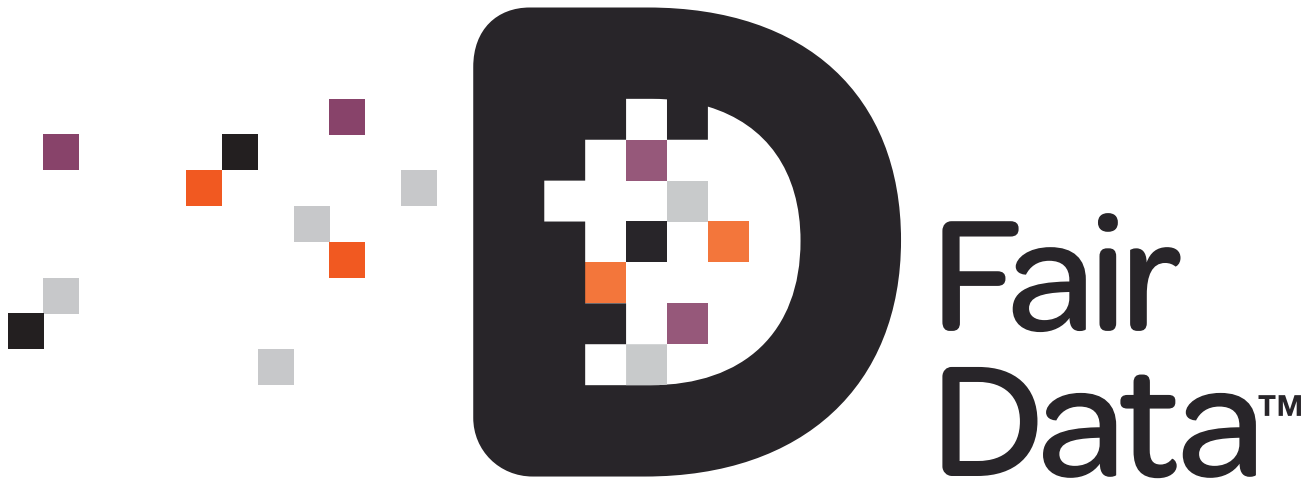
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Piers Stobbs



Dave Balter



Chris Brooks



But what exactly do those numbers mean? "In some ways the score is arbitrary," explains Brooks, "but to put it in a business context, 0.2 means that when we ran the predictions, three-quarters were within 15% of the actual value."

"It's a very good prediction," says Brooks. Better than where Dunnhumby is now internally? "If we could implement that model, if we could successfully implement that level of accuracy in our internal production systems then, yeah, that would be positive," says Stobbs. "But I think there are a lot of additional idiosyncrasies in the real world that might not have been fully captured in the dataset that we supplied. So whether or not that's viable, we'll have to see with more research."

That's the next step for Dunnhumby: to take the hacked models inside the business to see whether they can become part of the product suite. Regardless of what results from these rounds of tests and validations, hackathons are set to become part of the company's innovation efforts.

"We've practised a form of this for quite some time, running 'Innovation Fridays' with staff," says Balter. "But what I think is most interesting here is that we're able to tap into this external community that has maybe solved problems in vastly different ways than Dunnhumby ever has before."

For Brooks: "It's a very rapid way for us to understand the broader range of techniques that are out there", while Stobbs says it's helped expand his field of consideration when it comes to hiring talent for his R&D team.

Hackathons are starting to deliver results that have businesses paying attention. Adrienne Cochrane, of Hack/Reduce, says: "Hackathons are a way to generate ideas for new approaches and to find people that bring those ideas to the table." ■

THE TRICKY PART

Team SIDPAC – MIT's Alex Levin, William Li and George Tucker – explain their winning approach:

"Our initial thought was to suppose that the number of units sold per store was roughly constant. Since we knew how many stores were selling the product at all 26 weeks of the launch, we could then use the historical information (e.g. units sold per store at week 13) to make our prediction for the number of units sold at week 26. This simple idea already did reasonably well and we built on this idea as we refined our choice of features.

"For modelling, we used linear regression and random forests. To make sure that our model would generalise to the hidden test data, and to assess model performance, we used cross-validation – training the model on a subset of the data, and testing it on a subset. This allowed us to say which models would do best on unseen data."



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'I FEEL WHAT YOU'RE SAYING'

HOW AN ISRAELI FIRM IS USING TONE OF VOICE TO DETECT EMOTION. BY **SIMON MILLER**

If you've ever tried to soothe a baby or scold a dog with words, you might have wondered how it is they can understand our intentions but not our language. It was a question Yoram Levanon found himself asking almost two decades ago, while talking in Hebrew to a Japanese new-born.

Eighteen years of research and more than 60,000 interviews – conducted in 26 different languages – followed, culminating in Levanon's launch this year of Beyond Verbal, an Israel-based firm that has developed software that measures human emotion based on tone of voice.

"One of the things that

differentiates us from speech analytics vendors is that we do not analyse words – we focus on vocal modulation," says Dan Emodi, vice-president of marketing and strategic accounts at Beyond Verbal. "That's why we make a differentiation between voice analytics and speech analytics. Vocal intonation comes from the resonance box of our body, so you can hear when I am smiling and you can also hear when I am frowning – even if I have said the same thing," he explains.

Beyond Verbal breaks its measurements down into three different emotional dimensions,

says Emodi: What is the mood of the speaker? What is the attitude towards the topic being spoken about? And what is the emotional and decision-making personality of the speaker?

SURROUND SOUND

There are other means of getting at emotion, of course; whether it's analysing facial expressions, heart rate (see *Flushed with excitement*, below), brain activity or skin conductivity. But, where most of these emotional responses are hard to detect, vocal tone is easy to pick up on. "We are surrounded by voices," says Emodi. "We talk to each other, talk to ourselves, and talk to phones and other smart devices."

Beyond Verbal sees several possible applications for its software, the most



There was a time when new video game console launches were all about the games and graphics. But Microsoft's announcement, in May, of Xbox One – the third iteration of its best-selling games machine – drew headlines for what its tech can tell about you.

