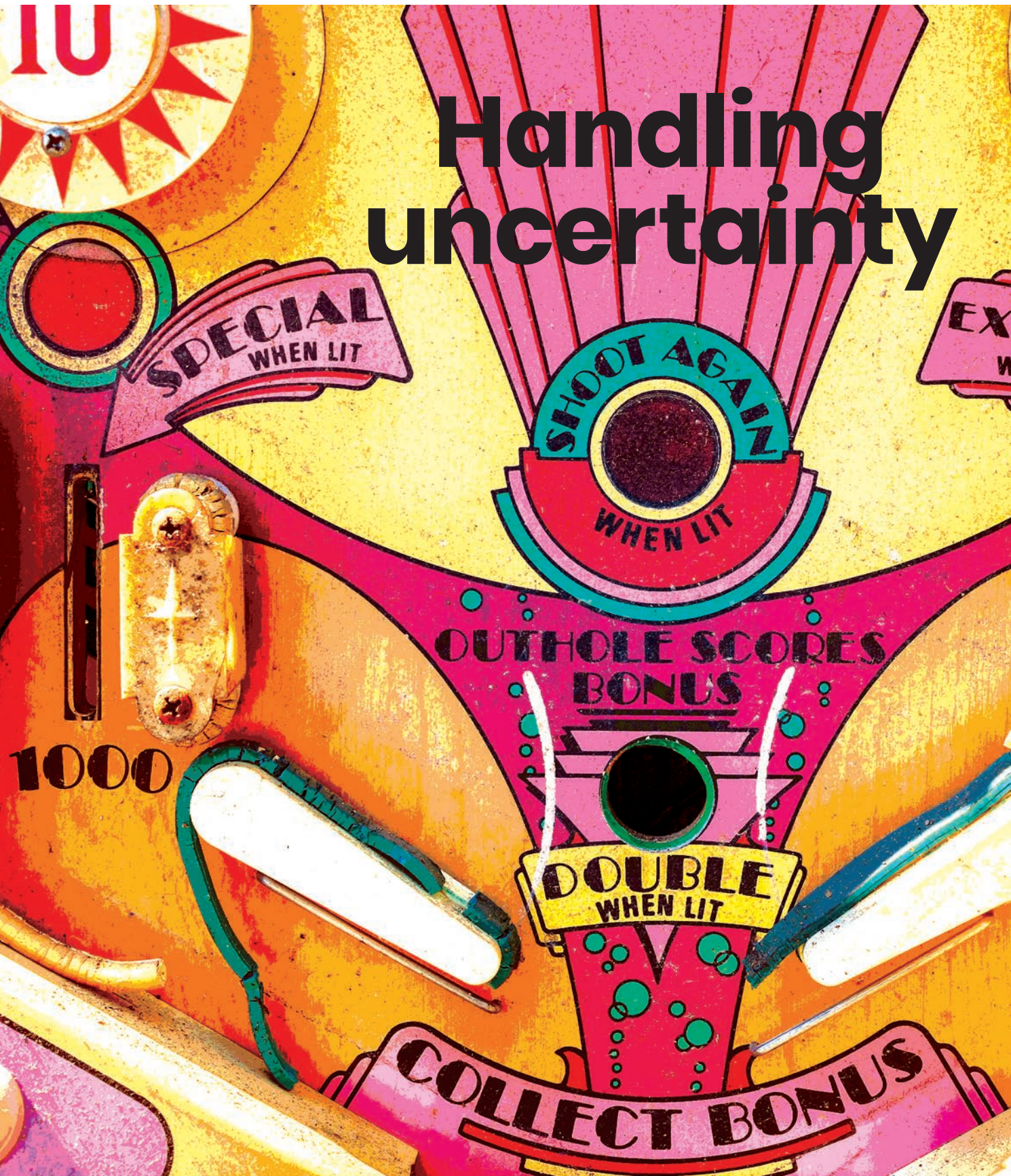


Handling uncertainty





In a world of uncertainty, continuous insights can help businesses anticipate and respond to change – building resilience for the future.

