

# IMPACT

ISSUE 5 APRIL 2014

USING EVIDENCE & INSIGHT TO MAKE A DIFFERENCE

## Binge or feast?

Grant McCracken  
on TV consumption  
in the Netflix era

## The age of physiology

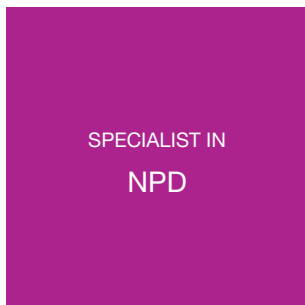
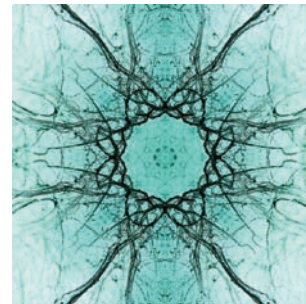
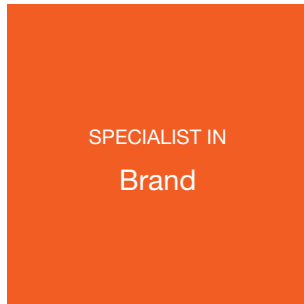
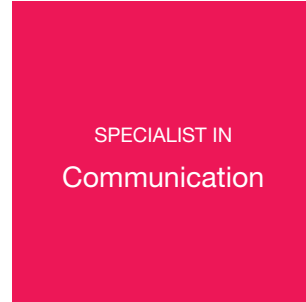
How biofeedback  
loops will shape  
human experiences

# Power to the people



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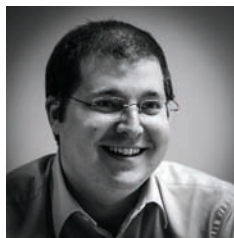
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# Past, present, future



**Brian Tarran**  
Editor

I wrote my first editorial for the Market Research Society (MRS) in November 2002, having just joined *Research* magazine as a reporter. The original (badly written) draft wasn't published, but in it, I explained how – as a newcomer to the industry – I felt overwhelmed by the amount of acronyms there were to get to grips with – by how much there was to understand – and how all this industry jargon prevented outsiders from fully understanding and appreciating the purpose of market research, and the contribution it makes.

In some ways, that remains an issue. Members of the public might not be as well informed as they should or could be about the process of research, and how to tell good data from bad. But – 12 years on – I think it's safe to say that we live in a world where people fully understand the influence they can wield by voicing their opinions about the things that matter to them – whether through surveys, petitions, social media or polls.

However, as our special report this issue shows, large swathes of the population have yet to wake up to the power of their personal information. Some have – and our deputy editor Bronwen Morgan interviewed a few of those for her report, which begins on p30. But for the majority, the idea of compiling their data – of analysing what they do and what they spend – and using that information either to improve their own lives, or to negotiate deals with brand owners and service providers, remains a fairly abstract concept.

Companies, though, are already seeing real, tangible benefits from all this behavioural

information. In the case of Cineworld (p42), membership card data is helping the cinema chain develop a deeper understanding of movie-goers, who have traditionally had a more arms-length relationship with their local picture house. Meanwhile, analysis of people's likes, comments and shares on sites such as Facebook, Twitter, YouTube and SoundCloud, is helping talent scouts in the music industry spot the next big thing (p64).

Personal data doesn't end with what people think and do, however. Companies also have an interest in understanding how we feel at any given moment. On p70, Gawain Morrison – a producer responsible for the world's first bio-responsive horror film – explains how we'll soon be living in the age of physiology, in which biofeedback loops shape human experiences.

Speaking of loops, allow me to close mine: my first editorial was written in November 2002. This will be my last. I'm leaving MRS in June for a new role outside – but adjacent to – the market research industry. Hopefully that means this is more of a “see you soon” than a “goodbye”. Either way, thank you for reading these past 12 years.



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In control...  
the personal  
information  
revolution



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Lines of  
enquiry...  
the smart  
grid



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Alibaba...  
trade  
mission

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**Jo Bowman**



Bowman writes about branding, marketing and research for titles in Asia and Europe. Her Insight & Strategy piece on Alibaba is on p54.

**Will Amlot**



Amlot, a regular contributor to *Impact*, was our roving photographer at the MRS Annual Conference. [willamlot.com](http://willamlot.com)



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Making the big screen better



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Karen Boswell



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New models of innovation



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How do you solve a problem like obesity?



Jane Simms



Simms, former editor of *Financial Director*, interviewed East Coast Main Line's managing director Karen Boswell for our Profile on p24.

Jane Bainbridge

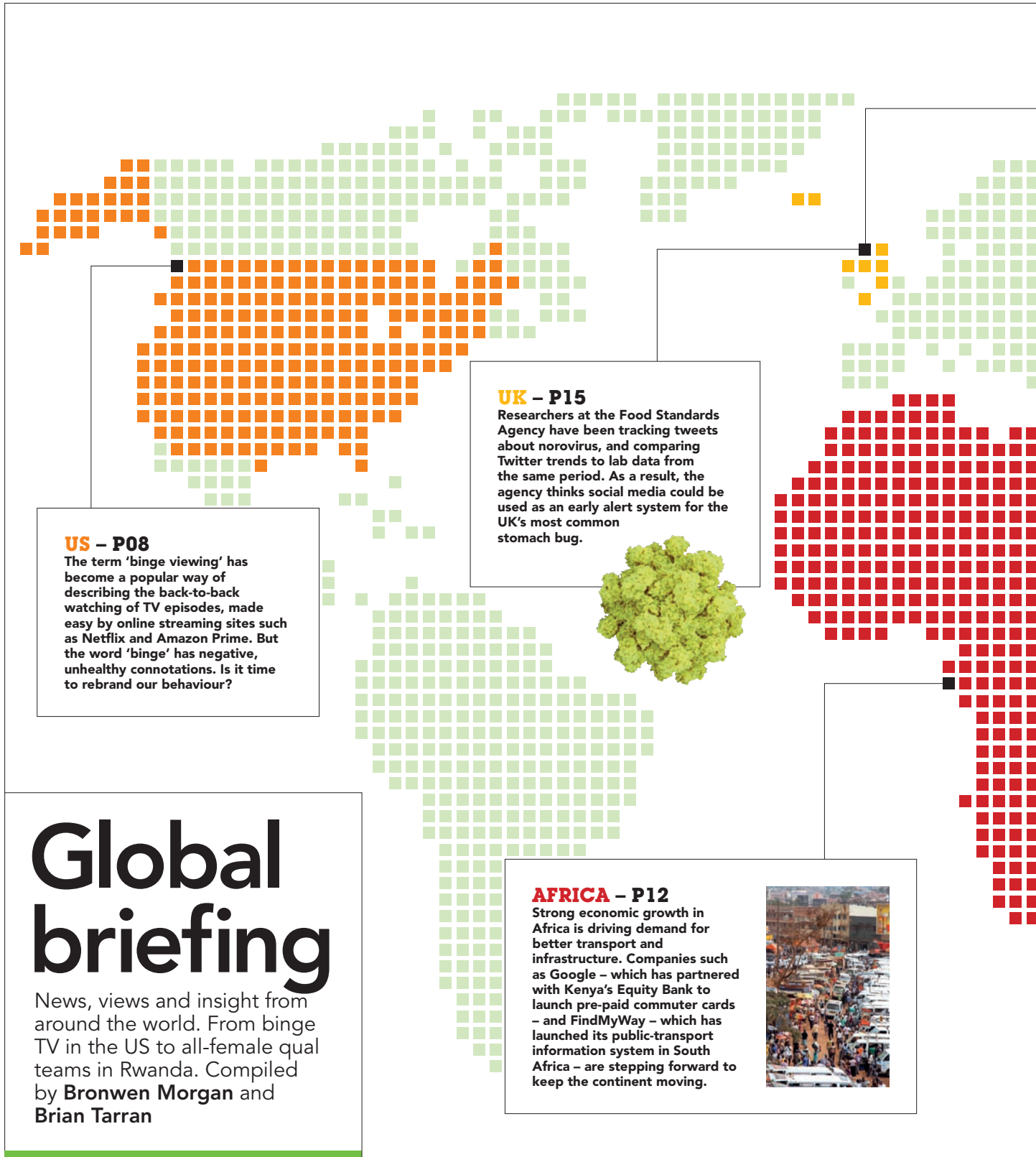


Bainbridge is a former deputy editor of *Marketing*. For this issue, she met Cineworld's marketing VP Justin Skinner. Read all about it on p42.

**IMPACT**

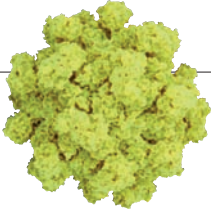
Impact is published by MRS





**US – P08**  
 The term 'binge viewing' has become a popular way of describing the back-to-back watching of TV episodes, made easy by online streaming sites such as Netflix and Amazon Prime. But the word 'binge' has negative, unhealthy connotations. Is it time to rebrand our behaviour?

**UK – P15**  
 Researchers at the Food Standards Agency have been tracking tweets about norovirus, and comparing Twitter trends to lab data from the same period. As a result, the agency thinks social media could be used as an early alert system for the UK's most common stomach bug.



# Global briefing

News, views and insight from around the world. From binge TV in the US to all-female qual teams in Rwanda. Compiled by **Bronwen Morgan** and **Brian Tarran**

**AFRICA – P12**  
 Strong economic growth in Africa is driving demand for better transport and infrastructure. Companies such as Google – which has partnered with Kenya's Equity Bank to launch pre-paid commuter cards – and FindMyWay – which has launched its public-transport information system in South Africa – are stepping forward to keep the continent moving.





### UK – P14

The UK government, through its Behavioural Insights Team, is a strong supporter of 'nudging' – a way of capitalising on ingrained decision-making biases to steer people towards certain, so-called desirable behaviours. But is this ethical? And is the alternative – giving people pure choice – really possible?



### CHINA – P16

Huawei is a relatively unknown technology manufacturer in the west, but it claims to rank third for worldwide smartphone shipments – and it made a big splash at the recent Mobile World Congress in Barcelona. Carat's head of mobile, William Rusack, reports.

### INDIA – P10

There are 700m rural Indians without internet access, but more and more are now accessing a form of social media via their mobile phones, thanks to 'missed calling'. *Impact* meets Gram Vaani to hear how its Mobile Vaani platform is giving voice to the previously voiceless.



### AFRICA – P13

In 2012, research agency 2CV was handed an unusual brief: to train up a group of young Rwandan women to form the country's first all-female team of certified qualitative researchers. Kat Jennings talks us through the origins of the Girl Research Unit.



US

# Entertaining indulgence

'Binge viewing' of TV shows via online streaming services has taken off massively. But is that the right term to describe this behaviour? Netflix hired Grant McCracken to find out

**B**ingeing isn't typically seen as a good thing. Excessive indulgence, particularly of food and drink, is usually frowned upon, while medical professionals will tell you how unhealthy it is.

But 'bingeing' is now being used to describe an altogether different sort of behaviour – that of watching TV episodes and seasons back-to-back through online streaming services like Netflix, Amazon Prime or Hulu.

According to a survey, conducted by Harris Interactive and commissioned by Netflix, 61% of TV streamers admit to regular bouts of binge watching. Some even take it to an extreme

level. Following the 14 February launch of the new season of *House of Cards* – the Netflix-produced remake of the British political drama – an estimated 2% of US subscribers had watched the entire 13-episode run in just three days, according to Procera, a broadband services and analytics company.

However, in its survey, Harris found little guilt attached to this sort of behaviour. Unlike binge eaters or drinkers, nearly three-quarters of TV streamers reported positive feelings towards binge watching.

## The best metaphor?

Despite the negative connotations, Netflix seems to have embraced the term, with CEO Reed Hastings declaring that: "Netflix's brand for TV shows is really about binge viewing... the ability to just get hooked and watch episode after episode... rather than get strung out."

Still, the company did recently hire cultural

anthropologist Grant McCracken to investigate this behaviour, and to determine whether 'bingeing' was really the right way to describe it.

"We're not sure that's the best metaphor, you know... it's certainly not the most flattering one,"

McCracken says, paraphrasing his early conversations with Netflix executives.

The term itself dates back to the late-1990s, says Oxford Dictionaries – which investigated the origins as part of the 2013 Word of the Year Award deliberations ('selfie' won). "The original context was watching programmes on full-season DVD sets, but the word has come into its own with the advent of on-demand viewing and online streaming."

"People came up with their own metaphor for what they were doing," says McCracken. "They decided that watching all this TV was bingeing behaviour." However, he thinks 'feasting' is the better term to use, as a way to describe a more positive form of indulgence.

"I guess, in some cases, people are watching TV in such a way as to wake up in a semi-stupor, bleary eyed and covered in junk food after watching hours and hours of *The Dukes of Hazzard*," he says. "But more often they're fantastically engaged; they're passionately interested in what's going on."

## Smart viewers

The 'couch potato' has woken up, McCracken says, with TV viewers and content producers feeding off each other in "a virtuous cycle". "Small steps in the evolution of TV

## Bingeing statistics

**A 2013 study by MarketCast found that 67% of US TV viewers aged 13-49 had binge-viewed TV content.**

**Binge viewing was most common among 18-24 year-olds (79%) and 25-29 year-olds (77%), and least common among 13-17 year-olds (52%) and 40-49 year-olds (56%).**

**Of those TV viewers who binge-viewed, 58% used internet-based streaming services, 42% did so via a television network, while 10% used DVRs, DVDs, Blu-rays and network websites.**

Source: MarketCast, Researchscape



**XBOX LIVE**



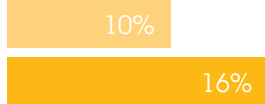
**OTHER TABLET**



**IPAD**



**PS3**



**CONNECTING COMPUTER TO TV**



**INTERNET-ENABLED TV**



**MOBILE**



**COMPUTER**



Source: Nielsen

## How Netflix and Hulu users are streaming content

According to Nielsen's 2013 Over-the-Top Video Analysis, 88% of Netflix users and 70% of Hulu Plus users report streaming three or more episodes of the same TV show in one day. But how are they accessing content?

(Select responses. Multiple choice allowed, so percentages add up to more than 100.)

have made for smarter viewers, and smarter viewers have made it possible to make better TV... Media literacy has gone way up."

McCracken thinks social media has played a part in this too. "It has, effectively, made an editor, a producer, a creative out of all of us, to the extent that the way we build and then sustain and animate our social networks is by spotting

and creating cultural content. And when we're engaged in that way, I think we become more sophisticated in our understanding of all kinds of culture."

■ Grant McCracken was interviewed by Leanne Tomasevic, managing director of Truth UK, on behalf of *Impact*.

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# INDIA

## No longer missing out

Rural India is getting connected, thanks to a phenomenon known as 'missed calling'. Bronwen Morgan speaks to Gram Vaani's Ashish Tandon

**I**nequality is a global problem, but in few countries is it more apparent than in India. A 2011 OECD report revealed that inequality in earnings there had doubled in two decades, with the top 10% making around 12 times more than the bottom 10%.

An intriguing consequence of this disparity emerged a decade ago: a phenomenon known as 'missed calling'. Missed calling started as a way for lower earners to avoid the cost of a phone call by ringing off before a wealthier contact picked up, prompting them to call back.

Now, 10 years later, figures indicate that up to 66% of India's mobile phone subscribers prefer to place a missed call compared to making a short phone call. Nivedita Singh, director of Indian research firm Grey Cells, describes the particular Indian mindset – regardless of wealth – that's driving the phenomenon.

"The Indian consumer is intrinsically very value-seeking," she says. "The newly-rich are showcasing their wealth, as it validates their social standing, looking for items of conspicuous consumption like cars and jewellery. But with items that are not conspicuous, a value-seeking mindset comes to the fore."

### Call back

Missed calling has evolved far beyond its original purpose. Initially adapted to be used as a kind of pre-arranged code – for example one missed call might mean: "I'm home safe", while two means: "Pick me up" – a number of companies now use missed calls in much more sophisticated ways. Many marketing campaigns include a specific missed call number users can contact to be called back with promotional messages and offers.

Other companies have built social media and research platforms around the phenomenon. One such example is social technology company Gram Vaani (literally translated as 'voice of the village'). Formed in 2009 with a grant from the Nike Foundation, Gram Vaani was originally launched as a community radio platform: 'listeners' could place a missed call to a central number and be contacted with a menu of automatic programmes they could access via an interactive voice

response (IVR) system. But as the project progressed, the people behind Gram Vaani felt there was a better way to make use of the system.

"We've seen a lot of change in India as a result of access to Facebook," says Ashish Tandon, Gram Vaani's vice-president of business development and strategy. He describes how urban Indians have used social media to mobilise the general public and oust corrupt politicians. But, he asks: "What about the 700 million people in India who do not have access to internet?" For these – mostly rural – people, Gram Vaani launched Mobile Vaani, an "internet agnostic social media platform" that adds a new twist to Gram Vaani's original radio-over-phone concept.

Mobile Vaani's IVR system returns missed calls and either invites participants to leave a message about their community, or listen to messages left by others. It has eight different channels, each of which hosts a number of programmes. Mobile Vaani users can 'like' messages or programmes, which then prompts a link to that content to be sent as an SMS. The link can be shared with up to 20 friends.

The flagship Mobile Vaani project in Jharkhand – one of the poorest states in India – now has around 100,000 callers, and registers around 2,000 calls per day. As well as social media, the Mobile Vaani platform is used to advertise, as a learning tool, and as a helpline for rural communities. It is also widely used to conduct research.

Mobile Vaani holds socioeconomic data on its users, and can use this to target respondents with quantitative and qualitative research via their phones. And, according to Tandon, they're more than happy to take part. At least, they are if they pick up the phone. "If they don't want to answer, they don't answer," he says.

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# AFRICA

**J**eremy Clarkson's depiction of Kampala in the 2013 *Top Gear* African Special presented the ultimate commuter nightmare – gridlocked frustration, mixed with desperation to escape the mess of vehicles. As a regular visitor to Uganda's capital city, I can assure you that Kampala's traffic is undeniably a test of human endurance. Yet faced with this transport challenge, brands and companies are being spurred on to develop solutions to ease the problems commuters face.