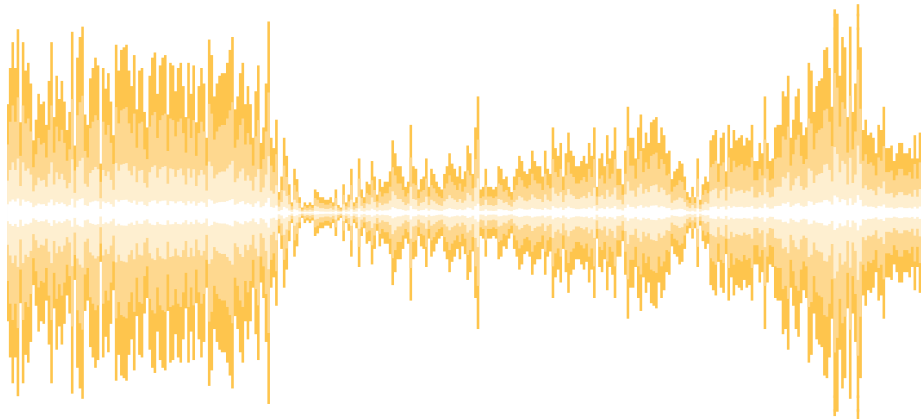
Kinect, the motion-sensing camera peripheral designed to enable controller-free gaming, has received an upgrade, along with the rest of the kit, and it now boasts the ability to measure players' heart rate by detecting fluctuations in skin pigmentation.

The company has been vague so far about how it actually does this, but a Forbes report pointed to work by the Massachusetts Institute of Technology's (MIT) Computer Science and Artificial Intelligence Laboratory which – to quote MIT News – has developed "software that amplifies variations in successive frames of video that are imperceptible to the naked eye... [which] makes it possible to

actually 'see' someone's pulse, as the skin reddens and pales with the flow of blood".

Older versions of Kinect have carved out a niche in the retail analytics space, being 'hacked' by companies like Monolith and Agile Route to track customer behaviour within stories.

With a heart rate monitor now part of the package, the measurement of emotional response – or an approximation – becomes possible.



obvious being to put it in the hands of market researchers who can use it to analyse phone or face-to-face interviews, or focus group recordings.

A lot of what researchers do when evaluating brands, products or services is try to figure out whether consumers actually mean what they say; that is, if someone says they like something, how much do they actually like it?

Beyond Verbal is piloting this application by analysing TV interviews given by politicians – the masters of doublespeak. Emodi says the software can tell, in real time, whether there is a hidden subtext and what it is. But it's not a lie detector, he says. "Lying is a cognitive decision. It is controlled by another part of the brain."

Outside of the research space, Emodi says the software could find a home within machines, enabling them to be programmed to respond to our emotions.

"Imagine that your car understands that you are out of control because you are over-emotional, you are shouting, you are tired or you are drunk. It might decide that it's time to change the music or to slow down," he says.

Criminal 'mind readers'

THE LEGAL RISKS FACING NEUROMARKETERS

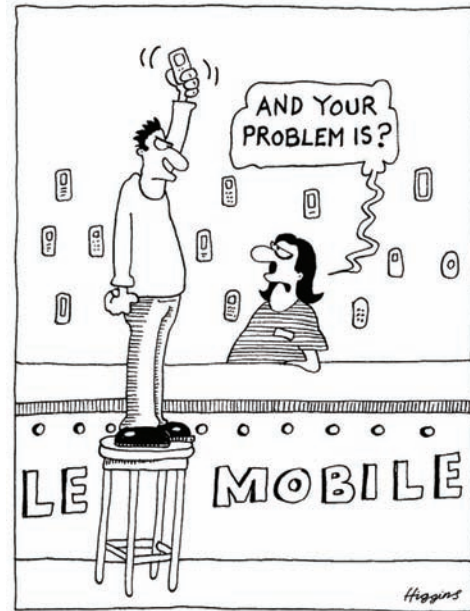
Grand claims about the power of neuromarketing are ten-a-penny – but, by overselling the benefits, are agencies increasing their risk of exposure to legal action? Corporate lawyers Covington & Burling think so.

In a white paper, *Neuromarketing: Legal and Policy Issues*, the firm warns that as neuromarketing techniques become "arguably more powerful, the industry will likely face increasing resistance from regulators concerned that consumers are being misled into believing they want or need a product they have no use for".

And with privacy suits on the rise, Covington says that "aggressive claims" by neuromarketers about their ability to get into the mind of the consumer might open them up to allegations that they are intruding into "personal thought processes".

In addition, such 'intrusions' might lead to tort claims "advanced under the theory that by penetrating to internal areas of brain function, neuromarketing impermissibly 'touches' a protected personal domain, giving rise to liability for battery or assault".

The white paper is online at bit.ly/13PgdxR



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 **Maritz** RESEARCH

Fixed decisions

SENIOR LEADERS GET BOGGED DOWN IN PROBLEM SOLVING WHEN THEIR FOCUS SHOULD BE ON EXPLORING OPPORTUNITIES, SAYS AD MAN **DAVID WETHEY**

You decided to pick up this magazine, to flick through the pages and to read this article. Maybe you're having a coffee while you read. Or is it tea?

Whatever your choice, it was probably an easy one to make. So why is decision-making in business so difficult?

David Wethey thinks he knows. It's partly down to a lack of process and an over-reliance on logic at the expense of gut-feel. But personality also comes into play.

As chairman of Agency Assessments, Wethey has spent the past 25 years helping advertisers make decisions about which ad agencies to work with. As such, he's spent a lot of time in board rooms watching teams of decision-makers try (and sometimes fail) to reach consensus. "I just became completely absorbed in understanding how some teams work really well together, how some teams are largely dysfunctional, and how apparently similar people could approach the whole question of choice in dramatically different ways."

That experience has led Wethey to write a book on the subject, *Decide: Better Ways of Making Better Decisions*. You'll find it on Amazon, alongside 7,000 other books about decision-making in business – which speaks volumes about just how difficult people find the whole process.