By Catherine Turner

By the time you read these words, written so very recently, the world will have changed again. The Covid-19 pandemic has changed everything – for everybody and every business – since hitting the headlines earlier this year. Some businesses will not survive; others will pivot and thrive – and, for these, resilience will play a crucial role.

Consumer behaviour is changing faster than ever, either enforced by emergency legislation, self-imposed through new social sensibilities, or entrenched; trends such as a drive to digital deliveries and collection are more than mainstream now.

Polls are a bellwether of customer attitudes for marketers and customer insight teams, particularly in times of change and crisis, but to build resilience – the ability to adapt quickly while maintaining business continuity – organisations must take an always-on, long-term approach to insight.

Dom Boyd, UK managing director for offer within Kantar's insights division, says: "Resilience is so much more than tactical optimisation or effective firefighting. It comes from understanding where value lies in a market, what values your brand uniquely brings to deliver that value, and taking powerful actions that drive performance by balancing the short with the longer term.

"Too many organisations seem stuck in permanent tactical mode, blindly responding to whatever the latest data is without putting it into a useful strategic context or framework."

Without that context, it is impossible to prioritise resource or to effectively monitor the return on investment of actions over the short or long term, Boyd cautions.

Paul van Gendt, CMI director for People Data Centre (PDC) at Unilever, believes the need for insight outputs delivered quickly will take on greater importance. "The world doesn't sleep between two insight studies," he says, predicting that near real-time insight – the immediate feeding in and processing of data that allows for contemporaneous insight outputs – will grow in volume and stature.

"We believe that the research industry can benefit from increased speed of turning insights into ideas and actions. The need for near real-time insight is only going to increase in the future."

Strategic application of insight is vital in a changing and heated crisis such as Covid-19, but it also allows



businesses to anticipate and respond to unexpected events, and to build resilience for the future more effectively. Van Gendt says: “We’ve allowed our business to understand current and future impacts on our consumers, our supply chain, and even our own workforce.”

Ben Shaw, director of brand consultancy at Engine UK, says: “I still think that, too often, [previously] data was being used to prove that decisions made in the past were correct. Whereas, now, we’re seeing how data can provide a more predictive way of understanding what’s going to happen. That, for me, is very exciting.”

Yet, the market research industry is feeling the pains of cost cutting more than most. The last IPA Bellwether report published before the UK outbreak of Covid-19, for Q4 2019, showed that, although pre-pandemic marketing budgets were edging upwards – with growth predicted into this year and next – marketers were reporting drops in research spend.

According to Nic Bulois, co-founder of Insight Angels and a former quantitative insight director at Added Value, the insight function has been allowed to slip down the value chain for too long, for too many brands.

“More than ever, businesses need to forecast and know exactly where they’re putting their money,” he says. “Budgets are declining, and they need to make the right decisions about what is absolutely critical – where they’re going to get that return to have the impact and ensure they’re staying alive with consumers, now and in the future.”

An organisation’s insight function has never been so important in the fight to shape business and brand resilience, now and against future crises and uncertainty. The pandemic has highlighted the short-termism under which many companies operate, kicking the can down the road until adversity strikes – be that accounting errors, scandal, or a disruptor changing the table stakes.

Others, however, take a much longer view. Tesco, one of the essential supermarket retailers at the forefront of the pandemic, was somewhat prepared: four years ago, chief executive Dave Lewis ran a ‘doomsday’ management exercise, which imagined that its head office would have to shut down completely.

The prophetic drill meant the retailer was ready for remote working, with only around 30 people at any one time in its HQ in the early months of

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lockdown, the *Guardian* reported. The company also responded quickly to the need to accelerate home deliveries, employing hundreds of extra drivers.

The lessons businesses learn now should resonate for some time. For the UK grocery market, Covid-19 accelerated an overall trend towards online sales, which accounted for 11.5% of the market in May (according to Kantar data) – but the shift to online was already happening, representing 7.4% of grocery sales before the pandemic.