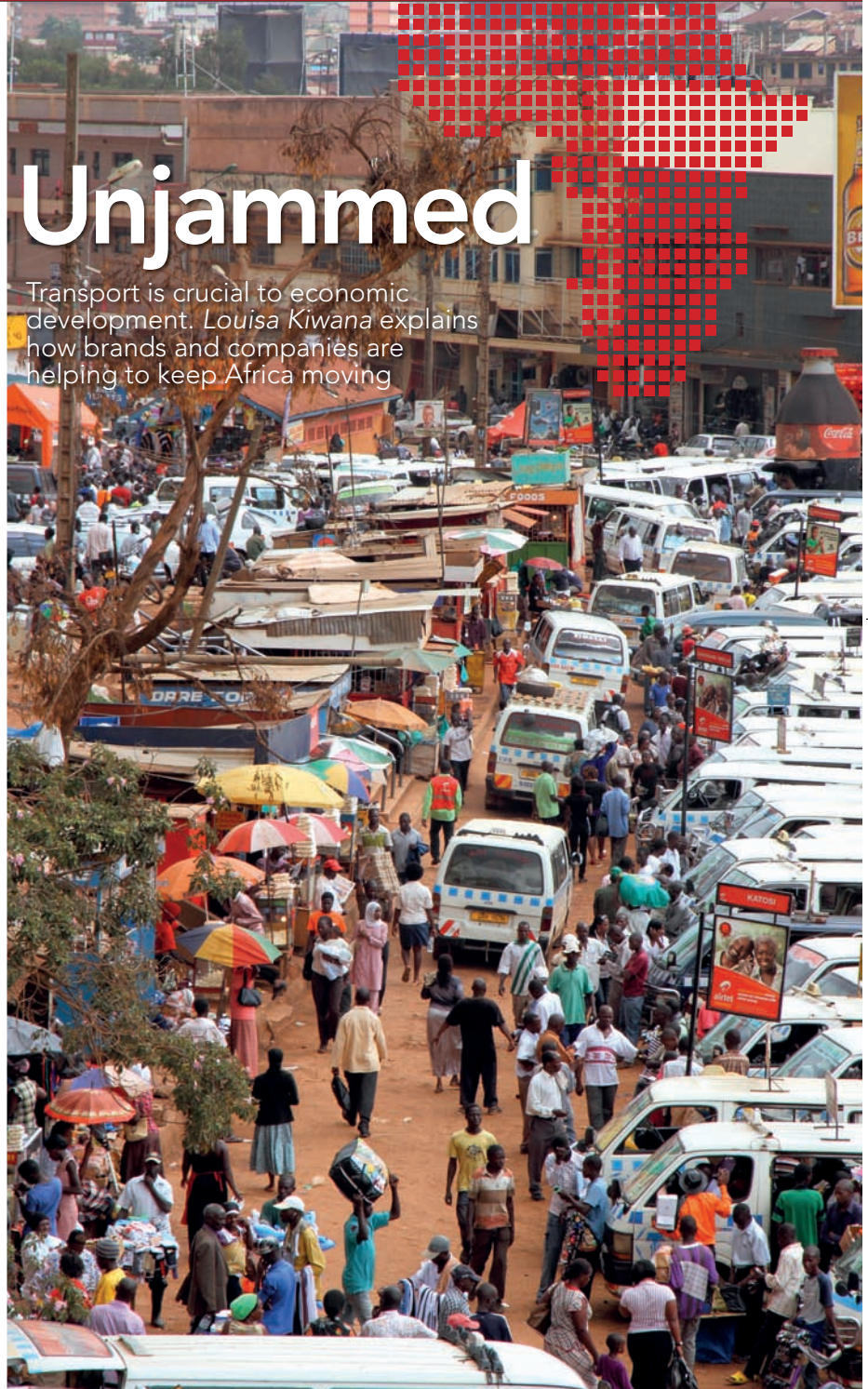
Economic growth in Africa – 4.7% expected this year; 5% next year, according to McKinsey – is driving demand for better transport and infrastructure. As people become better off, they will be travelling more than ever. The Programme for Infrastructure Development in Africa estimates that the volume of transport is set to increase six-to-eight times by 2040. And, like everyone else, Africans want to be able to plan and execute their journeys efficiently, affordably and enjoyably.

Step forward Google, which partnered with Kenya's Equity Bank a year ago to launch BebaPay; a range of pre-paid fare commuter cards for use on Citi Hoppa buses across Nairobi. To pay, users swipe the card when starting a journey and their fare is automatically deducted. The free BebaPay cards can be topped up either at Equity Bank Service Agents or through the bank's mobile banking platform, and passengers can also sign up to receive SMS receipts and balance confirmations.

Meanwhile, towards the end of last year, FindMyWay launched its public transport information service across major South African cities, including Johannesburg and Pretoria. The service enables public transport passengers to access real time transport information on the FindMyWay mobile site or free mobile app. Information on major transport providers – such as arrival and departure times, and pricing

## Unjammed

Transport is crucial to economic development. *Louisa Kiwana* explains how brands and companies are helping to keep Africa moving



and maps – is now available.

While Africa’s requirements for transportation infrastructure have a way to go in fully supporting its national economies, the changing landscape and demand for more effective solutions allow for a ripening and ultra-competitive space – numerous offerings are weaving technology, consumer mobility and spending preferences together.

And while no single brand can solve the gargantuan issue of mobility in Africa, many start-ups and organisations will apply new technologies and models to remove some of the challenges from the African transportation experience. They might even change the way Africans approach the issue of transport.

The assumption tends to be that African nations will look to adopt the same modes and models of transport that we’re used to seeing in the western world. Instead, Africa’s increasingly mobile masses might prefer to travel light – on

nimble, electric vehicles like those offered by South Africa’s Mellowcabs – rather than risk being stuck in a car, in a traffic jam, on a sweltering Kampala day.

**Louisa Kiwana is an insight and communications professional, as well as a blogger and commentator on Pan-African lifestyle and culture at afroblush.com**

## A girl’s-eye view

**Meet Rwanda’s first all-female team of soon-to-be certified qualitative researchers**

In June, six young Rwandan women are set to become certified qualitative researchers – the first in the country. Together, they make up the Girl Research Unit (GRU): an initiative born out of a partnership between Girl Hub Rwanda and research agency 2CV.

It was 2012 when 2CV was first given the unusual brief. Girl Hub Rwanda – itself a collaboration between the UK’s Department for International Development and the Nike Foundation – wanted 2CV to train a group of young Rwandan women to gain critical insights into the lives of girls living in the central African state.

Candidates were selected from a group of brand ambassadors that already worked with Girl Hub to promote and distribute its teen magazine, *Ni Nyampinga*. Over the course of a year, the six women attended regular training sessions with 2CV researchers and were mentored on live projects.

**Kat Jennings, 2CV’s head of social practice, picks up the story:**

“The benefits of training young Rwandan women as qualitative researchers were multi-fold for Girl Hub Rwanda. Being closer to the adolescent girls and communities they would need to research – both in age and cultural background – meant they would be able to get deeper insights and be more able to access the harder-to-reach parts of their communities, providing a voice to girls who wouldn’t normally have been represented in research.



But there was a need to learn how to take the perspective of a researcher: impartiality, curiosity and sensitivity. The young women have shown both their passion for the Girl Hub mission and their abilities as qualitative researchers through their amazing development. They have quickly learnt the skills of qualitative research and adeptly absorbed ways to apply these when interviewing young girls.

A key achievement of the GRU in the last few months was the piloting of the Girl Consultation approach, which the Nike Foundation’s Girl Effect initiative has since rolled out globally, resulting in the delivery of the Girl Declaration – an important call to action to put girls at the heart of the post-2015 development agenda.

The GRU now conducts peer-to-peer qualitative research with girls, boys and adults around Rwanda. Given the proximity in age and trust among their communities, the GRU’s work adds incredible depth to the understanding of Rwandan girls. They are currently in the process of gaining accreditation by the Market Research Society as professional researchers – and will be the first certified qualitative researchers in Rwanda. These young women are now looking forward to training another generation of qualitative researchers.”



# UK

■ ■



## Push back

Economists wrestle with the ethics of 'nudge' theory. *Brian Tarran* listens in

**F**reedom of choice is highly prized in a democratic system. But what if the choices presented to us are designed to increase the likelihood that we will respond in a certain way? Is that right? Is it ethical?

That's the dilemma of 'nudge' economics, which seeks to play on (though some might say, "take advantage of") ingrained decision-making biases to steer people towards certain outcomes – whether that's paying their taxes on time, upping their contributions to a pension scheme, or signing the organ donor register.

Richard Thaler and Cass Sunstein, authors of the book *Nudge*, pitched their idea as "libertarian paternalism" in that "it tries to influence choices in a way that will make choosers better off, as judged by themselves".

The UK government, through its Behavioural Insights Team (BIT), has been a leading proponent of nudging, and Samuel Nguyen, a senior economist within BIT, defended its use at a debate in January at the London School of Economics.

He argued that rather than being unethical, there was "a moral imperative" for government to take what it knows about human decision-making and use it to encourage behaviour-change among members of the public.

Nguyen explained that BIT is looking to "go

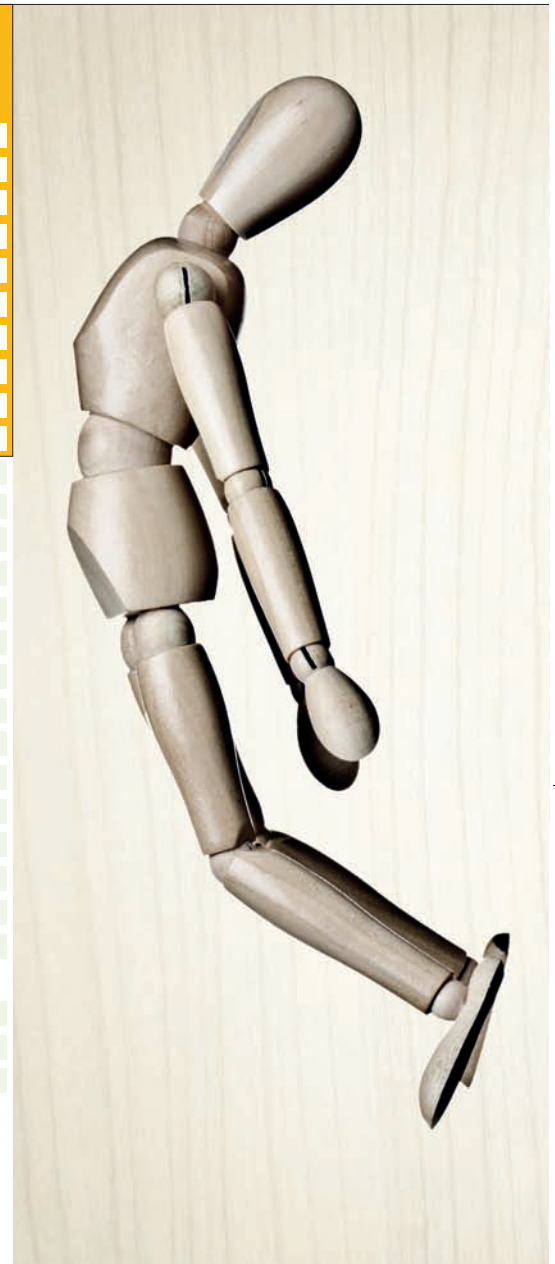
with the grain" of human behaviour in order to make government more effective. And not only government: since the debate, BIT has been spun-off as a mutual company, and will now sell its services to the public and private sectors.

### Second best

Politicians and civil servants should, of course, strive to make government more effective. But nudge theorists measure effectiveness against the attainment of preferred outcomes, and it is their political masters who get to decide what is and is not a preferred outcome – the point being, it is possible for the choice architect to stack the odds in their favour.

That's a moot point, though, argued George Loewenstein, professor of economics and psychology at Carnegie Mellon University. "There is no such thing as a 'pure' choice," he said. "We do not live in a neutral environment. We live in an environment influenced by economic and political forces." As such, there will always be someone or something setting the parameters for the choices we have to make.

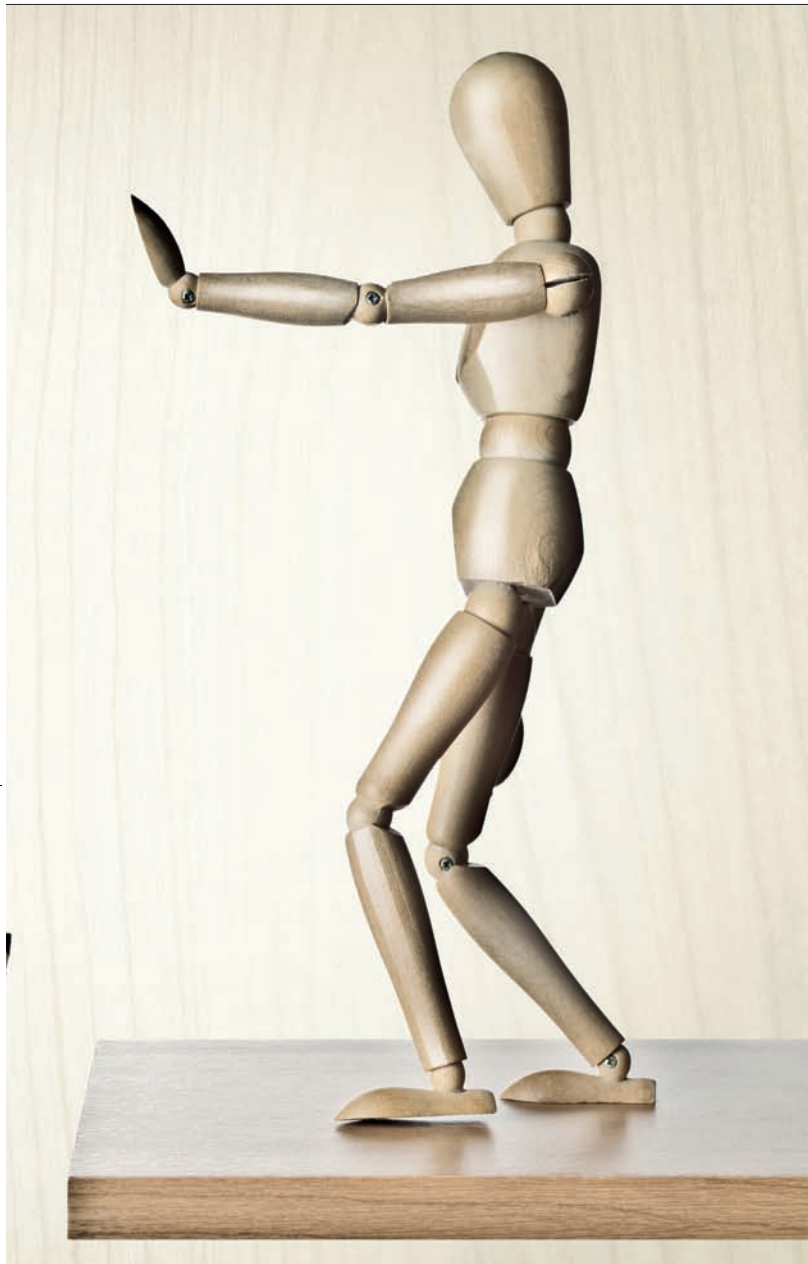
Loewenstein's main concern with the application of nudge theory has less to do with ethics than with the practicalities of policy development. Rather than making government



more effective, he said nudges were, in many instances, "second-best responses to problems that have first-best solutions".

There is an implicit assumption in much of nudge thinking that blames the individual for problems that have broader social and economic causes, Loewenstein argued. So when it comes to big issues like obesity and





# Going viral

The FSA uses Twitter to predict outbreaks of illness. By *Bronwen Morgan*

**T**witter has long been a reliable thermometer for trends, but it may be that the medical metaphor holds more truth than previously thought. Researchers at the Food Standards Authority (FSA) believe that the social media platform could work as an early alert system for outbreaks of norovirus – the most common stomach bug in the UK.

In November last year, the FSA studied Twitter data from previous norovirus outbreaks and matched spikes in related tweets to the number of lab-confirmed cases for the same periods.

Not only did the researchers find strong correlations between the tweets and the lab reports, they also found that tweets containing references to specific norovirus symptoms (compared to tweets mentioning the illness more generally) were being shared up to four weeks before the FSA received the lab confirmation.

“We expected to find a relationship between Twitter data and spikes in illness. It was the strength of that relationship that was a bit of a surprise,” said Ceri Cooper, a researcher at the FSA.

## Search history

The team also studied other big data sources, including Google trends data. Although they saw an increase in searches for symptom key words during an outbreak – showing potential for use as a real-time indicator for laboratory reports – Google didn’t perform as well as Twitter in terms of being an early alert system.

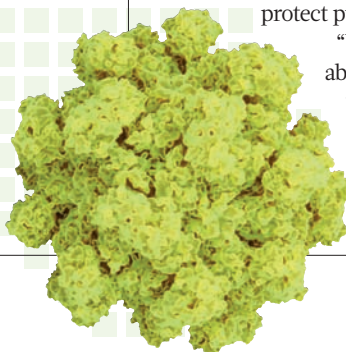
“These differences seem to make sense when we think about how we use different platforms,” said James Baker, the FSA’s social media manager. “We tend to tweet about our feelings, life events, and symptoms as soon as they happen to us as individuals, whereas we often use a search engine to find out more about something after we have heard about it in the wider media – from a third party or while an event or incident is actually happening.”

The next step for the FSA is to see how social media and other data sources can be used more intelligently in order to protect public health.

“While we are still a little way from being able to define a trigger that might alert us when human cases are on the rise, we were pleased we were able to identify such a clear and intuitive pattern in the types of terms and language used on Twitter,” said Cooper.

climate change, governments are using small-scale behaviour change interventions to try to get people to fix their ‘bad habits’ – to eat more healthily or cut their gas bills – when they could be using more conventional, heavy-handed approaches, like taxes, to achieve the same outcome on a much larger scale.

“The biggest possible downside of nudge is that it distracts policy makers from more effective, traditional interventions,” concluded Loewenstein.