TEAM TALK

If you want to make good decisions, getting the right team together is key, says Wethey. One of the big fallacies of decision-making is that it all comes down to an individual. "There is an assumption that this is the perfect default setting for decision-making," says Wethey. "But that is completely

unacceptable, even in areas that we tend to think of as being dominated by strong individuals – generals in war, for instance. It's unthinkable in any armed force in the world not to have a democratic decision-making matrix."

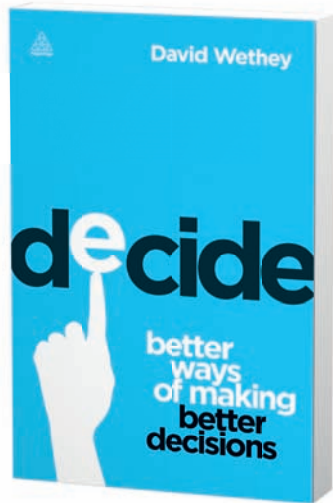
In any successful team they will be a mix of personality types. 'Drivers', as the name suggests, are fairly comfortable with taking decisions. "Their basic process is to look at goals and explore expeditious ways of achieving goals, then they take people with them," says Wethey. CEOs, headteachers and senior medical consultants all overwhelmingly tend to be driver-types, he adds. "It's very difficult to do those sorts of jobs unless you (a) have conviction, and (b) are seen by those around you to have conviction."

Alongside drivers there are 'amiabes', who like consensus and keeping everyone happy, and 'analysts', for whom "no debrief can ever be too long," says Wethey. Unlike drivers, "analysts are very nervous about making decisions because they have a rigour about them that makes them averse to jumping to conclusions, while amiabes are so keen to get the 'people factor' right that they prioritise that ahead of making what might be unpopular decisions," he explains.

But while it might be tempting to just stick a bunch of drivers in a meeting room and let them do what they do best, Wethey says analysts and amiabes have a crucial role to play. Each type of person brings something new to the table and is an essential part of a process that leads to sensible decisions being taken, having those decisions communicated internally, and having them acted upon.

MEETING THE PROBLEM

Even with the right team in place, decisions may still be hard to make if you don't fix the meeting process ▶



Decide: Better Ways of Making Better Decisions is published by Kogan Page

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Alongside his consultancy work, Wethey blogs regularly at bit.ly/12dBloY



itself, says Wethey. Business can't take decisions without meetings, but, equally, meetings often get in the way of decisions being made because too often they end-up being part social gathering, part support group.

Meetings have always performed a social function, but Wethey thinks the real problem is 'problems'. "We're obsessed with problems these days," he says. "It won't be long before there is a Nobel Laureate for problem-solving because it's become a high-grade hero activity. But to me problems are plumbing, by which I mean they are things that need to be dealt with and gotten out of the way so we can focus on something that really matters."

In business, Wethey says, people confuse problem-solving and decision-making. Too much time and effort is spent on deciding how to fix what's broken whereas

the real decision – the one that is of most strategic importance to an organisation – is what the course of action should be once the repair job has been completed.

"I think we've got to take an awful lot of problem-solving out of meetings," he says. "Make it someone's responsibility to deal with the problem and come back with a solution, and then spend the rest of the meeting talking about opportunities. This would make decision-making a lot easier," says Wethey, "because you can't make a decision until you've got a commodity called 'options'."

When it comes to weighing options, however, decision-makers

need to be careful to keep their natural human optimism in check. "In many aspects of our lives we get so taken up with the maximum possible upside that we forget the downsides," says Wethey. "One of the functions of senior people in companies is to save the business from their worst excesses, many of which come from being terribly excited and becoming over-committed to the expectation that something good is going to happen, while ignoring the cliff on the other side."

TAKE HEART

Assessing the relative risks and rewards of any decision is a difficult thing. It takes people into the realms of the unknown and the uncertain – a place where logic and evidence can only carry you so far. Wethey advocates a balanced approach that mixes hard data and reason with "a healthy regard for emotion, gut-feel and heart".

When so much of everything else that we do is governed by the subconscious, Wethey says: "It just doesn't make sense to try to make a decision entirely on logic." Management consultants – and for their part, some research agencies too – might be founded on the principles that all decisions within business should be based on a big stack of evidence, but if decision-makers never backed their hunches, the world would be a very different (and, some might say, duller) place.

Of course, there is no shortage of data on which decision-makers might base their decisions today. But Wethey asks: "How much data do you need before you can move forward? The answer, I think, is less than many people would think. Take battle, for instance. If you are in a tank or a submarine or a military aircraft you've got data to burn, but you can't use it all. Unless the human can process it in time, it's not useful. And the one thing we have learned nowadays is that in business, you have to make some fast decisions when the shit hits the fan." ■

TALKING POINTS

DECISION-MAKING TIPS TO SHARE WITH YOUR TEAM

- Every decision is a journey. Set a goal, identify opportunities, solve problems, gather evidence, analyse it, sleep on it. Then decide.
- Put as much effort into minimising the downsides as maximising the upsides.
- Rationality is vital, but emotion and gut feel are important in evaluating options and coming to a decision.
- Being wrong is OK. But know how to put things right.
- The people factor is crucial. Understand your own personality and those of everyone else involved in making a decision.

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CHALLENGE EVERYTHING

In the battle for growth, companies need to come out fighting, says author **Adam Morgan**

Ask yourself this: What does your business stand for, or what does it stand against? If you don't have an answer to either question, you might be in trouble. Adam Morgan, one of the leading lights of British brand planning and the author of *Eating the Big Fish*, thinks companies need to be challenging something in order to grow.

We often think of challenger brands as small, spunky upstarts: little Davids battling against corporate Goliaths. But being a challenger has nothing to do with size, says Morgan. "It's a mindset."

His new book, *Overthrow*, (co-authored with Mark Holden of media agency PHD) identifies 10 different types of challenger brands, as well as the different types of stories they tell to customers in order to win market share.

So, which type of challenger are you going to be?

The people's champion

They claim the moral high ground and seek to right wrongs and challenge the motives of the 'establishment'. As a tactic, it's been successfully and repeatedly employed by the Virgin brand.

The missionary

It's not about what they do, but why they do it. "Businesses need soul, and the why is the soul," says David Hieatt, founder of the Hiut Denim Company. Hieatt lives in Cardigan, Wales, which used to have a thriving denim industry. Creating Hiut returned 400 lost jobs to the town. That's why he did it.