While most retailers were scarcely prepared for the massive uplift in demand for deliveries, other players ramped up their grocery efforts, with the likes of Deliveroo making a small number of products available in urban areas within the hour.

Similarly, video-conferencing tools and streaming services have experienced a huge uptick in usage as organisations grappled with remote working, and people sought connection and entertainment during social distancing.

Never has the term ‘vuca’ – volatile, uncertain, changing and ambiguous (see panel) – been so apt.

Responsive and resilient

Yet, a pandemic of this proportion has long been mooted, and it is not the only (though it is, by far, the biggest) disruptor businesses face today. Any crisis or set of unexpected circumstances can shake businesses out of inertia, giving them the opportunity to change their operating models to deal with fast-evolving situations.

“There are huge opportunities to apply more insight into organisations more quickly, particularly at the moment,” says Boyd. “I am also a big believer in the power of historical data and how you can use that to understand dynamics and create benchmarks – there is value there. But there is danger in driving forwards while looking in the rear-view mirror, especially in situations where market conditions are changing.”

Brexit has forced many in the UK and the European Union to look at how to cope with any number of eventualities: soft, hard, ‘no deal’, delayed. New market entrants, particularly direct-to-consumer brands, have also moved the needle on customer expectations and experiences, particularly in the online world.

In Gartner’s CMO Spend Survey 2019-2020, chief marketing officers reported competitive insights and analytics as the two most important areas supporting their marketing strategies over the next 18 months.

Lessons from previous disruptive moments can offer insight for businesses and researchers. Forrester analysis of the 2008 financial crisis found that customer experience leaders had a shallower



Vuca

Vuca is an acronym, first used in 1987, to describe the volatility, uncertainty, complexity and ambiguity of general conditions and situations. It draws on the leadership theories of Warren Bennis and Burt Nanus, and was introduced by the US Army War College in the 1990s to define the end of the Cold War world and subsequent collapse of the USSR.

In recent years, organisations have taken the concept on board to help demarcate the challenges they face and the strategic opportunities available to them. The meaning of each element serves to enhance the strategic significance of vuca foresight and insight.

V – for volatility – stands for the nature and dynamics of change, and the nature and speed of change forces and catalysts.

U – uncertainty – is about the lack of predictability, the prospects for surprise, and the sense of awareness and understanding of events and issues.

C – complexity – is the multiplex of forces and confounding of issues, the no-cause-and-effect chain, and the confusion that surrounds organisations.

A – ambiguity – relates to the haziness of reality and potential for misreads, as well as the mixed meanings of conditions.

The four elements give companies the context in which to view their current and future state, presenting boundaries for planning and policy management.

downturn, recovered more quickly, and achieved three times the total shareholder returns in the long run, compared with the market average.

There are clear parallels with the financial crash and the current crisis, according to Engine's Shaw. He believes that data analysts and insight executives could feed into the business imperative, as risk managers did back then.

"Suddenly, risk management was central to the banking industry and was transformed from this grey, dull area into this central intelligence agency of their businesses. That's akin to the insight function of a business battling the Covid-19 fallout today," he says. "Insight is going to be instrumental in getting the C-suite around what the state of play is now and for future strategy setting."

Data that allows businesses to understand the current picture and measure changes over coming months will ensure that they are best placed to continually respond to changing situations and consumer behaviour.

"Brand resilience is built on authenticity, so understanding the sources of data that can measure perceptions and building blocks of authenticity will be key," adds Shaw. It requires measuring business data, such as employee wellbeing and the employer brand, as well as the customer side.

Shaw advises businesses to use data to predict behaviour, rather than assuming what people have done is what they will always want to do – but, he adds, building models that predict and expect the right answers immediately is a major challenge.

"There is a process to go through to ensure the right data sources, the right quality and the right structures are in place. Then, brands need to adopt a 'test and learn' philosophy," he says.