Chinese telecoms firm Huawei went to the Mobile World Congress in February, on a mission to make an impact. *William Rusack*, head of mobile for media agency Carat, was there to see it. He sent us this dispatch

## A standout attempt

**T**he Chinese presence at Mobile World Congress (MWC) was noticeable, and was made all the more pertinent by the fact that Huawei – a manufacturer and technology company fairly unknown in the west – was the headline sponsor. A very serious player in the market, the company used the Barcelona event to launch five devices: two tablets; two wearable pieces of tech; and an all-singing, all-dancing smartphone.

The tablets are more like ‘phablets’, offering seven- and eight-inch screens that connect via 4G. The smartphone is also a 4G LTE device, running on Android, with a front-facing, five-million-pixel camera – perfect for good-quality selfies.

Huawei also chose MWC to unveil its smartwatch, Talkband B1, touted as a ‘hybrid’, which doubles as a fitness-measuring device, and uses Bluetooth and NFC for connectivity.

Huawei seems to have capitalised on China’s economic growth, and has invested heavily in an expansive R&D programme – which puts it high up in the manufacturer stakes against Samsung and Apple. Indeed, it now claims to rank third in terms of worldwide smartphone shipments.

It enjoys a fierce position in China and India, especially in offering infrastructure as well as hardware. International companies, such as Facebook, are leaning on businesses like Huawei to open up remote regions and poor countries, and get them connected.

But what emerged clearly from MWC is that Huawei is taking strong steps towards the west – mainly Europe and the US.

### New targets

To begin eating away, in earnest, at rivals such as Samsung and Apple – and to differentiate itself – Huawei will need to adopt a reduced pricing strategy, and play on different USPs around functionality. That said, this formidable business is, it seems, trying to keep itself close to its key competitors.

Huawei has been steadily working to size up the market and the competition, and is now ready to strike, with a catalogue of clever devices. With ambitious growth targets – and a likely marketing spend to match – I’m sure the western world will soon hear a lot more about Huawei and what it can offer.

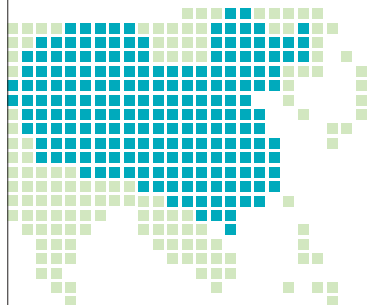
That’s not to say it will all be plain sailing, though. Huawei has faced some

challenges in the past, including suspicions from the US intelligence community because of alleged links between the company and the Chinese government – links that the company denies.

Politicians in the UK have voiced similar concerns about security risks; Huawei has rejected these and other fears as “unfounded and unproven”. Still, it’s a hurdle that needs to be overcome – and assuaging these concerns won’t be as straightforward as increasing brand awareness.



# CHINA



## Number crunching Huawei

Founded in **1987**

Employs **150,000** people

Technology deployed in **140** countries

Annual revenue of **¥220.2bn** in 2012

Grew **8%** year on year

Consumer business revenue in 2012 was **¥48.4bn**

Invests an average of **10%** of sales in R&D each year

Has **70,000** R&D staff

**68,895** patent applications filed

**30,240** patent applications granted

Source: Huawei corporate fact sheet





# Two days of Impact

LUCY FISHER, BRONWEN MORGAN AND BRIAN TARRAN REPORT LIVE FROM IMPACT 2014, THE MRS ANNUAL CONFERENCE – WHERE IDEAS TO SHAPE LIFE, BUSINESS AND SOCIETY WERE IN FULL FLOW

Tim Harford on the pros and cons of AB testing

## The Undercover Economist on the seductive danger of incremental innovation

Tim Harford, *Financial Times* columnist, author and Undercover Economist, has a complex relationship with AB testing.

"This has become a very popular model of innovation," he said – but it is not right for every occasion.

During his conference keynote speech, Harford recounted the story of Matt Parker, head of marginal gains for the British

Olympic Cycling Team. As Harford told it, Parker's innovation process involves examining, in detail, every aspect of the sport to identify and test small improvements.

"It's a seductive idea," he said. "But it's not the only idea. We are in danger of thinking that this is the only way to innovate."

What's needed is a mix of safe, marginal improvements, as well as backing for the less certain, "long shot" ideas. "The Matt Parkers of the world will give you results every time," he says. "But there is a role for more risky research.

"Marginal improvements are good for exploring new territory, but you need those long shots to reach new territory," said Harford.



Tim Harford talks marginal gains and long shots

## 'We look at the why, not just the what'

### Camelot Group CEO Dianne Thompson gives her inaugural speech as new MRS president

Dianne Thompson, Camelot Group CEO, was named as the new MRS president in March, replacing former Interbrand chairman Rita Clifton. Speaking at the

close of the first day of the MRS Annual Conference, Thompson told delegates: "I've had a varied career, but all the companies I have worked for have been consumer-facing – and in all of them I've used consumer research to be able to do my job well."

She praised both the MRS and the UK research industry

more widely, and pointed to the power of research to add context to 'big data'. "We look at the why, not just the what. We combine factual understanding with what consumers think and feel."

Thompson also described the re-launch of the Lotto game as an example of the power of effective research, describing the work

undertaken to modernise the game as an "unprecedented" research project in Camelot's history.

"It's working exactly as the research told us it would," she said. "But without detailed, forensic research we could have gone down a different path, and that would have cost the nation dear."



## 'Horribly white and middle class?'

### Conference debates diversity in the market research industry

Diversity is increasingly recognised as being good for business; the theory being that a diverse team drives creativity and innovation. So how come the advertising industry – and the market research industry – is still predominantly white and middle class?

That was a topic for debate on day one, where Jo Rigby, insight consultant, chaired a session on ideas for championing inclusivity in research and marketing. "Diversity is distinct from equality," she pointed out. "The two are often bedfellows, but diversity is more than just tolerance; it's a positive pull towards difference."

An audience member described the research industry as a "horribly white, middle-class industry, despite the fact that qualitative research is about getting people's points of view".

Meanwhile Belinda Parmar, CEO of Lady Geek and founder of Little Miss Geek, told the crowd that, in her view, and in the companies she sees day-to-day, evidence of diversity is "pretty limited" – often despite proud claims to have "updated the maternity policy". Parmar added that "true" diversity often comes from a visionary in an organisation.

"London's population is now 55% non-white British," said Sam Phillips, CMO, Omnicom, and CEO of OMG Ethnic. "I don't see that in marketing and advertising. Where are the role models?" she asked – adding that, while many organisations are having conversations around gender, disability is an issue that she thinks few have tackled.

Phillips pointed to recent campaigns by retailer Marks & Spencer, which used models of different ethnicities, a child with Down's syndrome, and a disfigured model. "I've no idea if it's reflected internally, but at least it's there, even if only on a conscious level," she said.

Ettie Etela, associate director at Nielsen NRG, pointed to social media as a 'great leveller'. "Those that get it right tend to embrace these channels," she said. "It gives them a diverse energy."

Ettie Etela and Jo Rigby discuss diversity



New MRS president Dianne Thompson





Among friends... author Will Self on storytelling



Baroness Tanni Grey-Thompson... a 'data geek'



## 'I'm a waterboatman on the meniscus of knowledge'

**Author Will Self, day two keynote, explains why he feels among friends in a room full of researchers**

**"Seeing everything as interesting puts people in control of their own engagement"**

It's easy to fall victim to being a passive entity, said Will Self, describing how people can see interest as passive, as something latent to be provoked. He believes that being interested in everything – at the moment his obsession is fitted carpet – puts people in control of their own engagement.

**"You can't possibly gather all the available data"**

"The key thing to realise is at what point you have to stop gathering data, and produce a metric," said Self, describing his research into topics. There's a temptation to aim for 'completeness', he went on, "but the fact of the matter is that, by and large, while behaviour may

to a greater or lesser extent be determined, our perceptions are contingent". Understanding that, Self said, is what makes it possible to put an end to trying to construct a narrative around everything.

Self professed to feeling among friends in a room of researchers, describing himself as a "waterboatman on the meniscus of knowledge".

"Having the capacity to move over the surface allows us to look down and assay depth," he said.

**"Storytelling can be catastrophic for a brand if it comes off badly"**

"Where's the catharsis if purchase is the climax?" asked Self. "The ideal brand narrative is one that encourages consumers to get to the middle and stay there, in a continuous state of narrative."

Self argued that building a narrative around a brand requires consumers to suspend their disbelief across a series of linked events, "so if they resile from the narrative at any point, it's game over". He believes that marketers could learn from the videogame industry – consumers are increasingly looking to construct their own narrative.

Slick communicator... Shell's Tracey Faulkner





## 'Aim high, even if you hit a cabbage'

### Paralympian and self-confessed 'data geek' Baroness Tanni Grey-Thompson shares her secrets of success

As a child, Baroness Tanni Grey-Thompson's grandfather offered her some words of wisdom that have stuck with her ever since: "Aim high, even if you hit a cabbage." Eleven gold, four silver and one bronze Paralympic medals, six London wheelchair marathon wins and a seat in the House of Lords later, she's still not entirely sure what he meant. "I'd love to say it translated to something more lyrical in his native Welsh," she says, "but it doesn't. What I took it to mean is that it's important to have a goal and a dream, and to stick with it no matter what."

Grey-Thompson's keynote speech at the close of the MRS Conference boiled down to a few simple pointers to success: work hard, always keep your goal in mind, and prepare for the unexpected. "The only thing I had control over was being the best I could," she said. She told stories that illustrated how individual success is not always about individuals – she has always had a strong team around her – and how important it is to remember that "one bad race doesn't make you a bad athlete".

She also confessed to being a "data geek". As an athlete, her husband would feed race and training data into a computer to generate estimates of the times she needed to achieve in order to meet her medal targets.

In her role as a crossbench people's peer in the House of Lords, with specialist interest in sport, disability, health and youth development, she relies on "external data" to inform her work. "Without it, I couldn't do my job," she said.

## What clients want

### By Shell's Tracey Faulkner

Tracey Faulkner, vice-president of global communications for Shell International Holdings, had a straightforward message for conference delegates: "Always remember the problem of the client."

It's something research agencies can forget in delivering their reports – stuffing them full of reams of data and charts, but neglecting to highlight what's most crucial to the people commissioning the research, she said.

"If research is not tailored to the specific problem, interest starts to drift," she warned.

Asked what skills Shell is looking for in research agencies now and in the future, Faulkner noted that the company was using more in-house expertise. That doesn't mean Shell will stop using external agencies, she said.

Instead, the company is looking for researchers that have the expertise to integrate their own research with Shell's internally generated knowledge and third-party information sources.

Left to right: Mark Flanagan; Demos Finance's Jodie Ginsberg; and Robert Blood

## One step ahead of the weather makers

### How corporations can respond to the rise in activism

From Fair Trade, to the US Tea Party, to organic foodies and the Occupy Movement – activism is all around us. But how should corporations respond to these and other examples of people power?

First thing's first: "Don't panic", said Robert Blood, the founder and managing director of Sigwatch, a firm dedicated to tracking and analysing the issues that are of interest to non-governmental organisations (NGOs).

"NGOs make the weather," Blood said. "They set the agenda." By tracking them, companies can improve their chances of staying one step ahead. Monitoring, then, is crucial, said Mark Flanagan, a partner with Portland Communications. But before companies can monitor and respond correctly, they "need to change their priorities, not just their communications".



## 'A lot of noise, and very little informed debate'

**Deborah Mattinson, Peter Kellner and Richard Wilson debate decision-making in a 'tweetocracy'**

How has democratic decision-making been affected by the increase in noise and data in the digital age? "The huge wave of published information coming at our politicians has not affected politics in a healthy way," claimed Deborah Mattinson, co-founder of Britain Thinks.

Taking aim at the daily polls produced by organisations like YouGov, Mattinson said: "There's a lot of noise, and very little informed debate." Twitter goes mad, she says, when a poll shows a change in voting intention that might not even be statistically significant.

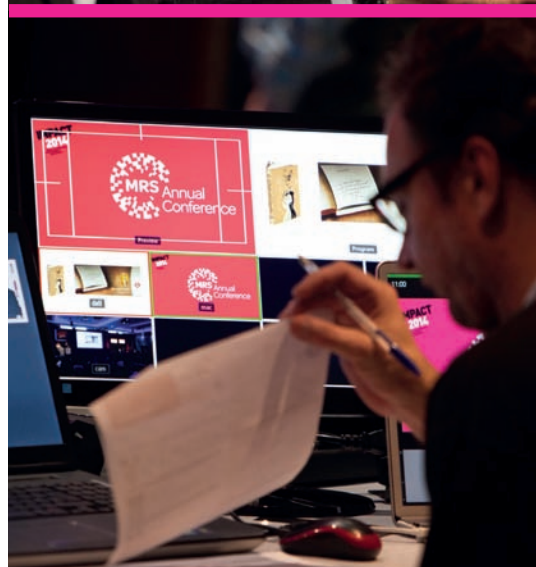
Her claims were rebutted by Peter Kellner, president of YouGov, who said that daily polls were important and that he hoped that, over time, people would become "more intelligent about what polls can do and what they can't do".

According to Richard Wilson, director of Osca: "What we're seeing is the digitisation of civic life, with a tweet replacing a chat down the pub with your MP. The lines between a tweet and a robust poll are blurring, but I think that politicians are developing antennas with regards to what is meaningful. Communicating via MPs surgeries doesn't make much sense any more."

He admitted, however, that it is hard to see a "prescription" for making politics work better – but Mattinson proposed building a mechanism whereby people are chosen at random from the electoral register in a system that makes public involvement in policy development compulsory, in a similar way to jury service. Yet Kellner believes it is important that politicians continue to make decisions, and that they take responsibility for those decisions. "Polls, tweets, emails are all part of the process of conversation. But the buck stops with them."

He added: "I hope that decisions are taken more rationally. I think what we are seeing is what we often see following huge technological change: turbulence, uncertainty, trial and error... I hope it will settle down."

Richard Wilson (left) and Peter Kellner discuss the 'tweetocracy'



## 'There's a gap for people to help companies deal with data'

**Former Body Shop MD Stuart Rose discusses how researchers can sell insight to entrepreneurs**

Stuart Rose spent 14-and-a-half years as MD of The Body Shop, and a number of years in other roles before joining Hamleys, but he had never commissioned market research before joining the toy store. With hindsight, Rose recognised that had he employed market research earlier, The Body Shop might have reversed its fortunes. He has since learned from this mistake, though, and insists that entrepreneurs are now much more willing to turn to insight to guide their vision, though they may need a little cajoling. Here are his top tips for market researchers looking to sell their offering to entrepreneurs: (1) Keep debriefs brief; (2) Read the news; (3) Help businesses to work with data; and (4) Get companies to use research early in the development process. ■



Stuart Rose... a late convert to research

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# On the right track

**Karen Boswell's** focus on customer insight and employee engagement has helped turn East Coast Main Line into a public sector success story. Interview by *Jane Simms*

**K**aren Boswell has a big smile and is refreshingly down to earth. She's used both attributes to good effect over the past four years, winning the hearts and minds of staff and customers to turn publicly-owned East Coast Main Line into one of Britain's most successful rail operations.

East Coast carries more passengers per mile – more efficiently and with one of the highest levels of passenger satisfaction – than any other train-operating company. By the time it is re-privatised next February, it will have returned £1bn to the government.

Boswell's remit when she joined East Coast as managing director, in late 2009, was to restore financial stability before handing it over to a new private-sector operator 18 months later. The two

**“ People who thought Karen would be a sort of caretaker until the government was ready to rebrand East Coast have had their expectations confounded ”**

previous franchise owners, GNER and National Express, had run out of money, and the government took the company back into public control as a wholly owned, not-for-dividend subsidiary of Directly Operated Railways, established by the Department of Transport.

Boswell soon realised the problems were too broad and too deep to be resolved quickly or easily. Almost overnight, the job she was appointed to do – and the length of time in which she had to do it – changed completely. “People who thought Karen would be a sort of caretaker – who would keep the wheels in motion until the government was ready to rebrand it – have had their expectations confounded,” says one colleague.

### Extra commercial

Boswell's focus on customers and staff has delivered incremental growth in passenger numbers, top-line revenue, yields and profits – a feat that eluded her predecessors. But she is impatient with suggestions that her task was







**EMPLOYEE INSIGHT**

“Before Karen joined, the only insight we had into what our people felt was the mandatory employee survey,” says Stephanie Oerton, head of learning and development. Today, the company’s annual employee engagement survey is, she says, “a massive piece of research, and Valuentis, who do it for us, are brilliant in helping us come up with creative ways of cutting the data”.

Oerton and her team analyse the results to identify problems and

good practices in all parts of the business, and then use those insights throughout the year to help leaders and teams to improve.

Boswell has overseen two other important pieces of employee-insight work. The first was a series of focus groups, conducted by consultancy Work Communications, to determine why people like working for East Coast. The results helped the company to develop its employer brand, Further

Together, which is based on four key ‘promises’: different every day; pride in what we do; warm and friendly people; and smarter ways of working.

The second piece of work was designed to build a behaviour framework against which to benchmark new recruits. “We recruit on behaviour, not skills,” says Oerton.

The objective was to shift the company from its traditional rules- and process-driven approach towards a more customer-

focused orientation. The Centre for Applied Positive Psychology conducted 45 focus groups along the East Coast route to find out how the highest performers did their job.

Most of the groups were generic, but particular attention was paid to train guards and station staff, these being the roles that have the most direct impact on passengers. As Oerton says: “There’s no point having a great marketing campaign if your staff let you down.”



made easier by the company's public sector status. "Let's clear that up," she says firmly. "It doesn't matter who your owner is; what it comes down to is the quality of the leadership and the management team."

Indeed, Boswell says, running a train company that is dominated by leisure travel, as East Coast is, means you have to be "extra commercial" – particularly in a downturn – to persuade people to make what is usually a discretionary purchase.

She and the board had to tear up the business plan they had inherited, and Boswell spent six months doing some "real-time due diligence" to work out where to focus her efforts. Having identified the problems, she put detailed plans in place to address them, and galvanised the organisation to solve them.

"Train companies are complicated businesses, and you can make it all feel very complicated to people," she says. "But my style is to be very simple and straightforward, so my approach was: 'This is simple service-profit-chain stuff.' You know what you're trying to achieve; you have a clear vision and business plan; you set your culture; and you have brilliant people whom you equip to make customers happy. And you know what? You get great success."