The irreverent maverick

Brands whose only real purpose is to create mischief and controversy. Think Paddy Power, Nandos or Red Bull. "They're poking the bland and the beige in the eye, but they are living on the edge of uproar," says Morgan.

The real and human challenger

Everyone knows Zappos – the online shoe shop that makes staff rank themselves on a weirdness scale and runs an internal contest to see how long call centre employees can keep customers chatting on the phone (the record is nine hours).



These brands set out to feel 'real' in an otherwise faceless and impersonal category.

The game changer

These brands are on a mission to change the way people think about a category, promising a quantum leap forward in service or experience. Morgan gives the example of Airbnb, a service that lets people rent out extra space in their homes to travellers at prices significantly below that of hotels.

The democratiser

Challenging elitism is the democratiser's guiding principle. They want to open up access to markets, products or services through radically lower price points.

The next generation

The message here is that new times call for new brands, and that incumbents – solid and familiar though they may be – are now outmoded. It's a tactic Audi is employing in America, where it is challenging Mercedes Benz as a status symbol for the wealthy.

The enlightened zagger

Newcastle Brown Ale's 'No Bollocks' campaign in the US says it all. This type of brand is one that runs counter to the prevailing trend and isn't afraid to call "bullshit" when they see it, says Morgan.

The feisty underdog

A smaller player who's taking on – and calling out – a bigger rival. The underdog here aims to reduce the world to a binary choice – one that positions it alongside the market leader in the mind of the consumer.

The visionary

These brands imagine bigger things for their category and set out to achieve it. Lark is an example of this: a wristband that was originally created to be a silent, personal, vibrating alarm clock, which has evolved into a device to help people monitor and improve their sleep patterns. ■

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FROM THE BUSY STREETS OF DELHI TO THE HIGH-TECH ENVIRONS OF GURGAON AND CONSUMER HOMES IN CHENNAI, WE FOLLOW A WEEK IN THE LIFE OF **JASMEET SINGH SETHI**, REGIONAL HEAD OF ERICSSON'S CONSUMERLAB

MONDAY

My week starts with a gruelling one-and-a-half hour drive to the Ericsson office in Gurgaon, a satellite city 45km from Delhi, where I live. Gurgaon is the industrial and business hub for all the big multinational corporations in India and Delhi is one of the most painful cities in the world for commuting, so I spend a lot of my time waiting in traffic jams, which gives me the chance to try out new apps on my smartphone.

Ericsson is primarily an infrastructure provider, enabling ICT for our customers and building networks for them. Almost 40% of all global communications traffic travels through our networks. I work at Ericsson's ConsumerLab, the consumer insights division, which sits within the strategy and marketing organisation. It's a very important asset for the company, which is a hard-core engineering organisation.

We are more of a b2b company than a direct-to-consumer firm, so the ConsumerLab's fundamental objective is to bring the voice of the consumer into the organisation – to advise our customers on consumer expectations, our product portfolio, sales and R&D.

If you are a consumer insight professional, it is important to live the life of the consumer. So for me, the time I spend testing apps while stuck in traffic is an opportunity to keep pace and get ahead of what's happening in the market today.

Once in the office, we have a status update meeting with all our suppliers and agencies. We're currently running a big project looking at consumer

experience – trying to understand the journey the customer takes from the moment he buys his mobile connection; so we always set aside 90 minutes on a Monday to get an idea of what's happening in the field, how things are progressing, and looking at project timelines to make sure everything is running smoothly.

After the call, the real business starts. I get a lot of requests internally from different teams – from strategy, from marketing, from the account teams who are handling our key customers – and it's important to respond to these different functions in a timely manner. And the timings here are ruthless. Usually, these requests are, "We need this in the next hour". So we need to be efficient – and we are – but it's important to manage expectations and ensure that we are not compromising on the quality, the integrity and credibility of our function.

TUESDAY

Today is all about internal alignment. There are seven different engagement practices within the business, all dealing with different product lines – from TV to mobile broadband. It's important for us to align ourselves with what it is that those practices need so we can help them to open the door to the c-suite, the top executives, in their clients' organisations.

So, Tuesday starts with a lot of meetings – most likely with the network planning teams or the mobile broadband practice areas. These engineering teams I think really appreciate that we're trying to bring a business and consumer angle to



CV

JASMEET SINGH SETHI

2008 – present

Regional head, insights and intelligence, Ericsson

2006 – 2008

Manager, research and consulting, Analysys Mason

2005 – 2006

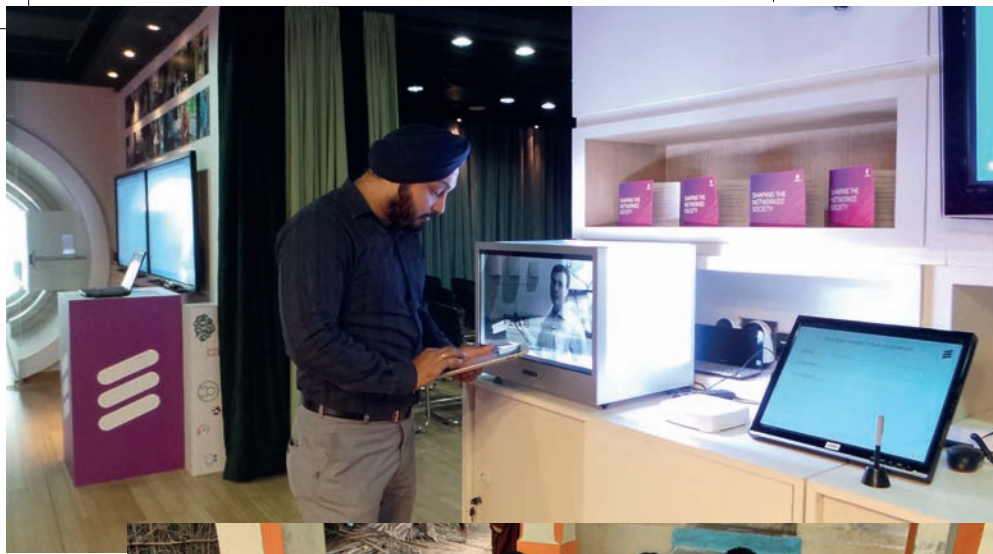
Process manager, southeast Asia, Gerson Lehrman Group

2004 – 2005

Senior research analyst, Gerson Lehrman Group

2002 – 2004

Team/technical lead, EXL Service



Sethi test-drives the latest kit in Ericsson's experience centre (top). Sitting in on a group discussion in a temple in rural India (middle). An in-home interview (bottom-left). Taking to the stage at the Market Research in the Mobile World event (bottom-right).



innovation in the way we try to understand consumers.