"Data, in itself, will not be gospel. There are many other elements that need to be part of the decision-making. Any data models and methodologies need to capture these as well, so it is critical to build the right feedback loops to understand what works and recognise that the data will not always result in the right decision."

It is important that businesses look to the future and anticipate what lies ahead at both a macro and micro level, says Shaw. One of the big challenges of that is reconciling passive data with consumer sentiment – such as needs, feelings, thoughts and intentions – as the same behaviour can be driven by very different motives.

Where most organisations struggle, according to Shaw, is in integrating the observed data across digital and customer relationship management (CRM) channels with softer, survey data looking at



psychological, emotional, and needs. “For true resilience and innovation, you need both.”

Another issue Shaw cites is that many still view ‘agile’ research as merely ‘quick’. “It’s actually organic and collaborative research, where various data is used to paint a holistic view of the problem and solution. It means that you choose your data – colours and brushes – as you learn about the problem,” he says.

For Oliver Worsfold, associate director at Savanta, there are two roadblocks to insight being used to form the evidence base for decision-making. “The decision-makers feel they know enough already to make the decision – for instance, through previous knowledge and gut feel – and the insight is, potentially, going to go out of date quickly; this is particularly true during the current pandemic,” he says. “To overcome this, work and effort invested early will reap dividends: stakeholders need to be warmed up and engaged early in the process. If they can feed into the research design, and even the brief itself, they are much more likely to act quickly and decisively on the results.”

Any work done to align stakeholders with the current knowledge in the organisation, and how the new insight will augment this, will create agility further down the line, Worsfold adds.

He cites Barclays as an example of a company that is able to make decisions almost in real time, using an insight management platform that gives teams feedback about customers by reducing the time lag between collection, analysis and delivery.

The platform collects data from customers frequently, via short, in-the-moment surveys that are then uploaded for use by everyone, from centralised insight executives to branch managers.

Conducting surveys where respondents know they are personally identifiable did raise questions of bias, but it also shows how businesses can be flexible with traditional notions of robustness to put business outcomes above the concerns of “pure” research, according to Worsfold. By closing the gap between information collection and decision-making, Barclays has been able to ensure that its business-critical choices are better informed, and changes in customer opinion or market conditions understood earlier.

Bulois agrees about the need to be flexible to deliver timely and valuable insight, saying that agile insight is “fundamentally about using what exists, synthesising it, and fostering a discussion around hypotheses and scenario planning”. He adds: “I have found a lot of clients are really ready to engage around discussions about what tomorrow will look

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VistaJet

Business aviation company VistaJet launched in 2004, offering a new model for private flights. By giving customers access to a fleet of aircraft around the globe on an hourly basis, it disrupted the then corporate model of leasing or owning jets.

Now, though, it faces its biggest challenge – and opportunity – as the consumer and corporate travel markets face the most restrictive and testing conditions

they have ever faced.

First-party data is the company's bread and butter. It has access to many data points that customers have to give legally, or willingly, to get the luxury service for which they are paying. This is augmented by social listening and a CRM programme, as well as second- and third-party data.

In the wake of Covid-19, the company is overhauling almost every aspect of its pre-pandemic

strategy – from marketing and advertising to CRM, the services it offers, and the customer segmentations it targets. It has also commissioned Harris Interactive to carry out ongoing sentiment analysis in its biggest market, North America.

"Customers are talking to us about paying whatever it costs to be safe," said Matteo Atti, VistaJet's marketing and innovation director. "We need to see what is happening in the tension between fear and desire."

like based on what is agreed is imperfect, but better than nothing, data.”

The personal touch

“The challenge as a big brand is if you don’t know your own audience or the data,” says Paul Frampton-Calero, president, Europe, of marketing services agency Control v Exposed. He believes it is why the successful direct-to-consumer (DTC) brands have been able to build niche, loyal audiences that have attracted the corporates to a more performance, data-informed mindset.