Getting people onside took time, she admits, because they were jaded and cynical after years of changes under different ownership. "You just have to be determinedly dogged, and completely honest about your approach – and, when people see you doing what you said you would do, they gradually come with you."

### Service-profit-chain

Quick wins were important. Within a few weeks of joining, Boswell had scrapped controversial plans for ticket barriers at York station, ended unpopular seat-reservation fees, and pledged major infrastructure improvements. In 2011, she oversaw the first major timetable change on the route in more than 20 years, comprising 19 additional services every day, three million extra seats a year, three new destinations (Lincoln, Harrogate and Hull), and faster average journey times. She also relaunched First Class and extended the loyalty scheme to all passengers.

She applied her service-profit-chain approach not just at a corporate level, but in every facet of the business. Nearly all the company's 3,000

**“ You have to be dogged and honest about your approach – and, when people see you doing what you said you would do, they gradually come with you ”**

staff – who are spread along 936 miles of railway between London's King's Cross and Inverness, in Scotland – have been briefed to understand the effect their role has on customer satisfaction, profitability and their own sense of wellbeing.

"It's dead easy, and it works brilliantly," says Boswell, who favours an egalitarian management style. "I am very anti-hierarchy. That's quite challenging in the railway, because it's a rules-based environment, but we need to get over that. It's about the job you do, not the badge you wear."

She certainly leads from the front. When we nip over from East Coast's riverside headquarters to York railway station, for the photo shoot, Boswell chats easily with platform staff and regular railway enthusiasts, who all seem genuinely delighted to see her. When a train pulls in, the driver leans down from his carriage to shake her hand and have a chat.

### Engage for success

Boswell comes across as a visible and accessible leader, but the culture she sets from the top is reinforced by a comprehensive communications programme, designed to reach engineers working overnight in the Craiginny depot in Edinburgh, as easily as it does frontline staff at King's Cross.

Communication is two-way, however; the rigorous and continuous staff engagement and customer satisfaction programmes that Boswell instituted when she joined the company have given East Coast an unprecedented insight into what its people and customers value, and has allowed the company to deliver more of it.

"We changed the employee 'satisfaction' survey to the employee 'engagement' survey, because engagement plays to advocacy and there is a clear link between advocacy and profitability," says Boswell, who is part of Engage for Success, the national employee engagement taskforce launched in 2011. "Engagement is not soft and fluffy – it's about pure revenue and profit."

Between 2010 and 2013, staff engagement scores, based on an annual survey by Valuentis, rose from 62% to 73% – higher than the other train companies Valuentis measures – while staff participation increased from 52% to 78%. "They bother to respond because they know we act on what they tell us," Boswell says.

Customer satisfaction scores have risen, too. East Coast emerged joint top (with Virgin Trains) in the Autumn 2013 National Rail Passenger

▶ Survey, with a 91% overall satisfaction rating. Early improvements to the timetable, the First Class service, and wi-fi access were the direct result of criticism from customers. The First Class revamp – fares were held down and now include a complimentary at-seat meal – exemplify the benefits of Boswell's service-profit-chain approach. Passenger numbers on the Anglo-Scots route have risen by 39% over the past two years – and by 23% overall – reversing a general long-term decline in first-class travel.

The exclusive nature of the loyalty scheme was another area of dissatisfaction. Extending it to all passengers has doubled membership to around 600,000, and "it is really driving advocacy", says Boswell. Stations and trains are cleaner, waiting room facilities and seating are being improved, and East Coast has also invested heavily in the route, building one new station – Wakefield Westgate – and upgrading others, including Peterborough and Newcastle.

### Me and Mrs Jones

"You have to listen to your customers," says Boswell, who impresses on her staff the need to see every customer complaint as "a gift". "It's free information that you can use to fix things," she explains. "You can do all the big structural things, but those little bits of attention to detail are really important."

Resolving a customer's complaint satisfactorily, of course, has a big effect on their advocacy and loyalty. East Coast was a relative latecomer to social media, but Twitter has become an important service platform – for example, to inform passengers of alternative routes if their train is delayed – and it also allows passengers to report problems while travelling. This, says Boswell, "gives us a very accurate, first-hand experience of what is wrong, and the opportunity to put it right before they finish their journey".

All customer insight is fed into a customer board, made up of relevant business-area heads, who are responsible for tackling problems. But East Coast has found a way to make everyone in the organisation, wherever they work, more customer-oriented.

"We talk about our customers as 'Mrs Jones'," explains Boswell. "The engineering team came up with the idea. If there's a guy in a depot, in the middle of the night, thinking: 'Do I really need to sterilise the water tank on this train?', he now understands that, absolutely, he does, because, if



he doesn't, Mrs Jones can't have her cup of coffee the next day. Again, it is simple, but so effective, and it has resonated brilliantly with people."

But will all these initiatives and results hit the buffers when the company is re-privatised next February? "I really hope not," says Boswell, who believes that what she has created is strong enough to survive any change in ownership.

However, there are plenty who fear that the money currently being ploughed back into keeping fares down and improving services will, in future, line the pockets of corporate shareholders. More than 23,000 people have signed a petition calling for East Coast to remain state run, and the campaign has the support of more than 60 MPs, including former shadow transport secretary Maria Eagle, who says: "East Coast has demonstrated very clearly that it is perfectly possible to run a national rail service on a not-for-private-profit basis, and deliver a service that is arguably better than a profit-driven train company."

### Sustainability

The government seems unlikely to be deflected from what many believe is an ideologically driven decision, however. The three bidders for the franchise – First Group, Keolis and Eurostar, and Stagecoach and Virgin – are putting

together their strategic plans, and the winner will be announced in the autumn. Boswell and Directly Operated Railways decided not to bid because she wanted to focus on the job in hand. But she says she will stay on, whoever wins.

"The idea is that they buy the whole company, lock, stock and barrel, so my plan is to stay with it," she says. "And the future looks exciting.

There will be a whole new fleet of trains in 2018, which will be accompanied by a new signalling process, new timetable opportunities, greater investment by Network Rail in the infrastructure, and so on."

East Coast's achievements over the past four years are reflected in a clutch of awards – 40 at the last count, rewarding success in all areas of the business – but Boswell is particularly proud of the Top

Employer and Superbrand status conferred by the Top Employers' Institute and the Centre for Brand Analysis respectively.

"I'm not a formula," says Boswell. "I'm strong minded, passionate and straightforward, and I drive the team hard, but we have fun. My thing is for the business to be sustainable, so I want people to be as equipped as they can be to do a great job. That's it for me really." ■

**“East Coast demonstrates it is possible to run a rail service on a not-for-private-profit basis, and deliver a service better than a profit-driven train company”**

### CUSTOMER INSIGHT

The National Passenger Survey (managed by Passenger Focus) is "a key metric" because it has such a high profile, says Jim Muir, retention and insight manager at East Coast. However, because it is generic, East Coast conducts its own customer satisfaction research – carried out by the agency Wavelength – among 700 passengers every month, with questions designed to gauge views about long-distance travel, first-class facilities, catering, wi-fi provision, and so on.

"Karen is very keen to understand why people make journeys, and why they don't," says Muir. "Her firm belief in the link between the customer experience and revenue and profit may seem obvious, but previous franchise holders didn't necessarily share that view." Simply making improvements is not enough, though – Boswell is fanatical about reviewing performance, too. The quality of customer service is scrutinised by means of a big mystery shopper programme conducted by

TNS. There are three waves a year – each two months long – and each wave covers all 180 catering teams, 220 guards, 56 shops at the 15 stations that East Coast manages, and customer relations staff.

"This is another example of how the focus has shifted since Karen joined," says Muir. "Five years ago, this sort of thing was just not seen as important enough to warrant the investment."

Wavelength also conducts a programme of brand tracking and campaign evaluation:

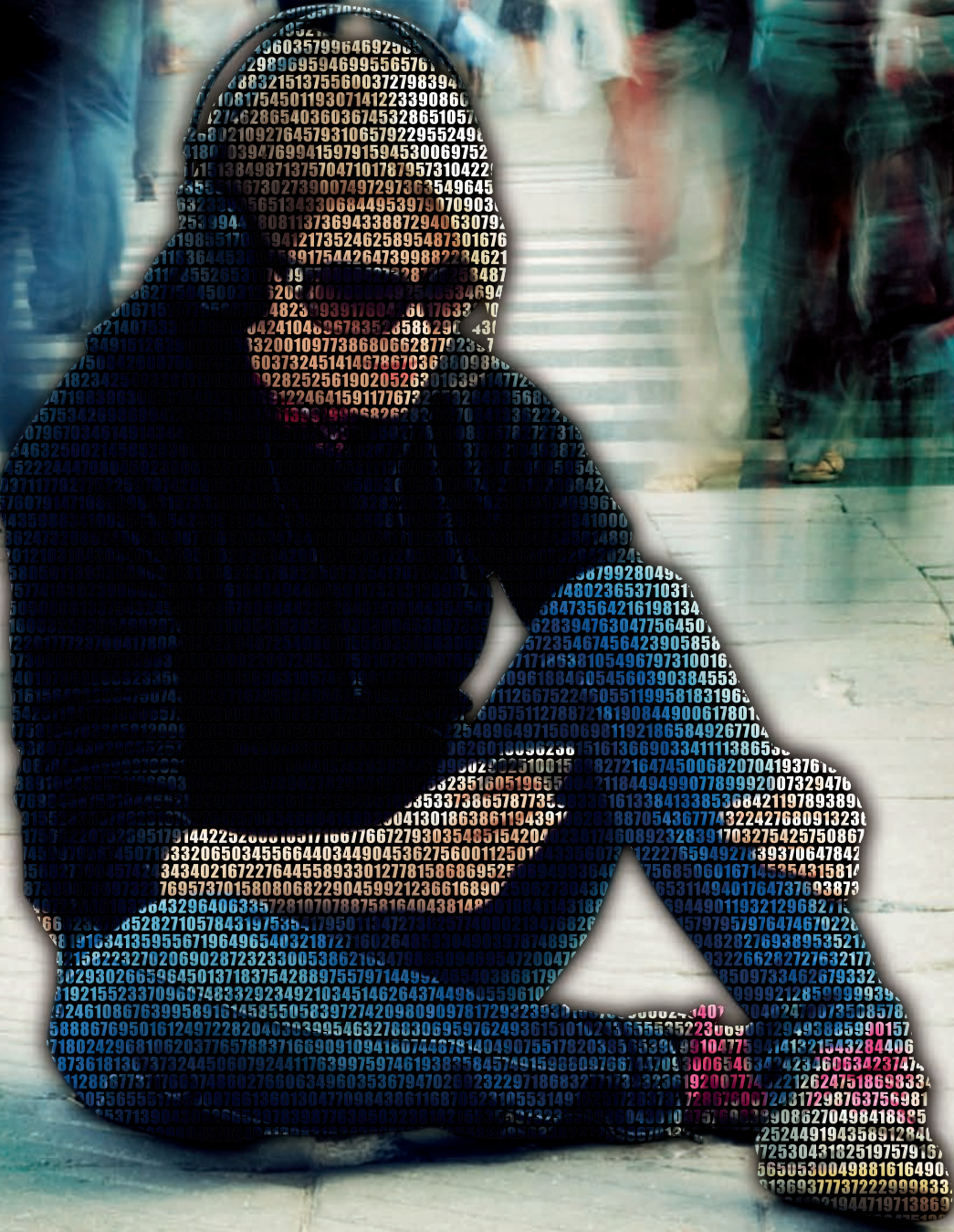
"There is much more focus now on the importance of our brand and the perceptions of the outside world," says Muir.

East Coast also uses its customer database to do a four-weekly omnibus survey, hosted by Toluna, to canvass passengers' responses to marketing activities – and to gauge their views on new developments.

"The beauty of the online survey is that we get results in days, and we do it monthly – rather than quarterly, as we used to – so that we can act on it quickly," says Muir.



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What happens when consumers take control of their own data? **Bronwen Morgan** investigates

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# The personal information revolution

regarded by some as 'the new oil', by others as 'the new currency', there's no denying the importance of data to the modern age. The former analogy is a neat one: like oil, our data is refined to power many industries. Unlike oil, however, our data is in no danger of running out.

In 2012, 2.8 zettabytes (that's 2,800,000,000,000,000,000 bytes) of data was created: that's about 500 times the amount of data that would be produced if the genome of every person on earth was sequenced. This figure is set to ▶

▶ double by 2015, and will continue to double every two years after that.

Most of this data – 68%, says intelligence firm IDC – is created by consumers: watching digital television, visiting websites, using apps, sending emails and messages; in short, all of the seemingly

**“ Most data is created by consumers, yet enterprises have responsibility for nearly 80% of information in the digital universe ”**

innocuous activities that have become part of our daily lives. Yet it is enterprises, not consumers, who have responsibility for nearly 80% of the information in the digital universe. They deal with issues of copyright, privacy and compliance with regulations. Many also use this data to track us, to profile us, and, ultimately, to sell to us.

On the whole, consumers are aware of the nature of this ‘transaction’, and make a conscious decision to take part: we sign up to free services such as Facebook and Google Mail in exchange for access to our data. But are we getting a good deal?

Aral Balkan doesn’t think so. Balkan is a designer, and founder of Indie Phone, a privacy initiative that he developed in response to what he calls “digital feudalism” – the idea that people don’t own their own technology, their own services or their own data, but instead have to rent them from corporate entities.

“Think about whether Google is making a profit or a loss,” he says. “If it’s making a profit, then it is seeing more benefit than we are. If it’s making a huge profit, then it is seeing a huge amount more benefit.”

Balkan argues that the amassing of vast amounts of data by venture capital-backed free services – the business model for which is based around quickly gaining millions of



Aral Balkan

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## LEGISLATION LOWDOWN

### What next for the UK government’s midata initiative?

Alan Mitchell is strategy director at consultancy Ctrl-Shift, which acted as a business adviser to the Department for Business, Innovation and Skills (BIS) for the midata programme (see p35). He

says the issue of personal data is “at a pivotal point”.

On 12 March, there was a vote in the European Parliament on EU data protection regulations. One clause in the

regulations – the right to data portability – would effectively enshrine the principles of midata in European law. What does that mean?

“It would no longer be a voluntary programme; it would be a regulatory right for consumers to request their data in electronic form, across the whole of Europe, in every single

industry,” says Mitchell. “We still don’t know exactly what the wording will be – and whether it will be voted for or against. But, if it gets passed, it’s ‘job done’.”

According to Mitchell, a number of governments around the world are already looking to the UK for guidance on launching schemes similar to midata in their own markets.

### MIDATA TIMELINE

**April 2011:**  
midata scheme announced.

**November 2011:**  
First phase of implementation launched.

**July 2012:**  
BIS publishes a consultation, setting out the benefits of midata and the potential benefits to consumers of data released in an electronic format.

**November 2012:**  
Government publishes its response to consultation, announcing that it will look to legislate if companies fail to comply with the voluntary release of consumers’ electronic data.

**June 2013:**  
Enterprise and Regulatory Reform Act 2013 approves this power.

**March 2014:**  
Progress on voluntary participation in midata from three major sectors (banking,

mobile phone companies, energy companies) due to be reviewed. Possibility of amending regulations to make industry cooperation compulsory.

2



users and monetising their data – has led to what he calls “dragnet government surveillance”. For that reason, he believes we need to consider the long-term and short-term impact of giving up our data in order to truly assess the symmetry of the exchange.

“If I look up something on Google Maps – yes I’m getting quite a lot of benefit from that, and it’s a great experience, and it empowers me in the short term. But, in the longer term, what am I sacrificing?”

### Taking a stand

In 2012, UK think tank Demos published a report, *The Data Dialogue*, that highlighted changing UK consumer attitudes to sharing personal information ([bit.ly/1fmXdoL](http://bit.ly/1fmXdoL)). The report, based on a survey of 5,000 members of the British public, said that consumers had “significant worries” about the current situation. People recognise that sharing personal information is important – and that there are some benefits – but there is “a lot of discomfort and unease about the terms on which that is currently taking place”, it reported.

“Sharing information is important, but there is a lot of discomfort and unease about the terms on which that is taking place”

One man taking a stand against these terms is Federico Zannier. Early last year, Zannier launched a project on crowdfunding site Kickstarter, to sell bundles of his data: a day’s worth of his online activity, GPS data and apps used, for \$2.

“In 2012, advertising revenue in the United States was around \$30bn,” Zannier says on his Kickstarter page. “That same year, I made exactly \$0 from my own data. But what if I tracked everything

myself? Could I at least make a couple of bucks back?”

Although finance figures prominently in his original pledge, Zannier insists, now, that he was never really in it for the money. “I think the main importance of the project was about taking control of my own data – like making a point that it is my own personal information and I want to be able to control it; to say: ‘No, I don’t want you to track me’; or: ‘Actually, I don’t think you should know this personal information about me’.”

Zannier exceeded his funding goal of \$500 by more than 400%, and says that most of his backers were buying into the idea, rather than the data. They were, like him, making a statement.

Emotions aside, is there really money to be made in personal data? Eduardo Ustaran, a solicitor specialising in the law relating to information technology and data, believes there could be.

In his book, *The Future of Privacy*, Ustaran outlines his argument that there should be a legal framework in place to ensure that – if a company collects a person’s data – they are obliged to give some of that value back.

Ustaran argues that, beyond creating an obligation for sharing value, having a legal framework in place would also help people to realise just how powerful their data is, and to what extent they can benefit from it individually.

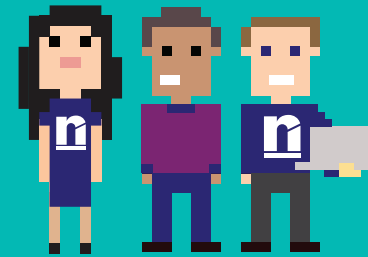
“The peculiar thing is, we are often not even aware of the value that this information generates for others,” he says. “Those who are able to figure out what to do with the data are in a very, very powerful position.”