At the end of the day, I'll pay a visit to our experience centre – a test environment where we have demo versions of devices and technologies. I don't miss an opportunity to visit and speak to the staff there about the latest devices, the new features and functionality.

WEDNESDAY

At any one time, the consumer insights team has lots of projects running and I usually spend one day a week in a different part of the country, out in the field. I don't want to just be sitting in an air-conditioned office space forecasting what the next consumer trend will be. I feel you really need to be close to the end-consumer, so attending these interviews – or at times doing them myself – really helps keep me clued into the mind of the user.

Consumer insight functions hinge on storytelling, and a lot of the best stories that we tell are gained from first-hand experience in the field – from the consumers themselves.

My most recent trip was down south to attend a qualitative, in-depth interview. I took a three-hour flight from Delhi to Chennai, met our agency partners and contacts and travelled to a location in the city to visit a consumer at their home. It's a long day – as I'll usually travel back the same day – but it's a rewarding and exciting experience.

proceedings. But it's been a tough sell getting to this point. I remember that when I joined ConsumerLab, people expected me to be wearing a white coat and doing sophisticated R&D experiments, because that's what they thought a lab was all about. So we've had to change that perspective, to say: "Hey, we're not here to do experiments, we're here to bring the voice of the consumer to you." That's something that people now appreciate and find useful.

For example, when we meet the network planning teams they tend to talk a lot about network performance indicators, and it's important for them to understand the impact that usage of different services and applications is having, or might have, on the network. So, our job is to tell them how these new technologies will change consumer behaviour so they know how to design, or optimise, the network to ensure that the end-user gets the best-possible experience.

After these alignment meetings – usually on Tuesdays – we have a time slot to allow entrepreneurs – small agencies with niche offerings and services, as well as app developers – to come in with their wacky ideas and explain how they might be able to help us with our market research. These innovations keep our insights fresh and give us a new perspective – and the management at Ericsson is encouraging of

THURSDAY

I'm exhausted after all that travelling, so it's a late start on Thursday, but there is no let-up. A very important part of the ConsumerLab function is to support and advise our customers on consumer behaviour. Usually towards the end of the week, we have a presentation to make to the c-suite of a customer company.

We're typically used as the door-opener to the chief marketing officer, the chief technology officer or the chief executive of the operator organisation. We start preparing the presentation on Monday and then, by the end of the week, we have to deliver it to key decision-makers in the operator company. They want to listen to what's happening in the consumer domain and what important decisions they need to make to stay ahead of the market.

FRIDAY

Today is a catch-up day. I have a weekly meeting with my boss, who is the vice-president of marketing and strategy, and we chat about what has transpired from the week and what we have learned. We also chalk out areas that we might need to address in the coming weeks and any new insights he might need to support his discussions with the regional leadership team.

Also we'll discuss innovation and methodology, because we do need senior-level support to get budgetary approval for different projects and studies. Five years back, if I had gone to a stakeholder to ask for budget, I would have been shot down. But things have changed. Our CEO, Hans Vestberg, always opens his presentations by talking about what consumers want; so everybody in the business understands the importance of what we do.

But we do need to substantiate every dollar being spent. It's about give and take. You have to make people understand the objectives and what they are going to get in return. ■

THE JOB MARKET AN INTERIM SOLUTION

Contract work might be the answer to staffing challenges in an uncertain economy, says **Sinead Hasson**



The latest figures from the Office of National Statistics show that 15,000 more people were unemployed at the end of March than at the beginning of the year, leaving the UK unemployment rate standing at 7.8%. Today's climate of uncertainty means that permanent roles in research aren't always the most appropriate or attractive option. Now, more than ever, market research firms are turning to interim contracts in a bid to protect both themselves and candidates from fluctuations in business.

Today's interim workers cover far more than temporary positions for junior or administration roles. It's not uncommon for senior or even director-level candidates to agree to a short-term position helping a busy team with a whole manner of tasks, from data analysis and checking, to fieldwork and project reporting; even proposal writing and business development support.

Weighing the odds

Employers looking to recruit staff on short-term contracts are often surprised to find that the pool of candidates is a lot smaller than when offering a permanent position. For research professionals in full-time employment, leaving a secure job for a temporary contract is a gamble, even if there is the possibility of a full-time posting at the end. Those that opt for this approach tend to be polished professionals, confident in their skills and experience, and not afraid to demand a premium salary to counterbalance the risks. To budget-conscious employers, this may not sound so great, but the quality of work provided might make it worthwhile.

It also allows businesses more control over the scalability of their workforce as the flexibility of the contracts means there are no commitments on headcount.

Try before you buy

There's nothing worse than employing someone only to find that they're not all they were cracked up to be. Permanent contracts are hard for an employer to escape from, particularly when the individual's performance is only sub-par and not acutely below the required level. Equally, on the employee's side, joining a firm that reneges on its promises can be infuriating and, ultimately, career limiting. Interim contracts, on the other hand, are far more straightforward. If the new team member isn't right, they part ways when the contract expires. For the researcher, the opportunity to assess an employer through a temporary contract can be hugely valuable.

A step in the right direction

For research professionals at all levels, short-term working can offer a varied, engaging and lucrative career, exposing them to in-house and agency-side roles, new market sectors and many different aspects of a business. They have the chance to gain broad and valuable experience, which can serve them well as their skills develop.