Take Netflix, which has built its business on analysing every part of it and using this to understand the future needs and desires of its customers – from delivery to the content suggested to viewers, to the future of content creation. It pivoted from being an online mail order DVD service in 1997 to a streaming business in 2007, producing its own content from 2013. That year, the company’s director of global corporate communications said there were 33 million versions of Netflix. It offers a tailored experience for each individual using the service.

Unilever wanted to move from mass marketing to personalisation at scale, based on near real-time analytics led by augmented intelligence – AI and human analysis. Five years ago, it introduced ‘People Data Centres’ (PDC), and now has them in 30 countries across 27 languages, supported by 250 insight specialists. The company’s aim is to get a real-time read on what its consumers think, want and need, to communicate to them and inform product development and business strategy to future-proof the business.

Each PDC focuses on three core sources of data: social and business analytics, call centres, and CRM. To date, it has delivered more than 7,000 insights services across Unilever’s three divisions and all stages of the marketing life-cycle.

During March and April this year, internal demand on PDC capacity surged as the C-suite wanted up-to-date information on navigating uncertainty and achieving existing growth plans. The service has also been extended across other functions, including HR.

Van Gendt says: “This is our true secret sauce: integration of various data sets that exist inside and outside our organisation. We have the ability to integrate business data, market research data, and Carline Services’ data with social, search, ratings, reviews, blogs and forums.”

Now, Unilever – and partner Capgemini – are opening up the technology behind the PDC concept for non-Unilever brands on a commercial basis. They are working on briefs for a number of businesses,

including a high-end liquor brand that was struggling to expand beyond its core market.

According to Kees Jacobs, digital proposition lead at Capgemini, this type of insight is becoming business critical, both in times of crisis and of growth. “Leveraging [such] services will help companies accelerate, and give direction to their journey to become more consumer-insight driven and to demonstrate the value of doing so.”

It will also help companies in their continuous processes to serve their customers better. “Especially at a time of disruption, using this next level of consumer insights will help to shape business resilience,” says Jacobs.

Working together

While technology is important, partnerships are still key. At first, Unilever brought Capgemini on board for thought leadership, before the companies jointly built the PDC proposition, choosing the tech, data and tools it would use. “We recognised early that we didn’t have all the skill sets required to achieve our vision internally. We needed to bring the best of the outside world into Unilever,” says Van Gendt.

“It makes sense to work with partners who have expertise that doesn’t exist in your organisations.





We've also learned to consider scale before undertaking pilots. If you can't see how the pilot could scale, don't do the pilot, which is resource intensive."

He adds that as Unilever has scaled the PDC to new locations, it has leaned on Capgemini and other partners to help resource the teams to deliver insights and ideas back into the business.

Worsfold advises brands to shift their relationships with research agencies to benefit from regular insight injections and consultancy, rather than treating them in a transactional fashion. Such an arrangement instinctively leads to more future-focused strategies and relevant insight, he argues.

Businesses of any size can benefit from the right partner and from using insight as a business tool, rather than a communications one, says Bulois. For instance, a recent conversation he had with a client involved its chief financial officer: "He was sharing confidential information because he knew that the power of research and insight could help shape their future growth," says Bulois.

For business and brand resilience,

insight must be embedded into business as (un)usual, not just when things go wrong. In times of crisis, it is inevitably all hands on deck, but often, afterwards, the learnings are quickly forgotten.

Boyd says: "If anything, this whole situation highlights the uncomfortable truth that business is unusual. If we try to make believe that it's usual, then we're frankly not trying hard enough."

A further challenge, he adds, is how the insight function operates in times of crisis and relative calm. Boyd cautions against running on full speed all the time, suggesting that change is hard, particularly for a company's people. You need to bring them with you – easier in hard times than otherwise.

"This is a moment of organisational reset," he concludes, "where there are changing consumer needs, expectations and behaviours.

"One of the upsides of these challenging times is that it will help organisations move forward, effectively to better operate and to exceed expectations, and make them more resilient in the future."

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