### Engage individuals; unlock value

As a result of growing unease about how data is collected and used, suggestions are emerging about how to redress the balance. In February 2013, as part of an initiative called ▶



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[www.rn-university.com/researchagencies](http://www.rn-university.com/researchagencies)  
[infoUK@researchnow.com](mailto:infoUK@researchnow.com)

Eduardo  
Ustaran



► Rethinking Personal Data, the World Economic Forum (WEF) prepared a report, *Unlocking the value of personal data* ([bit.ly/19yopil](http://bit.ly/19yopil)). It was the result of a nine-month, multi-stakeholder, global dialogue about how the principles for using personal data needed to be refreshed, to ensure the rights of individuals are protected, and the socio-economic value is successfully harnessed. “By themselves, technology and data are

“ One of the missing elements in the dialogue around personal data has been how to engage individuals ”

neutral,” the report reads. “It is their use that can both generate great value and create significant harm, sometimes simultaneously.”

The report presents the argument that one of the missing elements in the dialogue around personal data has been how to effectively engage individuals; to give them a voice – and the tools – to express choice and control over how data about them is used.

It echoes the conclusion of the Demos report, which said regulators and businesses need to form a framework that allows people to “customise and negotiate their relationship with organisations, so it is, and feels, mutually beneficial”.

### Bad data

An example of one mechanism that might exist within such a framework is Handshake, an app – currently still in beta – designed to allow users to connect directly with companies that are looking to access their data, and to negotiate a price for it.

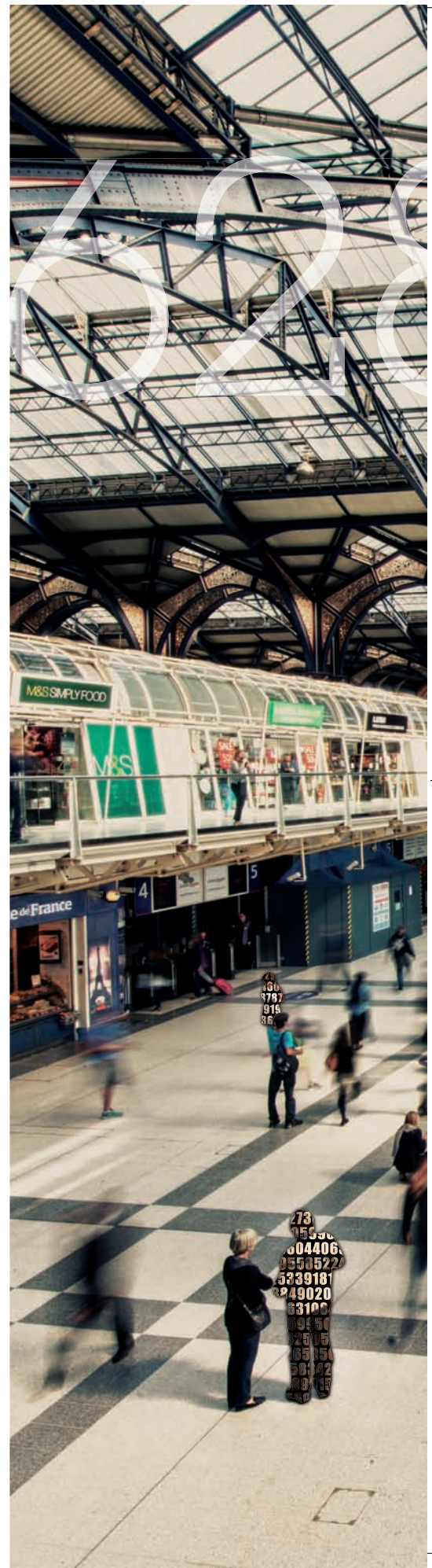
Handshake users create a detailed profile that companies can use to target them, and as context for any opinions they seek. The idea is that users are rewarded for the quality of their data: the more detailed and up-to-date it is, the more money they can expect to make.

Handshake co-founder Duncan White believes that by rewarding people for creating and maintaining “richly detailed” profiles, the overall quality of data increases.

“If you look at businesses like Facebook and Twitter, a lot of their valuation on a stock market is around the number of users they have,” says White. “But, actually, they’re not worried about the accuracy of the data they hold.

“Nearly half of people admit to putting false data in because they don’t want to be bothered by anybody subsequently. So there’s an awful lot of ‘bad’ data floating about, and it’s in no one’s interest, really, to make sure that data is good.”

While White’s assertion is open to debate, there are examples of unintentional ‘bad data’, particularly in relation to geo-location. An oversensitive cell tower, picking up a distant signal and recording an incorrect location, for example; or the story of a university lecturer visiting a friend living above an adult store, and subsequently receiving targeted ads he’d rather his students didn’t see.







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## THE ADVERTISING INDUSTRY PERSPECTIVE

The Incorporated Society of British Advertisers (ISBA) is the representative membership body for British advertisers. We talked to ISBA representatives about the industry's stance on the emergence of a personal information economy.

Liam Northfield (LN)  
Communications manager

Ion Twinn (IT)  
Director of public affairs

David Ellison (DE)  
Marketing services manager

### How would the advertising industry react to a change in the way consumer data is gathered?

DE: Most of our members would prefer to keep a personal relationship with their users. If you look at the amount of data that you hand over to Facebook, our members would prefer that kind of relationship. What advertisers need to do is to offer something tangible to users in exchange for their information.

### Is inaccurate data a problem?

LN: If the consumer thought they were getting something out of it, they might be more likely to give correct data.

IT: If a brand only relied upon data from people who are prepared to make a value exchange with an agency, it's going to be a very skewed sample. So I'd be very careful, as a brand, about relying on that.

### Are advertisers aware of consumers looking for a better deal with regard to sharing their data?

DE: When the EU cookie laws came in, I would say one or two of our more engaged members realised that consumers were getting more savvy, and that they were looking for something tangible for their data.

IT: The data belongs to the consumer, and it's a marketplace. It's a rational thing to do. But because it's rational, I don't think many people are going to do it.

LN: There might be a generational split here. Studies have shown the younger generation are more likely to relinquish their personal data for products and services; they don't see it as inherently abhorrent.

### Is the advertising industry bracing itself for the personal information economy?

DE: I don't think the percentages will rise that much over the next couple of years. It's up to us to educate our members. At the same time, our members have a duty to be transparent about what happens to the personal data they collect. To develop the relationship our members have with their users, more education needs to take place.

White describes Handshake as a kind of "dimmer switch" between opting out of and opting in to sharing data online. He explains that users can decide which data they want to share, and with whom, depending on how much people are prepared to pay.

It seems a logical proposition, but Ustaran believes this approach raises some legal issues. Many regulators, he says, feel uncomfortable with the idea of 'haggling' over the value of data. European law, for example, regards the protection of personal information as a fundamental right and, therefore, asserts that it should be above any trade or commercial exchange.

"The reality is that data is valuable," says Ustaran. "The protection of that information may be a fundamental right people have; I don't disagree with that – but it's still valuable."

## Crunching numbers

But there are some who question the approach of assessing the exchange purely on financial parameters. People such as Andreas Weigend, former chief scientist at Amazon, who argues that the perception of who is getting the most benefit from the transaction "depends on how you write down the equation". If people are targeted with an advert for something they don't want, he says, nobody benefits.

However, if Amazon increases its sales because someone receives a recommendation that they do act upon, everyone's a winner. Weigend argues: "I benefit now by having the same item as my friend; Amazon benefits by having made another sale; Google or Facebook benefits from having shown the ad, and getting the kickback. The economy benefits because we have one more item in circulation."

Perhaps, more crucially, Weigend doesn't believe consumers have a good enough understanding of how much it costs to process their data to

be able to negotiate a fair price in exchange. It costs little to produce data, he says – as evidenced by the vast quantities of it. It's the cost of distributing it, organising it, and getting permissions for it that costs money. These costs are higher than consumers think, he says.

The idea of assigning a 'unit cost' to someone's data is an issue that the research industry also struggles

**“Data is valuable. The protection of that information is a fundamental right – but it's still valuable”**

with. Dominic Jarville, associate director of product development and innovation at Research Now, says: "On the face of it, it seems like a fair proposition – I can collect valuable information on you, and therefore you should get something for it.

"The problem is that, by just having one person, getting any real statistical validity to that is going to be pretty tricky. So, say I get 30 people together – can I actually get enough money for that to pay each one the amount they think it's worth?"

Jarville has another reason to be sceptical that a system based on financial reward is viable on an individual basis: people, on their own, just aren't that interesting.

"The truth is, my movements or your movements aren't really very interesting," he says.

"We [Research Now] do some behavioural tracking of what web pages people are looking at, and a friend of mine said: 'There's no way I'd do that – I don't even show my wife what I look at online.' But I told him that it doesn't matter if we see, because we don't care. We're just looking at information in aggregate; we want to know what people, as a whole, are looking at."

## Person of interest

Jarville is by no means alone in questioning the value of an individual's data. Mathematica and Wolfram|Alpha founder, Stephen Wolfram, shares the view.

Wolfram has a legitimate claim to having the largest collection of personal data in the world. He has logs of his emails, keystrokes, calendar events, phone calls and physical activity dating as far back as 1989. His data-collection objectives started as relatively straightforward and short-term: he logged his keystrokes to ensure he wouldn't lose data if his computer crashed; he logged his emails so he could easily find interactions he'd had with people in the past. "Then I got to the point where I realised it's pretty easy to collect lots of data, so I set systems up to do it," he says.

But Wolfram didn't analyse the vast amounts of data he had collected until relatively recently. A blog post from 2012 ([bit.ly/1j8ONlq](http://bit.ly/1j8ONlq)) describes what he learned from conducting his own personal analytics. He was able

to plot graphs of what he called his 'average daily rhythms', and used these to understand the patterns of, for example, when he tends to conduct meetings and work collaboratively, versus when he tends to work alone. He could see when he began discussing new concepts over email, and how his habits of using different computers and applications had changed over time. He says that he finds this information incredibly interesting, and admits he regrets not starting to collect it earlier. But he still doesn't believe it holds any commercial value.

"The value of an individual's data record is not going to be terribly high. It only gets interesting when you've got millions and millions of these things, and I think, perhaps, people would be disappointed with the amount it's worth to have their individual data," Wolfram says.

As a result, he questions the likelihood of an economy emerging in which people sell their data. But he unequivocally believes that people will choose to make use of



Federico Zannier

## MY DATA AND ME

Two views on how personal data will benefit individuals in the future

### Stephen Wolfram (right) on pre-emptive information delivery

"This is one of the things I've been interested in for a long time: how do you provide people with information that is useful in a particular situation that they're in, completely automatically, without them asking for it? That's where being able to use personal analytics – and being able to use lots of historical data you've collected on yourself – is really useful. For example, if I'm supposed to call someone at a certain time, I can see the whole story of how I'm connected to this person, all delivered pre-emptively, so to speak. That's clearly a useful thing, but – to be able to do that – you have to have stored lots of information about the particular individual who's being supplied the information.

You've got to know their history, otherwise you can't deliver what they want to know."

#### Try it now

Google Now scours Gmail and Google Calendar, as well as relevant online third-party sources, to supply information it thinks a person will find useful. It can, for example, tell you that a flight you're due to take has been delayed, without you having told it your schedule or proactively looking for updated flight information ([google.co.uk/landing/now/](http://google.co.uk/landing/now/)). Also: Tempo AI – a smart calendar – provides information on people you're scheduled to meet ([tempo.ai](http://tempo.ai)).

### Andreas Weigend on personal monitoring

"Where do I think that data refineries will make a huge

difference? Work – the future of work, and knowing what someone is good at, what they really want to be good at, what they enjoy doing and where they suck. Employees who agree to be constantly monitored could charge more by the hour, but if they slack off, they get less. Your employer could take screenshots of you working at regular intervals – and if you don't allow that, you get paid a lower rate. Another area where it will make a difference is in insurance: if you allow your car to be constantly monitored, you pay less for your premium."

#### Try it now

Drive Like A Girl fits a data-collection box in the car of insured drivers. The box records various aspects of driving, including speed, braking and acceleration.



Driving smoothly – and keeping to a sensible speed – results in discounts on insurance premiums ([drivelikeyagirl.com/how-drive-girl-works.html](http://drivelikeyagirl.com/how-drive-girl-works.html)).





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Andreas Weigend



► their own data in other ways in the future. Wolfram's computational knowledge engine, Wolfram|Alpha, already offers a tool for one such alternative purpose.

By connecting to a Facebook profile via the Wolfram|Alpha site, the service can provide visualisations of what times of day you use Facebook; the clusters within your friend networks; maps of your friends'

**“Midata encourages, but doesn't force, UK businesses to allow consumers access to data they hold on them”**

locations; the global reach of your network; how popular your friends are and what they're discussing; and much more besides. The resulting report can be shared with friends... on Facebook, naturally.

### Self-regarding

While it doesn't require any specialist knowledge, Wolfram's offering may appeal more to data enthusiasts than to the everyday consumer that the World Economic Forum insists needs to be engaged. But that doesn't mean regular people aren't beginning to find value in their own data. There's one particular area of self-analysis that has seen a huge uptake in recent years, even among the less technologically savvy: health.

From high-profile products such as Fitbit and Nike+ FuelBand – which track fitness efforts – to apps that monitor heart rate, sleeping, and calorific intake, this is a fast-growing market.

Technology market-intelligence firm ABI Research predicts that 90m wearable computing devices will be shipped in 2014, driven by sports, health and fitness. At least in this lifestyle area, consumers seem to be buying into the idea that data itself – and not just the service they

are receiving in exchange for it – can be useful.

So perhaps a more achievable vision of consumer empowerment is not people making money from selling their data, but people gaining value from their data in other ways. This ties in with the UK government's midata initiative, established in 2011 and backed by major brands such as Google, RBS, British Gas, Visa and Mastercard.

Midata encourages – but, currently, doesn't force – UK businesses to allow consumers access to the personal data they hold on them. The idea is that – by releasing this data – some of the value within it can be accessed by individuals, thus redressing some of the perceived asymmetry in the current data exchange.

But the initiative has hit a stumbling block, with relatively low uptake from industry. During a recent parliamentary debate, Labour MP Stella Creasy claimed that the midata scheme had failed to have any sizeable impact – because companies have little motivation to release commercial data that may convince a customer to go with a competitor. A review of the adoption of the midata scheme is currently under way, and is due to report shortly. Part of that review will focus on whether the scheme should be made a requirement.

### Superstores

Whatever the future for midata, there are companies that have embraced its vision of empowerment through data. Mydex is one example: a cloud-based, personal-data store that allows users to store online information – such as their usernames, passwords, bookmarking data, browsing history and address books – as well as a record of services they have signed up to, and what they've shared with each one.

This data can be synchronised with other services and other devices, but – because the store is encrypted, ►

## I TRACK, THEREFORE I AM

### Essential tools of the quantified-self movement

If you want to start tracking your online and offline behaviours, the following apps are essential.



#### Fitbit

A small device (there are now several iterations available) that tracks physical activity and sleep. Data collected can be uploaded – or automatically synced to a smartphone – and made into visualisations on Fitbit's website or on the mobile app. [fitbit.com](http://fitbit.com)



#### RunKeeper

Android and iPhone app, designed to track runs using GPS. Information includes distance, duration, speed and calories consumed. Mobile interface shows a list of runs, while the website has fitness reports with visualisations of runs. [runkeeper.com](http://runkeeper.com)



#### Klout

Your Klout score is a metric for overall online influence. Klout connects with Facebook and Twitter to measure True Reach (size of engaged audience), Amplification Probability (likelihood that content will be commented on or retweeted), and Network Score (influence level of engaged audience). Klout users can gain access to products, discounts, and VIP schemes if they hold influence in certain areas. [klout.com](http://klout.com)



#### Momento

An iPhone journal app that allows users to make entries using text or photos, as well as tagging people from address books, GPS locations and category tags. It can also incorporate events from web services such as Twitter, Facebook and Flickr. [momentoapp.com](http://momentoapp.com)



#### Sleep Cycle

An iPhone alarm-clock app that uses the iPhone's accelerometer to analyse users' sleep patterns, and wake them during the lightest sleep phase. The app produces sleep graphs showing the progression of sleep during the night. [sleepcycle.com](http://sleepcycle.com)

3

Dominic Jarville



▶ Mydex claims, users can be confident their data is not being shared beyond what they have explicitly agreed to.

The idea is that users can analyse this data themselves, or pass it on to third parties, such as market research firms.

For chief executive and co-founder of Mydex, David Alexander, the benefits of the system are not primarily to allow people to monetise their data – though he does see that as a possible strategic outcome of individuals becoming more empowered.

Alexander's primary goal, he says, is to make life easier by allowing users to integrate their lives, without having to rely on the wannabe 'universal logins' offered by Google or Facebook.

"Each of the different elements of my life have different interest areas and different services that I need to register for, but they are all independent of each other," he says.

"I want to integrate my life for myself, but I don't really want Google understanding everything about me,

and then selling it to other people without me saying it's OK."

Mydex also acts as a portal for users to connect with their banks, utility companies, local authorities, and anyone else who might hold data on them, to gain access to that data in a way that suits them.

### Power struggle

The appearance of mechanisms such as Mydex and Handshake – as well as the increasingly politicised nature of the personal data debate – strongly indicate that we're moving towards a time of greater consumer empowerment with regard to data.

But what form will it take? Can people really make money from their data, or will the supposed imbalance be redressed in other ways?

There seems to be little agreement on that front. What most agree on is that there is value to be found for everyone in the mass of data that's out there. While the question of who will benefit most remains to be answered, the power of data, like oil, is undeniable. ■

## END NOTES

Research Now's Simon Beedell and Michael Murray round off this special report with some final food for thought

As this special report makes clear, people are becoming more aware of the value of their personal data – even if they aren't yet fully able to get the maximum value out of it.

But what might this greater awareness mean for market researchers? Will people be less willing to become survey respondents if they don't see a direct monetary value in doing so? Will we find ourselves having to haggle over incentives?

Our view is no – at least, not yet. Although incentivisation is, and will remain, an important lever for encouraging people to take part in research projects, many consumers are motivated more by the desire to make the best use of their limited time than they are by trying to make money from trading their data.

As the popularity of social media makes clear, people love to

have their say on matters of personal, political and professional interest. They like to contribute, and they will devote substantial time to websites and social networks that provide an enjoyable, interactive experience, within which they can share their points of view.

So this is the real challenge to researchers: to make research a rewarding process in, and of, itself. Measures should be in place to create respondent satisfaction.