For candidates new to the world of market research, an interim role can offer a foot in the door and a chance to test-drive a chosen career. With market research offering so many paths, a short-term contract could provide the space they need to reassure themselves that a career in research is right for them. Many early-stage researchers also harbour ambitions to take a gap year, but feel compelled by a combination of debt and scarcity of employment to commit to a permanent role sooner than they would like. Interim contracts offer a third option, providing researchers with the opportunity to plan for career breaks without needing to negotiate (or disappoint) a permanent employer.

Particularly useful to agency researchers is the opportunity afforded by interim work to build a rich professional network. Relationships with co-workers need to be nurtured as you never know where a contact may lead and who might be able to refer you for a job in the future.

Tread carefully

Budding contractors should bear in mind that interim working offers very little in the way of security and professional support. Training is scarce, so researchers should take care to apply for roles where they can not only utilise their current skills, but also build upon them. Being selective is also important, as is resisting the temptation to take any old contract just to keep going.

For businesses, short-term contracts offer the flexibility needed in such an unstable economy. But they should be mindful that they are putting their business requirements at the mercy of a smaller pool of professionals – the best of whom may not be available at short notice. What can be said for certain, however, is that employers and candidates that dismiss interim contracts out of hand are missing a trick.

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



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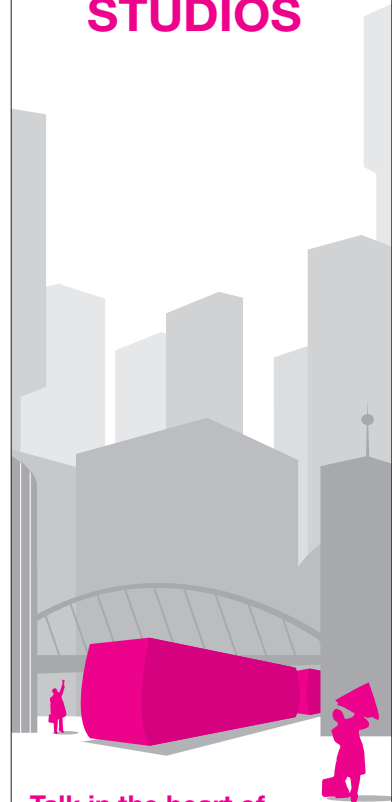
3 Omnibus surveys every month (face-to-face CAPI and telephone CATI). Quarterly Business-to-Business and Medical surveys also available.



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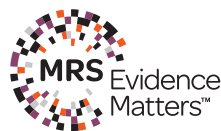


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SCRUBBED THE RIGHT WAY

FLAWED THOUGH IT MAY BE, DATA CONTROLLERS MUST TAKE CARE TO SAFEGUARD THE PROCESS OF ANONYMISATION AS IT HAS A CRUCIAL ROLE TO PLAY IN A DATA-SHARING SOCIETY, SAYS **BARRY RYAN**

As far as the law is concerned, anonymisation is a magic bullet. Personal data is regulated, anonymised data is not. According to recent studies, however, the magical properties of anonymisation have been overstated.

What does it mean to anonymise data? It is the process of removing, obscuring, aggregating or altering identifiers to prevent identification.

The term identifier is often understood to mean something formal such as a name, address or ID number. In principle, however, any piece of information could be an identifier. This reality is reflected in the legal definition of personal data.

Personal data is (and I am paraphrasing here) information relating to an identifiable individual, either on its own or in combination with any other information available. Whether a piece of information identifies an individual is, therefore, context-specific. Researchers know this from experience. The more a client knows about a population (for example, its own customers), the less it can be given without compromising the anonymity of respondents.

One feature of anonymisation is that it reduces data utility. Anonymised data is less useful than detailed, accurate, fine-grained data. This creates an incentive to keep deletions or alterations in a dataset to a minimum, but doing this reliably is increasingly problematic. This caused Paul Ohm to declare in *Broken Promises of Privacy* that data can be either useful or anonymous; it cannot be both.

IDENTIFIABLE TRAITS

Studies in this area have established a couple of issues that highlight the problem of reliable anonymisation. The first is that we are all different. In fact, we are all different on a surprisingly basic level. Simple demographics will uniquely identify individuals even in crowded urban environments. A 2000 analysis of US Census data concluded that 87% of the population had a unique combination of gender, date of birth and five digit zip (postal) code. In the UK, a full postcode on its own will isolate an average of 15 households.

The second issue relates to our environment, which – in a connected, technologically advanced society – is based on data: an electronic information-based environment that intersects with our physical surroundings. There is more data available about us than ever before, and much of that information is unique. It relates to no other person.

January's *Science* featured a paper on identifying personal genomes by matching elements of the Y-chromosome with publically available genetic genealogy databases, which contained information on surname, age and US state of residence. March's *Nature* published an article demonstrating that four time and location points are sufficient to identify uniquely 95% of individuals from mobile data.



Barry Ryan is director of the MRS Policy Unit

ABANDONING 'ANONYMISE'

EXTRACT FROM PAUL OHM'S *BROKEN PROMISES OF PRIVACY*:

We must correct the rhetoric we use in information privacy debates. We are using the wrong terms, and we need to stop. We must abolish the word anonymise; let us simply strike it from our debates. A word that should mean, "try to achieve anonymity" is too often understood to mean "achieve anonymity", among technologists and non-technologists alike. We need a word that conjures effort, not achievement. I propose "scrub". One can scrub a little, a lot, not enough, or too much, and when we hear the word, we are not predisposed toward any one choice from the list.

Read the full paper online at bit.ly/oynBu



The *Nature* study also flags something new that has entered the data environment in recent years: behavioural information. We may share a birthday or a postcode with others, but no one shares our habits. For example, no one else has your morning commute. Behavioural statistics are an increasing part of the data environment, as we share films we view on Netflix, holiday and travel plans on Tripit and our runs and cycles on Strava.

TRADE-OFFS

The apparent ease with which non-obvious identifiers can be linked to individuals has created a headache for many sectors, particularly online. In response, a new concept of pseudonymous data is being proposed, to place a limit on that advance. In return for limiting the processing of identifiers, data controllers would be rewarded with less onerous regulatory obligations.