For permission-based data collection companies such as ours, we need to make sure we are deeply profiling our panellists in order to send out appropriately targeted surveys and minimise screen-outs.

By providing a seamless and positive experience throughout the survey process, this should translate to positive respondent

satisfaction. And, by employing a permission-based approach to using personal data to match the right surveys to the right people, we're able to prove that – not only do we value their information – but we value their time as well.

Respondent experience and incentivisation go hand in hand. If we only focus on the financial side of the relationship, we risk taking respondents for granted.

Therefore, it is important to work collaboratively with clients from the start of a project, to clearly define the business and research objectives to avoid asking respondents unnecessary questions. Questions that are irrelevant or repetitive will undermine respondent engagement, and may lead to incoherent, poorly considered responses and compromised data.

We also need to consider survey

mode. People now possess greater options when it comes to devices (from tablets to mobile phones to desktop PCs). Couple this with their limited free time outside of work – and myriad personal commitments – and it is ever more important to reach people on their time, and on their terms. This is one of the reasons we have seen a shift from telephone research to online and mobile.

But perhaps the surest advice to offer is always to put ourselves in the shoes of our respondents. "Would I be willing to take this survey? To share this information?" If the answer is 'no', we shouldn't expect someone else to do it.

Simon Beedell is division director EMEA – Healthcare, and Michael Murray is head of project consultancy for Research Now



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A group of ten diverse cartoon characters, including men and women of various ethnicities, standing together. A speech bubble above them contains the text 'WE CAN HELP!'. Some characters are wearing purple shirts with a white 'n' logo, while others are in business attire or casual wear. One character is holding a laptop.

WE CAN HELP!



# Making the big screen better

Cineworld's **Justin Skinner** tells *Jane Bainbridge* how insight is helping to craft a blockbuster experience for filmgoers



cineworld  
CINEMAS

**I**n a world full of screens, there are now multiple opportunities for people to indulge their love of film: on DVD, Blu-ray, via digital download or online streaming. But despite this surfeit of options, cinema – the biggest screen of all – continues to hold its own.

Annual admissions in the UK might have fallen from a peak of 1.6bn in 1946 to 165m in 2013, however box office revenues have climbed steadily since the turn of the century, from £627.5m in 2000 to £1.1bn in 2012 (the last year for which figures are available).

While going to the movies might still be a favoured past time for a significant chunk of the population, cinema chains can't rest on their laurels. They're locked into a battle for audience attention in which customer understanding will make the difference between success and failure.

It is within this changing, competitive landscape that Justin Skinner, Cineworld's vice-president of marketing, has to manage and



CV

JUSTIN  
SKINNER

**2007 – present:**  
Vice-president of  
marketing,  
Cineworld

**2005 – 2007**  
Senior marketing  
manager, Aviva

**2002 – 2003**  
Brand manager,  
Green Flag

**2001 – 2003**  
Online marketing  
manager,  
RBS Insurance

build the brand. Since joining the cinema chain in 2007, he has overseen a detailed programme of research to gain consumer insight.

Recalling his first days with the company, Skinner says the business had “little knowledge” of its customers – so, in the intervening six years, Cineworld has worked towards a more detailed understanding of its audience, and what films they like to watch and when.

“We’re capturing much more data on who our customers are, in terms of their personal data, but also their film, genre, day of the week preferences, etc.” says Skinner.

“We now capture a lot more transactional data – attached to personal data – so we’re getting significant insight into our business. How much we are going to capitalise on that data is still part of the journey that we’re on.”

### Insight in focus

Cineworld's “journey” is towards a future cinema experience that will look very different to the one most people will be familiar with





▶ today. As outlined in its Customer First strategy, the company wants to create a cinema chain for which most customers book their tickets before arrival, and these tickets are delivered to their mobile phone minutes later; a cinema in which they can grab a coffee in the foyer, relax with friends, and purchase snacks before

heading into their screening. In shaping this vision, Skinner looked to airport operators, who know that there is a positive impact on retail sales if you can encourage flyers to spend more time in the airport before they board the plane.

“We looked at those models and decided that the vision for our business was to improve the

## THE FUTURE OF LEISURE

In 2010, Cineworld commissioned research from the Future Foundation on five- to 10-year leisure trends. Here’s a sample of what it learned, and how it shaped Cineworld’s Customer First strategy:

### Cult of the home

In-home leisure is increasing, so out-of-home leisure has to work harder to get people to leave the house, and has to be perceived as valuable. Cineworld invested to

provide customers with experiences that cannot easily be replicated at home, including installing nine IMAX cinemas and seven D-BOX (4D) screens across its estate. In addition, all of its cinemas now have 3D screens.

### Soft squeeze

Consumers have been hit by the recession, so their disposable income is being squeezed. Cineworld made cinema a more affordable experience. It removed all

phone and online booking fees in 2012, and started offering an additional 10% discount to those booking online with a MyCineworld account.

### Mobile living

Future Foundation’s research highlighted the increasing importance of mobile phones as a platform for reaching consumers. Cineworld took this on board at an early stage, and invested in improving its online offering, especially in

terms of mobile platforms and apps. More than 1.5m people have since downloaded its app.

### Social/cultural capital

People like to experience new things, so Cineworld improved its Unlimited proposition (see p45) to give members the opportunity of seeing films in advance of their release date. It has also embraced ‘event cinema’, including bringing live opera and theatre to new audiences across the UK.



## UK cinema – box office and average annual spending 2000–2012

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Box office revenue</b>	£m	627.5	645.0	755.0	742.0	769.6	776.3	762.1	821.0	854.4	944.0	988.0	1,038.0	1,099.1
<b>Annual change in box office</b>	%	-2.3	2.8	17.1	-1.7	3.7	0.9	-1.8	7.7	4.1	11.0	4.7	5.1	5.9
<b>Average annual spend per head of population</b>	£	10.66	10.91	12.73	12.46	12.87	12.93	12.65	13.57	13.91	15.27	15.87	17.00	17.40

Source: Screen Digest

customer experience of going to the cinema,” says Skinner. “It’s a mix of understanding customers more and encouraging them to dwell more, so they spend more.”

Research has proved useful in identifying aspects of the cinema experience that need fixing. For example, Cineworld discovered that customers actually feel quite stressed about it all. “The stress is: ‘Am I going to get there in time?’; ‘Will the film be sold out?’; ‘Will I be able to sit with my friends?’,” explains Skinner. “We found that people become less stressed once they have their tickets in hand, but that it is heightened again when they see the queue for popcorn and drinks.”

After identifying these points of anxiety, a plan was developed to de-stress the experience. The first solution was to put as much as possible of the ticket-booking process online.

Cineworld already catered for online bookings, but research identified several barriers to greater uptake by the public: specifically, a desire for cheaper tickets, no booking fees, and more promotions.

Changes were instigated off the back of this work. After a pilot in Scotland, in 2011, Cineworld scrapped its booking fees nationally, as of April 2012. “The reason so many cinemas have booking fees is that it’s 100% margin,”

“**Creating a relationship with online customers was worth more than the risk of losing the booking fee**”

explains Skinner. “But, strategically, we were prepared to give up that profit – it’s about £2.3m – because we saw the opportunity of driving more customers online.”

“Creating a relationship with those customers was worth more than the risk of losing the booking fee.”

In addition, Cineworld reduced its prices by giving online customers a 10% discount – provided they registered with the site first. It’s a smart quid pro quo: share your data and get money off. “That’s giving us a huge wealth of knowledge,” says Skinner – and the changes have

had the desired effect: 25-30% of Cineworld’s customers now book online.

Skinner is also able to glean valuable data on customers and their viewing habits via Cineworld’s Unlimited membership scheme, through which movie fans can see as many films as they like for £15.90 a month.

Explaining the rationale for this scheme, Skinner says: “About two-thirds of our cinemas are in competitive markets – where there’s another cinema close by – so we wanted to make sure people see us as better value, a better ▶





experience, and that they are more loyal to us because we have better propositions.”

### Sweet deals

As part of its improvement drive, Cineworld is also looking to smooth the ‘pain points’ around retail purchases – popcorn, soft drinks and snacks. Again, the company wants online booking to be a solution, directing people to select their food and drink options via the website once they have settled on a choice of film. A trial run of this process is under way, and is limited to just seven cinemas at the moment, with Cineworld actively sourcing customer feedback.

Skinner would also like to introduce retail options on Cineworld’s foyer ATMs – the machines customers go to on arrival, either to collect or purchase their tickets. He hopes, at some point, that customers will be presented with a list of food and drink options, which they can order and pay for before heading to the retail counter to collect them. The idea is both to reduce queuing times, and to capture more retail data on individual cinema-goers.

Queues aren’t the only issue, though. “We’re increasingly aware that people’s perception of the value of cinema-going is affected by the price of popcorn and drinks – and that’s an area we need to look at and address,” says Skinner.

One initiative has been to offer Unlimited members a 10% discount on all retail purchases, rising to 25% once they have been a member for a year. This has had a noticeable effect, says Skinner. “By reducing retail prices by 25%, the hit rate has gone up significantly. So our challenge is: how do we go from a relatively low hit-rate but high margin on retail, to a much higher hit-rate but, arguably, a lower margin?”

Skinner also needs to find ways to turn the one-third of customers who ‘smuggle’ their own food into the cinema into retail purchasers. “If a third of people are smuggling, it shows that they want to consume at the cinema, so that’s

## UK cinema Top 10 films 1989–2012

1	Skyfall*	£102.8m
2	Avatar	£94m
3	Titanic**	£80.1m
4	Toy Story 3	£73.8m
5	Harry Potter and the Deathly Hallows: Part Two	£73.1m
6	Mamma Mia!	£69.2m
7	Harry Potter and the Philosopher’s Stone	£66.1m
8	The Lord of the Rings: The Fellowship of the Ring	£63m
9	The Lord of the Rings: Return of the King	£61.1m
10	The Lord of the Rings: Two Towers	£57.6m



an opportunity for us. How do we reach that group with either relevant product choice, and/or better promotions?”

### Showtime

There’s a third, and final, part of the customer insight equation that Skinner is looking to solve. After box office and retail purchases, Cineworld also wants a greater understanding of how audiences relate to the adverts that appear before a film begins. To know who is sitting in front of which commercials would be valuable information for advertisers.

The solution might be to encourage viewers to use their mobile phones to interact with adverts through a second-screen app – provided that they are switched off or put away before the film begins. “There’s a balance we can reach here,” says Skinner.

Cineworld is looking for audience interaction in other ways, too – namely in the selection of the films it shows.

Ultimately, one of the most challenging aspects of the business for Skinner – and one with which research can’t help – is that the business model is supply-led; it’s the film distributors who determine the releases.

However, through its Take 2 promotion, Cineworld is reshewing older films before the DVD version goes on sale, and giving customers the chance to vote – through social media channels – for which ones they would like to see on the big screen again.

Taken together, the cinema chain’s efforts to engage with its customers – and to better understand their motivations, demographics and behaviours – are paying dividends. Box office and retail revenues rose last year, Cineworld’s market share increased, and its Net Promoter Score is on the up: it is currently +7, compared with -3 in 2012. Now Skinner just needs the ultimate combination of cold weather, school holidays and choice blockbusters to reap further rewards. ■

Source: Rentrak, BFI RSU analysis \*as of 17 February 2013 \*\*includes 3D re-release

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# Switched on to customers

Electricity North West is using research to test public acceptance of smart-grid technologies. Head of future networks **Steve Cox** talks to *Brian Tarran*

**T**he UK needs to get smarter about energy use. Consumers know it, companies know it – but energy providers are, probably, most keenly aware of it, for they are caught on the horns of a dilemma.

The problem begins with decarbonisation – the drive to minimise the release of greenhouse gases, which contribute to global warming. Even those with only a passing interest in environmental issues will be aware of the need to reduce our consumption of fossil fuels, which pump carbon dioxide into the atmosphere, hastening the rise in global average temperatures.

So countries such as the UK are making efforts to shift their economies to a more low-carbon footing. But here's the rub: many low-carbon technologies are increasing – rather than decreasing – the demands placed on the electricity network.

For starters, there's the growing interest in renewable generation – wind and solar power. As homeowners add solar cells to their roofs, they need a way of returning spare energy to the grid.

At the same time, low-carbon technologies such as electric cars and heat pumps – basically,

air conditioning units that run backwards to warm, rather than cool, homes – are thirsty for electricity. "If we continue decarbonising heat and transport in this way, electricity demand could more than double by 2050," says Steve Cox, head of future networks for Electricity North West (ENW).

Meeting this demand requires investment. It stands to reason that, if energy use doubles, the size of the network needed to deliver energy will have to increase. "That would cost in excess of £18bn for our network alone," says Cox.

**“If we continue decarbonising heat and transport, electricity demand could more than double by 2050. That would cost £18bn for our network alone”**

## Value for money

ENW is a distribution network operator covering the north-west of England. It transports electricity from the National Grid to about

2.4m properties, providing the infrastructure – power lines, cables and substations – to ensure electricity gets from the power station to the PlayStation.

About 10% of the average electricity bill goes to network operators such as ENW, so – if they have to invest in infrastructure improvements – these costs get passed on to consumers through higher overall energy prices, something that would not be welcomed by the



vast majority of businesses and homeowners. So that's the dilemma: how to meet increased demand for electricity in a low-carbon economy without raising supply costs.

As yet, there isn't one single solution to this problem – but there are several proposed solutions that are being supported, in part, by the Low Carbon Networks Fund. Energy regulator Ofgem has set aside up to £500m to invest in projects that can help distribution network operators “understand how they can provide security of supply at value for money”.

One of these projects is ENW's Capacity to Customers (C2C) initiative, for which it has received £10m in funding from Ofgem. C2C aims to release previously untapped emergency network capacity for everyday use by taking advantage of the redundancies that are built into the electricity network.

“The design standard in the UK is that the network is twice as big as it needs to be, so we can have lots of failures on the network without losing power to customers,” explains Cox. “Customers do lose power when the network very close to their house fails, but they don't lose power when the main backbone energy system has a fault.”

ENW's idea is that it could use this spare capacity to deliver extra power to business customers. Of course, when there is a fault on the network, that previously spare capacity – the ‘redundancy’ – will be needed to plug a gap elsewhere, so any services attached to it would temporarily go offline. Cox uses the analogy of a motorway, which has its hard-shoulder open to traffic all year round, except in emergencies.

But for C2C to succeed, ENW needs to have deals in place with industrial and commercial customers that would build an element of flexibility into contracts, allowing certain non-essential services to go offline in the event of a fault.

Cox gives the example of a supermarket car park, full of electric vehicles all recharging while their owners shop. “As it stands, we would have to make the network quite a lot bigger to allow that to occur,” he says. “But, under C2C, if we can allot that spare capacity to meet demand, we don't need to make the network bigger. However, in the event of a fault, we'd have to turn off the vehicle-recharging facilities – but we wouldn't turn off the supermarket tills, refrigerators and lights.”

Is that acceptable to customers? Cox admits it's a hard sell. “If you go to a factory owner and ▶





**CLASS****KEEPING THE LIGHTS ON WHEN  
A POWER STATION SHUTS DOWN**

Redundancies are a core component of the electricity grid. If a power station shuts down, homes and businesses still want to be consuming electricity. So one way to ensure continuation of supply is to have spare power stations plugged into the network, assuming responsibility for power production when a main station goes offline.

But that's expensive, says Cox. Backup stations are kept "warm and spinning" – burning through coal and gas to keep them ready to produce power, but not actually doing so until needed.

ENW's Customer Load Active System Services (Class) project is targeting a more efficient solution.

Rather than bringing on spare power stations, Class would reduce supply voltage – by a small amount very quickly – when a station goes down, to reduce the amount of electricity that customers are using, and to rebalance the grid.

Cox says the effect on customers would be minimal. "If you were boiling your kettle, it might take four seconds longer to boil.

"But if that's acceptable to customers, we can remove the need to have all these spare power stations, producing carbon and costing money."





say: 'I'd like to take off part of your demand in the event of a fault', they just think that the power's going to go off straight away. They would never be interested in something like that, for fear it would disrupt their operations."

But there is plenty for businesses to be interested in: not only would C2C negate the need for massive infrastructure investment, there would also be a financial incentive for companies willing to build flexibility into their supply contracts. The challenge for ENW was to pitch this in such a way that it would get companies to support a trial – so it turned to research agency Impact to help it to develop a marketing concept.

### The right message

"It was a lot about the communications," says Impact managing director Darryl Swift. "We were making sure customers understood the proposition – what the barriers were to adoption – and how we should word the benefits for greatest effect."

Language was particularly important, says Cox. "If we went to customers and said: 'Are you willing to have more frequent power cuts?', the answer would be 'no'. But if we said: 'Are you willing to manage some of your electricity demand at a critical time, and see a reward for it?', that's much more likely to get a 'yes'."

As ENW and Impact looked to develop the go-to-market proposition, a trade-off technique was used to present a range of scenarios to potential customers, to see what kind of contracts they would be willing to sign up to. "Essentially, it was like a conjoint analysis," says Swift.

ENW wasn't looking for a one-size-fits-all contract. It recognised that different customers would be willing to accept different amounts of demand flexibility. "We found the research to be very informative in helping us to form the final material that we took into the market, to approach real customers about real contracts," says Cox.

One particularly effective piece of material was a slider diagram that allowed customers to play with contract elements, such as reserve days and times, and the number of contract activations per year. As these sliders moved up and down, the financial incentive within the contract would rise and fall. "That was very

**“ If we asked customers: 'Are you willing to manage your electricity demand at a critical time, and see a reward for it?', that's much more likely to get a 'yes' ”**

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► successful in that the customer could see a direct relationship between flexibility and the price that would be paid," says Cox.

### Smart grid

C2C is nearing the end of its trial run. The project started in June 2012 – with a programme of research and customer engagement – before going 'live' in April 2013. The next milestones are an academic white paper, scheduled for June 2014, before the trial wraps up in September – after which, ENW will deliver a close-down report to Ofgem.

However, C2C isn't the only ENW initiative currently under way. It has several others, including Class and Smart Street (see box on p50, and below), both of which are designed to address and manage the growing demands being placed on the electricity network by the low-carbon economy.

These, and other ideas and technologies, feed into a vision for the future of the electricity network that's referred to as 'the smart grid'. According to the Smart Grid Forum, a shared interest group of energy companies, regulators and academics, set up by the Department of Energy and Climate Change and Ofgem: "The smart grid will underpin flexible, efficient networks, and create jobs, innovation and growth to 2020 and beyond. It will empower and incentivise consumers to manage their demand, adopt new

**“ Smart technologies will never make it out of the laboratory unless their effect on customers is communicated properly, understood and accepted ”**

technologies and minimise costs, to their benefit and that of the electricity system.”

Cox is clearly enthused by the promise of the smart-grid vision, but he's not blind to the importance of gaining customer acceptance for proposed solutions. As with C2C, Class and Smart Street will involve programmes of

research to make sure customers fully grasp the concepts, and find them acceptable.

"In many ways, the smart-grid technology is the easy part," he says. "Engineers are quite good at coming up

with ideas. They can devise all kinds of ways to help us save money. But the key thing is ensuring that customers of the business are supportive of those ideas.

"Smart technologies will never make it out of the laboratory unless their effect on customers is communicated properly, understood and accepted by everybody involved." ■

### SMART STREET

#### KEEPING ENERGY BILLS LOW THROUGH VOLTAGE REDUCTION

Energy bills will inevitably rise as homes and businesses use more electricity. But one possible way to keep rising costs in check is through technology known as conservation voltage reduction (CVR).

Already used in North America, and in parts of Australia and Europe, CVR permanently decreases a home's supply voltage "a tiny bit – by something like 1%", says Steve Cox. "The effect is that appliances – such as your TV, laptop or washing machine – will use less power than

they currently do." This makes them more energy- and cost-efficient.

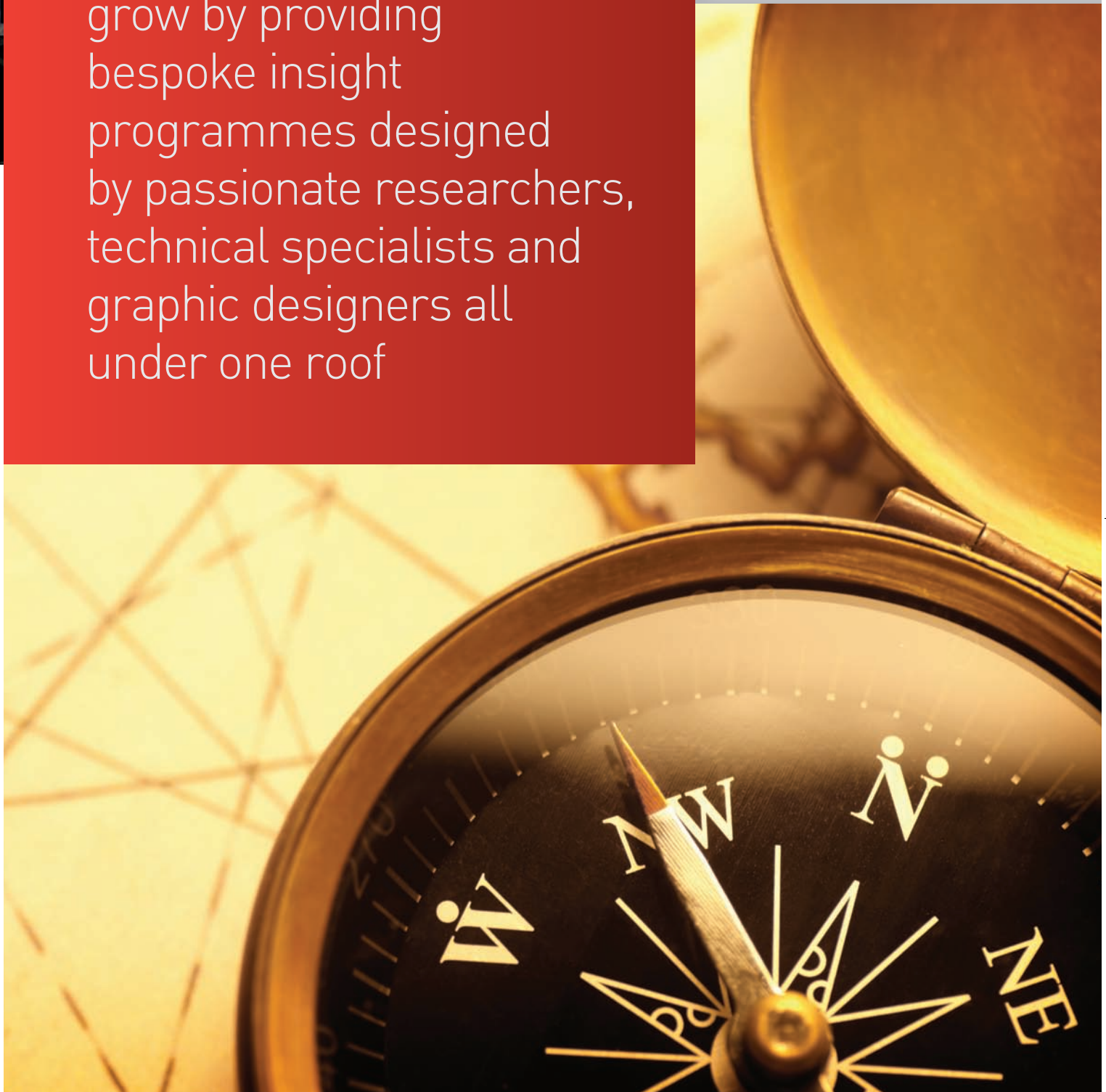
ENW has secured £11.5m in funding to trial CVR, in an initiative called Smart Street. Announcing the trial, ENW CEO Steve Johnson said: "Smart Street will allow us to explore cutting-edge technologies, and get more from our existing network, ensuring customers continue to get the power they need without us having to invest in new, expensive infrastructure. By using technology to regulate voltage, regardless of

whether power is being added to or taken from the network, customers could see lower bills."

Research will be carried out among the trial homes to see whether people even notice, and whether they find it acceptable. Cox says ENW is "very confident" that people won't be able to tell the difference. However, the research is still crucial, he says: "We cannot deploy that type of technology without being sure it's acceptable to customers, because of the scale of the deployment."



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**C**hances are, you've only recently heard of Alibaba. It's the first name in e-commerce in China, with sales worth more than those of Amazon and eBay combined. It reportedly controls nearly 80% of China's vast, rapidly growing internet shopping market, and its Alipay payments unit completed more mobile payment transactions in 2013 than PayPal and Square Inc. put together.

But Alibaba was a relative unknown until news broke in March of a planned IPO. And now, as people are quickly learning, Alibaba is no longer just a Chinese company. Its business-to-business (B2B) service links small enterprises around the world with manufacturers in China, and its business-to-consumer (B2C) operation gives them a shop window in the world's most populous market. The company employs 24,000 people and has more than 36m registered users.

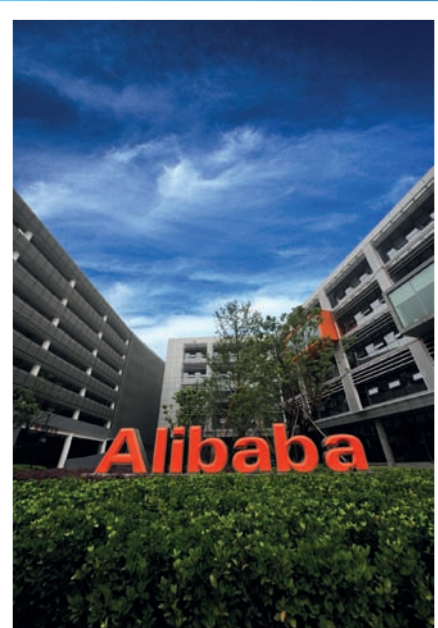
James Hardy, Alibaba.com's head of Europe, is bringing the principles of Chinese e-commerce to Europe. Alibaba.com is the B2B arm of the parent company that aims to become the go-to English-language





# INTERNATIONAL TRADE MISSION

Chinese e-commerce company Alibaba is looking to grease the wheels of global business using a data-first approach. Head of Europe **James Hardy** explains all to *Jo Bowman*



**CV**  
JAMES  
HARDY

**Education**  
King's College London;  
Melbourne Business School

**1994**  
Joins Mishcon de Reya as a trainee solicitor, qualifies, and works as a commercial litigator.

**1997**  
Joins Travers Smith Braithwaite law firm, working for clients in private equity and M&A.

**1999**  
Joins Next 15 Communications

Group to manage legal side of London Stock Exchange flotation. Moves to San Francisco.

**2001**  
Joins Bite Communications, a global marketing communications agency. Works as general counsel and in various leadership positions.

**2004**  
Joins Text 100 International, where he undertakes various leadership roles, managing multiple global acquisitions of marketing, PR,

digital and other professional services agencies.

**2009**  
Moves to Sydney with Text 100. Finishes MBA. Changes roles to focus on business development, and outsourcing elements of operations across Asia Pacific.

**2012**  
Joins Alibaba, in London, as Europe, Middle East and Africa director, responsible for marketing and business development across the region.



platform for cross-border trade, and to help small businesses, worldwide, to expand to overseas markets. The platform serves millions of buyers and suppliers – from more than 240 countries and regions – and people trade everything from fashion and high technology to industrial chemicals, kidney beans, and trampolines. But, in Europe, this internet giant has a low profile.

“It’s a significant challenge,” Hardy says. “In China, Alibaba is the dominant player, and brand awareness is 100%. Brand sentiment is pretty much 100% as well, whereas – within the European market – we’re a challenger brand. Your very first challenge is to generate brand awareness. Without that, you’re always going to have a problem trying to persuade somebody to become a member, or to use your services.”

### Start small

British business Blends for Friends, based in Kent, is the kind of venture that Alibaba.com is hoping to attract in Europe. It takes tea grown in China, blends and packages it in the UK, and sells it back to upmarket Chinese consumers through Alibaba’s B2C service, Tmall. Tmall is a one-stop shopping platform with around 70,000 ‘stores’, of which 20,000 or so are non-Chinese.

Some, such as Blends for Friends, are small operations that use the platform to avoid the headaches and expense of setting up physical shops and warehouses far from home. Big, global brands – such as Clarks, Lacoste, Mothercare, Clarins, Marks & Spencer, Accessorize, Gap and Nike – use Tmall too, lured by the sheer scale, and increasing wealth and sophistication, of the Chinese consumer market.

At the end of 2013, the value of online retail sales in China surpassed those of the US for the first time. By 2015 or 2016, Chinese e-commerce is expected to be worth more than that of the US and the European Union combined. In Europe and the US, consumers frequently shop at stores’ individual online outlets, and only 25% of sales are through an e-commerce platform. In China, however, 90% of e-commerce is through shopping platforms, usually Alibaba.

Now, with a planned New York public listing in the works, it’s clear to see how far the company has come since it was launched,

**“ By 2015 or 2016, Chinese e-commerce is expected to be worth more than that of the US and the EU combined ”**



15 years ago, by former English teacher Jack Ma in a flat in Hangzhou, south of Shanghai. Its expansion, Hardy says, has been primarily driven by data and quick-fire online research.

“What always drives the strategy is the underlying mission, which was identified very, very early by Jack Ma,” he says. “Right from the start, it was to make it easy to do business anywhere. The focus over the years has been on SMEs because it’s fairly easy for big companies to do business anywhere. The challenge is for small and medium-size companies.”

### Reading between the lines

Alibaba has a central business intelligence unit, which functions as an in-house market research agency. It pores over the immense quantity of data that the business generates, and combines that with external data.

Big-picture national data on imports and exports can often be unhelpful to SMEs, with a couple of big car purchases or oil deals overwhelming small details that would spell

opportunities for niche businesses. “What’s happening from the SME point of view – and where demand is coming from – is where Alibaba.com has a lot of information,” Hardy says. “We can see demand for UK products coming from other UK businesses; people in the US really like to buy British brands, and demand is hugely increasing from China.

“The biggest market for *Sherlock Holmes* is China; the biggest market for *Downton Abbey* is China. Then the Olympics, the royal wedding – all of these things have led to a huge increase in Chinese consumer interest in British products, and in Chinese reseller businesses looking for British brands to supply them in wholesale quantities. You would never really see that from open export data.”

If the data points to opportunities for expansion into new markets, or to creating a new Alibaba vertical, small-scale trials are a key part of the company’s research. “We will conduct really fast, extremely cheap tests to identify: ‘Is that market responsive to our products and our messages – our offering overall?’ That stops big mistakes being made and allows us to make data-driven market entries.

“Many western companies take the view that: ‘This is where we should be going’, then they look around for the data to support that. Alibaba does it the other way around. We say, give us the economic data – give us the internal SME data – then let’s run tests and some qualitative focus groups. It’s a data-first approach.”

The analysis of data can also help to identify whether anything in the market – such as an unreliable postal service, or customs barriers – is having undue influence on e-commerce. “If you know what’s going on in the background, you can say, ‘That market’s still a fantastic opportunity – but we have to work out how to solve the problem’. If we can help the country to solve that problem, it becomes an opportunity for us – and, without background knowledge, that would be much more difficult.”

The big surprise – to western eyes at least, including Hardy’s, he admits – is the willingness of Alibaba to share its valuable data. But in a fast-changing market such as China – where things have to happen on a massive scale – commercial secrecy can be counter-productive.

“Many western companies will try to own everything that surrounds, or is part of, their business,” Hardy says. “Within Alibaba, there’s

not even a goal to own everything – the idea is to facilitate the people who sit around those platforms, and encourage them through a very open ecosystem, where a lot of information is shared.”

The company worked with six partners last year to overhaul China’s logistics market, with the goal of enabling something that is bought anywhere in the country to be delivered within 24 hours. “Many companies would try to do that on their own, but it was quite characteristic of Alibaba that they said: ‘We can do this on our own, but it will take much longer, and the

mission is to make it easy to do business everywhere – so we need to do it fast, and we can’t do that on our own’.”

“In China, where things have to happen on a massive scale, commercial secrecy can be counter-productive”

### Winning the long race

Despite its global outlook and huge number of international partners, Alibaba remains a distinctly Chinese business. Jack Ma’s initial vision had three parts: to be the platform of choice for sharing data; to be the business with the happiest people; and to last at least 102 years. The business started in 1999, so that means spanning three centuries.

“That was a really clear way of saying this is a long-term business, so decisions are made with the long term in mind,” says Hardy, whose own career has spanned three distinct eras: he is a latecomer to retailing, having previously worked as a solicitor, and in the marketing and communications field.

He doesn’t speak Mandarin, but is having lessons. “Culturally, it’s fascinating,” he says. “In western company culture, people often say that generally, the bigger the company, the slower they move; they talk about big corporates being

### SOY LATTE WITH A SHOT OF INSPIRATION, TO GO THE ORIGINS OF THE ALIBABA BRAND

The name Alibaba sounds distinctly non-Chinese. Company legend has it that the name came to founder Jack Ma in a flash, while sipping coffee in a San Francisco café. Some rapid, small-scale research followed: he asked the waiting staff what they thought, and then ran it past a few passers-by in the street. Everyone recognised the name, could pronounce it irrespective of their cultural background, and thought it was memorable. Crucially, given the company’s mission to transcend borders, it brought to mind the storybook command: “Open Sesame!”



▶ like oil tankers. What's really interesting about Alibaba is just how incredibly fast it moves. That was a real surprise to me."

The Alibaba group was reorganised in May 2013 – from seven big business units to 25 much smaller ones – partly to bring more leaders through the business, but also to ensure each division can act fast, with fewer layers of management to work through.

"It makes all of those units much more nimble, and it's a key element of Alibaba culture," says Hardy. "One of our six key values is Embrace Change, and it's a real mantra, internally. We can turn on a dime and, in my opinion, that's a significant part of our competitive advantage. Coming from a western mindset, that is a challenge."

At the Hangzhou headquarters of Alibaba, the ping-pong tables, casual dress code, lively colour scheme and open-plan architecture are all reminiscent of Silicon Valley. There's a gym, sport is encouraged, and there are funds to help out employees who become ill. Less usual, perhaps, is the annual mass wedding banquet and fireworks display that the company hosts for the hundreds of Alibaba employees who have met their perfect match in the office.

"It's a happy place," says Hardy, "and that's partly because, whenever you're in a growing

10th anniversary celebrations for the Alibaba Group were a fairly big deal



business, people tend to be happy because there's more opportunity."

The company's other key values are: put the customer first; show passion; show integrity and commitment; and – crucially – work as a team. "I worked in the US for a long time, and, there, everyone wants to be on the winning team. If you have a series of teams within a business, people want to be associated with the team with the most successful product or market, or vertical," Hardy says.

"The approach within Alibaba is that – as long as, between all of the teams, one of us manages to find a successful environment – everyone has succeeded.

"A key part of that is being willing to be on a team that will test something, in the knowledge that it might fail.

"As long as you learn something from it, that's OK, because – if you do that enough times, always with that mentality of: 'Can I find out something useful – can I find it out fast?' – then it allows you to become very market focused.

"The only way you really know that is by testing. Focus groups have their limitations, data has its limitations. You still ultimately have to go into a market and test." ■

## MADE IN CHINA A LASTING BRAND IMAGE

James Hardy believes 'Made in China' has shed its reputation as a euphemism for poor quality, particularly among those progressive businesses that see the growth opportunities in the east.

"There are a number of companies producing very high-quality products, and it's becoming well known and understood that those things are made in China. Most people who have an iPad know it was made in China. So I think this historic notion that Chinese products are in any way poor quality is being re-evaluated in the west, and people are coming to understand that some of the best items in their possession are predominantly made in China."

At the same time, companies such as Alibaba have built a reputation for being rigorous about the quality of suppliers they use, and vet them heavily. China is becoming much more conscious of its contractual obligations, Hardy says. A property lease in a commercial Chinese city now looks very similar to the kind of contract you'd get in Europe or the US.

"The combination of all of these things is starting to have an impact on public perceptions," he says. "People who are reading the financial pages, or trying to understand the near future of the world, are coming to realise that China is a huge opportunity for them."