Traditionally, pseudonymous data is personal information that has been processed to protect the identity of subjects, but the process is designed to be reversed if required. The key to do so is held separately and securely. This is commonly used in research, where identifiers are replaced with a unique code that permits re-identification, but does not disclose identities to unauthorised parties.

In the current debate, pseudonymous data has been seized upon as a new name for indirectly identifiable data – typically cookies and IP addresses. The problem, of course, is that with access to the right information, this data can identify individuals – and that information is not subject to disclosure controls; that is, it is not backed by a rigorous process to ensure that matching cannot take place without authorisation. This has raised eyebrows in legislative circles, and threatens to undermine common sense exemptions for responsible handling practices.

SHARING IS CARING

If anonymity is seen as a false prospectus, and pseudonymity an attempt to evade regulation, the scope of data protection law becomes unlimited. In a modern society defined by mobile communications and personalisation of services, everything relates to an individual, who is somehow identifiable.

By creating a stark divide between regulated personal information and unregulated anonymous data, the law has created a false perception of what it means to be anonymous. Anonymity is a process, not an outcome. It does not mean that an individual will never be identified, only that it will be hard to do so.

Anonymisation is part of the disclosure control toolkit. To preserve its availability, there is a duty on parties engaged in anonymisation to do so carefully, with regard to the environment in which data are to be released. One option is to limit the scope of that environment, by providing secure access to datasets, subject to strict conditions, similar to the Research Passport system used for NHS data.

This is not an academic debate – resolving this holds the key to a successful data-driven society, if that is what we want. Data-sharing is important because it encourages debate, promotes the efficient allocation of resources in the economy, and maximises transparency and accountability. Anonymisation is a very valuable tool, allowing sensitive data to be shared while preserving privacy. It is also the premise under which researchers have sought and obtained the voluntary participation of the public for the last 60 years. ■

WHAT MRS IS DOING

Establishing best practice in anonymisation is a key element of the UK government's plans for open data. In 2011, Barry Ryan was a speaker at the Information Commissioner's Office seminar on anonymisation and in 2012, MRS contributed to the ICO code of practice on anonymisation. Ryan is currently a core participant in the UK Anonymisation Network, set up by the ICO as a means of establishing best practice. It offers practical advice and information to anyone who handles personal data and needs to share it.



Introducing the MRS Delphi Group

MRS represents about 80% of the researchers in the UK, the second biggest research market in the world with a gross value added of £3bn.

If a thing has been researched, that research has probably included an MRS member. So collectively, MRS members know more about the British public than anyone else, making them one of the richest consumer knowledge banks in the world.

The MRS Delphi Group has been launched to tap into all that knowledge, and to produce up to three reports a year on matters of industry and public interest. The first report – *From commercial to creative capital*, due in autumn – will build on last year's PwC report, *The Business of Evidence*, to include the wider commercial and public benefits derived from the results of research.

The MRS Delphi Group is led by a collection of the most respected thinkers in the marketing and research sectors, including directors from BT, GfK and TNS, and with Quadrangle's Nick Baker as chair.

And yes, we chose the name because the group's efforts will act as an oracle for the sector, influencing its development and growth, and highlighting its particular value to the broader creative industries and UK PLC.

More information is available at www.mrs.org.uk/delphi, and please feel free to email me if you have any thoughts or questions about the future direction of the group.

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



MY SOCIETY

Got the best ideas? We want to work with you

We believe that bringing people together is vital to the development of the sector and business, and our events aim to enable individuals to share, experiment and inspire.

MRS is launching a series of new events across two new formats, 'Intelligence Summits and 'Creativity Labs', and we need your smartest ideas.

MRS Intelligence Summits are designed to offer a dynamic, information-rich and practical view of the hottest sectors and research practices. Topics include: Kids & Youth, Financial Services, Real-Time Research, Advertising, Social Research, Social Media and Healthcare.

MRS Creativity Labs are the ultimate in interactivity. These workshops introduce practitioners from research and far beyond, offering first-hand experience of some of the most daring, effective and illuminating practices that are feeding into some of the best work in the sector. Topics include: The Design Lab; The Innovation & Ideation Lab; The Influencing & Communicating Lab; and The Science Lab.

See Calendar opposite for dates. Submitting an idea is quick and easy, and you can submit as many times as you like. Visit www.mrs.org.uk/yourideas

Manage your career

Not sure how to get to the next stage in your career? Need help identifying gaps in your skills, and to find training?

The MRS professional development framework identifies the skills and competencies that every research and insight professional acquires at each stage of their career, from core research skills to business leadership.

An online tool has been designed to be relevant to researchers in all sectors and in organisations of all shapes and sizes, navigating you through the available membership, qualifications, training, events and intelligence sources that MRS offers.

www.mrs.org.uk/careerbuilder

New website for research buyers

If you haven't already noticed, theresearchbuyersguide.com has been given a fresh new look, and major improvements have been made to search and – importantly – to your company pages.

New features will be released to company pages in the coming months to better showcase your strengths and capabilities. The new site is part of our commitment to ensuring that this directory is the first port of call for buyers in the UK and overseas.

www.theresearchbuyersguide.com

Code of Conduct

MRS is in the process of updating the code, incorporating advice on

Calendar

Member events

July

22 – Mobile Communities, R-Net young researchers network, London
25 – MRS Summer Party, London

September

16 – CSI Research, member evening, London
18 – Best of MRS Annual Conference 2013, The Lowry, Salford
18 – MRS Book Club with Peter York

October

17 – Using Behavioural Economics to Tackle Obesity, member evening, London
To submit an idea for a member event please contact Michelle Denslow on +44 (0) 20 7566 1871 or michelle.denslow@mrs.org.uk

Training highlights

Gamification in Market Research

4 July

This workshop will help attendees understand how gamification works and how it can be used to electrify surveys and boost response rates.

Enhancing the Value of Clientside Research

24 September

Presenting best practice strategies to improve the effectiveness and impact of market research/insight within your organisation. Clientside researchers only.

How to Generate Ideas

2 October

Giving facilitators what they need to address challenges such as lack of ideational fluidity, low energy, or poorly framed objectives.

Using Video in Research

4 October

Video can be an incredibly powerful tool when used in the right projects in the right way.

This is a small selection from more than 30 training events from July to October. Full programme at www.mrs.org.uk/training

Intelligence Summits

July – Social Research

September – Advertising Research

September – Social Media Research

October – Financial Services Research

November – Kids and Youth Research

January 2014 – Real-Time Research

February 2014 – Healthcare Research

Creativity Labs

September – The Design Lab

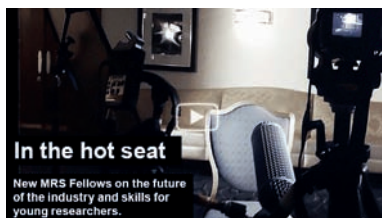
October – The Innovation & Ideation Lab

November – Influencing & Communicating Lab

January 2014 – Science Lab

More info at www.mrs.org.uk/events

anonymity, passive data and real-time research. A three-month consultation with members will begin in the autumn. www.mrs.org.uk/code



Seven new Fellows

Seven leading industry figures have been recognised for their exceptional

contributions to the profession.

They are: Lawrence Bailey, Nikki Bell, David Chilvers, Jonathan Fletcher, Jon Priest, Mark Speed and Rebecca Wynberg. See interviews with them online at www.mrs.org.uk/fellows2013

MRS Awards 2013 – last call for entries

The deadline for entries is 5pm on Wednesday 31 July. Three top tips for winning: 1) Read the question; 2) Show, don't tell; 3) Draft, draft, draft. You have three weeks left!

www.mrs.org.uk/awards

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- Advertising fuels the UK economy. What are the lessons for research?, article by Tim Lefroy, CEO, Advertising Association.
 - Best career advice for young researchers – leading industry figures share their career tips.
 - IJMR – latest issue online. Don't forget that we are publishing the latest issue of the journal online at the same time as you receive the print version. There's also digital-only content, including the editor's blog, classic papers and 'digital first' papers.
- We want you to use the member area, MyMRS, so if there's something missing please let us know by emailing membership@mrs.org.uk



Where next?

You've reached the end of *Impact*, but there's still plenty more original content to enjoy from MRS's family of publications, including Research-live.com and *IJMR*

AWARDS

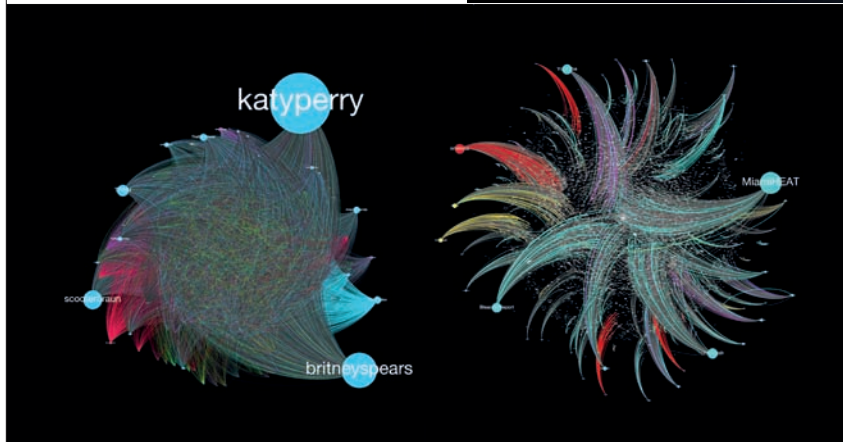
Calling all agents of change

The MRS Awards call for entries is now open. Deadline is 31 July. Don't miss your chance to show the research world how you're making a difference.

Whether it's the agency awards or the client awards, the sector-specific prizes or those for innovation and insight, our judges have always recognised those individuals, teams and companies that use research to deliver real impact within business, organisations or society at large.

This year will be no exception. We're looking for examples of how research is used to drive innovation, inspire change and generate results.

mrs.org.uk/awards



RESEARCH-LIVE.COM

How stuff spreads

Gangnam Style vs. Harlem Shake: An anatomy of two memes, by Francesco D'Orazio and Jessica Owens of Face.

bit.ly/18yA1Fy

Always on, always watching

A host of passive behaviour-tracking tools and technologies were on display at the Insights Innovation

Exchange conference in June. Jeffrey Henning reports live from Philadelphia. bit.ly/17mAHP9

Close to the Edge

After the Millennials comes Generation Edge. Ian Pierpoint and Caroline Fletcher consider what this unique group of consumers might mean for brand managers and researchers.

bit.ly/13F1WzA

IJMR

Margins of error – statistics in the media

If government ministers can make controversial statements based on shaky statistical foundations, what hope is there for us to build trust in statistics with the wider public?

bit.ly/190uCbz

Seven pillars of wisdom

Undertaking qualitative research involves moving within a variety of different 'knowledge frameworks'. Serious problems can arise when this is not recognised, and failures can occur.

bit.ly/12KbKdp

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The reason you measure customer experience is to improve it.

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That's a lot easier to describe than do.

The good news is software platforms now exist for measuring customer experience (CEX) across multiple touchpoints and channels which make this possible.

The bad news is they don't make it any more probable.

That's because, whilst this technology is brilliant at helping brands measure CEX, the real aim is to improve customer loyalty and value.

Which, as our friends in Silicon Valley might say, is a whole other ball game.


The game starts with work upfront to answer three questions:

1. Which parts of the experience needs to be measured: what creates, and what destroys customer loyalty?

2. How will the data from measuring CEX be deployed across the business: who will use it, where and to do what?

3. What else can be appended to CEX: what customer, behavioural or value data would enhance it?

And it ends with brands using CEX systems to not so much measure experience, as increase the loyalty and lifetime value of their customers.

 You might say that anything else is just nuts.



Many consumers are ready to embrace body augmentation technology

49% Context-Aware Clothing

Top Three First Impressions:

Face

Tattoos & Piercings

Clothing

82% agree "body language can be more truthful than words"

40% Heart Sensor Implant

37% Bionic Body Parts

34% Augmented Reality Glasses

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12% adjust their voice or accent before meeting new people

43% would consider plastic surgery

90% of our clients praise us for our engaging delivery

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