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# 2013: the year that MR embraced technology as the agent of change

ANOTHER 12 MONTHS OF SLOW GROWTH MASKS A YEAR OF REINVENTION IN MARKET RESEARCH, SAYS **STUART BUTLER-SMITH**



It was another year of slow growth for the market research industry in 2013, at 1.9%. We need look no further than the results of the major companies to see our suspicions confirmed:

- Media measurement and analytics – advertising, social, cross-platform, etc – is where the growth is (Nielsen Watch, Ipsos Media, comScore);
- Syndicated, annually contracted services continue to grow (Nielsen Buy, GfK Consumer Choices, WPP Data Investment Management (DIM), Gartner);
- Ad hoc research, accounting for 60% of industry spend, is, at best, flat (WPP DIM, GfK Consumer Experiences);
- Emerging markets are growing more quickly than mature markets (WPP DIM, GfK), but have slowed relative to 2012 (Ipsos). However, this slow growth belies unprecedented levels of corporate activity, as the industry seeks to reinvent itself and embrace techniques that are gaining traction outside the traditional market research budget.

Witness the fact that the number of mergers and acquisitions (M&A) was up 51%, to 175, in 2013, with 'new market research' companies and techniques accounting for 100 deals.

In addition, one of the biggest changes last year was the number of acquisitions in the area of marketing analytics – up to 34 deals, compared with 13 for 2012.

Although WPP, GfK and IMS are still the most active purchasers, 114 different firms made acquisitions last year – showing just how diverse the market research industry is becoming.

Within the broader information sector, market research has also shown itself to be the most active in M&A. It might only account for 18% of all global information spend, but MR firms are responsible for 29% of the deals being done.

Including joint ventures, distribution agreements, product launches, and geographical expansion, the number of strategic growth initiatives was up by a staggering 96% – including a 150% increase in new product launches. Of these, 90% had an analytics component.

Meanwhile, net new private equity investment in market research soared by 134% –

to \$1.5bn – in 2013, with marketing analytics and social analytics accounting for 85% of that investment.

Though it is too early to draw definitive conclusions, for the first 10 weeks of 2014, M&A activity is trending around 30% down on the same period in 2013 – and the

## KEY PERFORMANCE INDICATORS

### REVENUE FOR THE 12 MONTHS ENDING 31 DECEMBER, UNLESS OTHERWISE STATED

<b>BrainJuicer</b>	£24m ▲ 17%
<b>comScore</b>	\$285.5m ▲ 16%
<b>Forrester Research</b>	\$297.6m ▲ 1.5%
<b>Gartner</b>	\$1.78bn ▲ 10%
<b>GfK</b>	€1.49bn ▼ 1.3%
<b>Ipsos</b>	€1.71bn ▼ 4.3%
<b>Nielsen</b>	\$5.7bn ▲ 5.5%
<b>Progressive Digital Media</b>	£57.3m ▲ 6.3%
<b>Reentrak (Advanced Media and Information)*</b>	\$18.5m ▲ 35%
<b>WPP (Data Investment Management)</b>	£2.55bn ▲ 3.6%

\*three months ending 31 December

number of strategic initiatives is down by around 10%.

### Do the evolution

If 2013 signifies anything in the history of market research, it will be the year that technology was universally embraced as the major agent of change.

As we observe the evolution of the market research industry through 2014, we should expect accelerated share gains for the marketing software data aggregators. These firms, such as Salesforce, Adobe and IBM, are executing an “own the client” strategy, providing a user-friendly interface for the customer, and plugging the information needs through that platform – just like Thomson Reuters for institutional financial services, or Lexis Nexis for legal information.

It may come as a surprise to readers that the largest verticals for information (or “insight”) consumption are: institutional financial services; energy; healthcare (including pharma); legal and accounting professionals; and government – in that order. Collectively, they account for 50% of the \$194bn spent on data (or content) every year.

Growth for information vendors in these verticals comes from information that is event-driven, delivered more quickly, digitised, aggregated and analysed with other information, repurposed for different users and reformatted for different devices. These are evolving selling points for market research vendors. But the industry is catching up fast, and some demand and supply-side trends driving

2013 growth in these verticals will be familiar. For example:

- Institutional financial service firms are currently seeking data about emerging markets, event-driven data, and data delivered more quickly;
- Energy firms need data about resources, and are spending vast sums on new measurement and data visualisation techniques;
- Healthcare information suppliers are accessing a wide variety of information sets – such as scientific journals, electronic medical treatment records, and claims data – in a race to index, cross-tab, digitise and repurpose for a variety of clinical, pharmaceutical and professional users, via various access devices, including mobile;
- Having digitised their content, legal and accounting information firms are looking to repurpose their data for other users, typically marketing departments.

In WPP’s Q4 results announcement, CEO Martin Sorrell said: “There seems to be a growing recognition of the value of ‘real’ data businesses, rather than those that depend on third-party data.” That may be so, but if the experience of information vendors in other verticals is a guide, then the technology scenario has a while, yet, to play out.

Ultimately, though, it will be the data that distinguishes market research firms from business information software firms.

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

## FUNDING THE RIGHT WORDS

### HOW LANGUAGE SWAYS THE ‘CROWD’ WHEN IT COMES TO FINANCING KICKSTARTER PROJECTS

When e-paper watch Pebble turned to crowdfunding site Kickstarter to secure financing, it asked for \$100,000, but ended up receiving \$2.6m in pledges. The PC game Ninja Baseball wasn’t quite so lucky. The developers wanted \$10,000, but could only rustle up \$3,000. Why should this be?

Tanushree Mitra and Eric Gilbert, two Georgia Institute of Technology researchers, analysed 45,000 Kickstarter projects, 52% of which were successfully funded. Their work suggests the language used by creators to describe their project plays “a major role” in determining success.

Of the nine million phrases contained within those 45,000 projects, Mitra and Gilbert filtered out 20,000 for closer analysis. Those that conveyed a sense of reciprocity (“everyone who has pledged will get”) or scarcity (“you will be given the chance to purchase”) were positive predictors of successful funding, while those that exude negativism (“I have not been able to finish”) or lack assurance (“I hope to get”) are predictors of failed projects.

The researchers have published their full phrase database in an academic paper ([b.gatech.edu/1m5Shst](http://b.gatech.edu/1m5Shst)) in the hope that it may pave the way to new features on crowdfunding sites. “For instance,” they write, “a crowdfunding site might analyse the content of a project pitch while a project creator types it, and notify her whenever the words and phrases shift towards negative predictors.”

## GAMBLING ON THE FUTURE OF MONEY

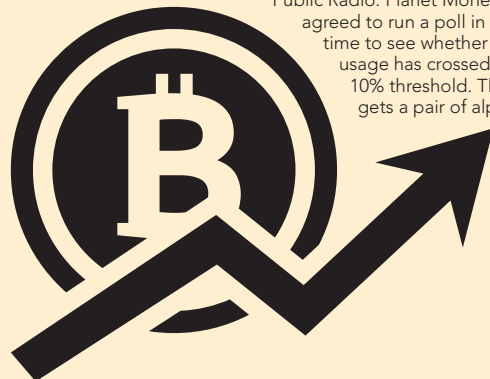
### A VENTURE CAPITALIST AND BLOGGER SQUARE OFF OVER BITCOIN

Will Bitcoin, a virtual currency, change the way people buy and sell online? Venture capitalist Ben Horowitz thinks so. He has made a bet with Reuters finance blogger Felix Salmon that, within five years, more than 10% of Americans will have bought something online using Bitcoins.

Horowitz thinks Bitcoin solves the problem that all e-commerce businesses face: having to pay credit card fees on everything they sell. But as an open-source, peer-to-peer currency, Bitcoin operates with no central authority or banks, so there’s no-one to pay fees to.

Salmon, though, thinks we’re in the middle of a Bitcoin bubble “and it’s only a matter of time before the bubble bursts”. The bubble he refers to is the huge rise in the value of each Bitcoin, from the \$90 mark in April 2013 to \$662 in March 2014. His belief is that – while the value continues to rise – people will be reluctant to spend their Bitcoins, thus nullifying its use as a currency.

The bet between Horowitz and Salmon was negotiated via Planet Money, an economics show on US National Public Radio. Planet Money has agreed to run a poll in five years’ time to see whether Bitcoin usage has crossed the agreed 10% threshold. The winner gets a pair of alpaca socks.





# THE SOUNDS OF TOMORROW

CAN ANALYTICS TOOLS HELP RECORD LABELS TO UNCOVER THE NEXT GENERATION OF MUSICAL MEGASTARS?

Companies all over the world dedicate considerable resources to discovering the “next big thing”, but few spend as much as the music industry. Record labels, collectively, invest 16% of their annual revenues on research and development (R&D) – finding new artists, nurturing them, and bringing them to market. As a proportion of sales, according to the International Federation of the Phonographic Industry (IFPI), they spend more on R&D than the pharmaceutical and biotech sectors, software and hardware companies, and the aerospace and defence industries.

Record industry types don't call it R&D, though: the term ‘A&R’ – an abbreviation of ‘artists and repertoire’ – is used instead. Each label has an A&R team, or individual, responsible for scouting new talent. In days gone by, this would have involved trudging around bars and small venues to see artists in the flesh. But now? “The internet is often the first port of call,” says IFPI, in its 2012 *Investing in Music* report. “Instead of travelling to every gig, you can do a lot of the groundwork online, checking out bands on their homepage, Myspace or YouTube,” said Andreas Weitkämper, A&R director for Warner Music Germany.

Newer sites, such as SoundCloud and Bandcamp, are thriving as outlets for artists to post their work, promote their talents, and – in the case of Bandcamp – to sell their music direct to fans. Record companies recognise that this is where new talent is going to be discovered. “But the volume of new stuff is very difficult to filter,” says Jim Leedham, digital operations director for Simon Cowell's production company, Syco Entertainment. On SoundCloud alone, “creators post over 12 hours of music and audio every minute,” says a website spokesman.

So while the internet might have reduced an A&R executive's Air Miles – or the amount of time spent in less-than-salubrious venues – it has brought its own problems: namely, an overload of potential talent that needs to be sifted to uncover future stars. As a result, record labels are turning to data analytics in the hope that it can make the search for ‘the next big thing’ a little bit easier.

## FEEL THE BUZZ

Tim Syp is a Master's student on New York University's music business programme. As part of his studies, he secured an internship at RCA, home to artists such as

Alicia Keys, Beyoncé and Britney Spears. “I was interested in artist management,” Syp says, “but then I realised A&R was fascinating; trying to discover artists and helping them to move along in their career.”

Syp ended up spending several months in RCA's A&R department, working as part of a team known as A&R Analytics. “It was surprising to see they had an analytics team, because you always hear the stories about A&R executives making gut decisions; going to dingy bars, hearing a band play for the first time and deciding to sign them, right then and there.”

That still happens on occasions, says Syp. “But now a lot of the major labels will have dedicated A&R analytics personnel, because they are starting to realise the importance of looking at the numbers, and of building a case around an artist to create a context for why they are successful.”

Next Big Sound (NBS) is one of the companies that labels use to provide the sort of data they need to detect online popularity, or ‘buzz’, surrounding artists. It has more than a million acts within its database.

“We track data across social networks like Facebook and Twitter,

and online streaming services like SoundCloud, YouTube and Vevo, as well as Wikipedia page views," says Liv Buli, NBS's in-house data journalist. "We're after as much information as we can about artists online, to build a comprehensive picture of the music industry as it is today."

That data – on likes, clicks, views, shares and plays – is combined with more traditional metrics, such as sales data and radio 'spins', to help labels manage artists, and to monitor their successes and shortcomings, says Buli.

## THE ROAD TO DISCOVERY

Comparatively few of the artists that NBS tracks are megastars: they make up 0.2% of the company's database. Mainstream, mid-size, and developing artists are in the low single-digits as well – whereas, a staggering 90% of artists are classed as undiscovered.

It's this mass of latent talent that A&R executives are struggling to sort through. But, at Syco Entertainment, Jim Leedham is looking for a solution.

Syco has some of the biggest pop acts on its books, including Leona Lewis and One Direction – both of whom were discovered through TV

talent show *The X Factor*. Leedham describes the show as a "filtration mechanism", allowing Syco to sort and test a broad range of artists before signing the one that has the greatest potential to make it big – as judged by phone polls.

Working with an organisation called IC tomorrow – part of the UK government-funded Technology Strategy Board (see p66 for more on its work) – Syco has set a challenge to analytics firms: it wants suggestions for "tools, applications and services that can automate the process of spotting new talent and 'buzz' online".

"There must be correlations between acts who have become massive and those just starting out," says Leedham's colleague Nic Yeeles, Syco's digital brand director. "If you go back to the start of someone like Justin Bieber's career, there must be some correlation between the virality of his videos, or the sentiment being expressed – what people were saying about him. There must be an algorithm we can use to sort through this."

Syp is looking to address this in his Master's thesis, which he has given the title *A&R Moneyball*, after the Michael Lewis book-turned-film. "I'm trying to use historical data – specifically within social media – to look for trends, to see which artists have broken quickly and look for the key social metrics," he explains.

NBS is also working on a solution – why else would it call itself Next Big Sound? The company compiles a weekly chart of the 15 fastest-growing, undiscovered artists – but, as yet, it's difficult to draw definitive conclusions from that data. Someone who tops the chart one week might drop out completely the next.

The problem, says Buli, is that you're dealing with very small amounts of data. The megastars – the 0.2% in NBS's database – account for 53% of tracked Facebook likes, 65% of Twitter followers, and 49% of YouTube and Vevo views. Undiscovered artists barely reach 3% on any of those metrics. "It's hard to know whether the spikes for new artists are just noise, or momentum that is going to last," she says.

Still, some familiar faces have cropped up on the NBS chart: rapper Macklemore and the singer Lorde, for example. Their success proves that data analytics can help to narrow the artist pool, and help acts to surface, even if it can't – yet – tell you who the next megastar will be. To know for sure, it seems you still need the trained ear of an A&R executive – and a few face-to-face meetings in dingy bars. ■



# WAIST WATCHERS

THE NHS IS LOOKING FOR TECHNOLOGY SOLUTIONS FROM THE PRIVATE SECTOR TO TACKLE OBESITY

**H**ow do you solve a problem like obesity? Health officials have yet to come up with an effective answer. The five-a-day ad campaigns – and encouragements to exercise more and eat less fatty, sugary foods – aren't working.

A 2007 study forecast that more than half of the UK population would be obese by 2050, but the latest *State of the Nation's Waistline* report – produced by the National Obesity Forum – thinks this prediction might be overly optimistic. So, facing a £50bn-per-year public-health time bomb, the National Health Service (NHS) is turning to technology to see if it can help to curb the obesity epidemic.

Last year, in partnership with the NHS, the Technology Strategy Board's Small Business Research Initiative (SBRI) ran a competition to find technological solutions to healthcare challenges, including obesity-related diseases. Companies were encouraged to submit their ideas to be evaluated by a panel of judges, with the winners receiving an investment to turn their concepts into reality.

One of those who helped to set the challenge was Claire McDonald, an adviser on behaviour change strategies and programmes, working across the health sector, including with the NHS. Explaining the thinking behind the competition, she says: "The public sector has lots of problems it needs to tackle, but we don't necessarily solve problems in the best way. Outside the public sector, however, you have lots of small, nimble private organisations. So why not give them the problems to solve?"

The competition was divided into two stages. First, eight of the submitted ideas were subjected to a feasibility study, to see which of them held up under scrutiny. Five made the cut, and the relevant firms were funded to deliver their solution.

This wasn't a grant award. "We're funding businesses," says McDonald. "It's a competitive pitch. People tell us how much they need to deliver their solution, and we buy the solution. It's not just about really good ideas for public health, either. If it's not a profitable, sustainable business, we can't fund it – because, when the funding stops, the company would stop too."

## TECHNO STIMULUS

StepJockey is one of the five firms to emerge from the competition. Its aim is to help people to get fit by encouraging them to take the stairs, rather than use lifts. StepJockey has developed a range of signs – which building owners can install – that list the calorie-burn counts for their staircases. The signs are equipped with near-field communication technology and QR codes, which are readable with a companion app,

allowing people to scan in and out each time they take a flight of stairs.

The idea was conceived by Helen Nuki, a partner in the behavioural economics research agency Monkey See, after a conversation with her young daughter, Litzzi. "Litzzi was moaning that she couldn't have more biscuits," says Nuki. "I pointed out the labelling on the packet, showing how unhealthy they were, and she said it wasn't fair how you're only told about stuff that's bad for you. So we took that observation and we turned it around, and came up with an idea for labelling the physical environment for what you can take out of your body."

People don't need to be told that they must do more exercise – 80% recognise they don't do enough, says Nuki. The challenge is finding ways to stimulate them to do so.

"When it comes to behaviour change in health, it's easier to ask people to do something that doesn't require a massive change," says McDonald. "We're not saying to them: 'Go run a marathon'; we're saying: 'Take the stairs.'"

The ability to track calorie burn shows people how small efforts can accumulate. "It's not going to solve the obesity problem," says McDonald, "but it is one of the solutions." ■



Helen & Litzzi Nuki

Claire McDonald



Ben Hewitson

# LIFE THROUGH A LENS

REFLECTIONS ON GOOGLE GLASS, THE WEARABLE TECHNOLOGY THAT MIGHT IMPROVE OUR UNDERSTANDING OF HUMAN BEHAVIOUR

Google Glass has an image problem – but it has nothing to do with how it looks. As far as head-mounted computers go, its sleek, minimal design is appealing. However some people struggle to see past the device’s camera: the unblinking, mechanical eye staring them square in the face.

The few Glass-wearing ‘Explorers’ out there – members of Google’s early-access programme – seem to invite a curious amount of suspicion, given that we live in a world in which a billion cameraphones exist. Users have been banned from cinemas, casinos, restaurants and strip clubs.

But social acceptance can’t be far off. For every person that runs a mile from an Explorer, there will be someone else who’s curious to understand what it is, and how it works. David Zakariaie has been a Glass wearer since early 2013, and he’s so taken with the technology that he’s set up a company, Glassic, to develop commercial applications for the technology.

“I have learned enough about Glass to know it won’t be a consumer device for at least a few years,” he says. “But it has great potential to be used in the business world – particularly market research.”

Zakariaie outlined his views on this subject in January, via a NewMR.org webinar. Ben Hewitson, an account

director for Relish Research, listened in, and *Impact* asked him to share his thoughts on how the technology might be used in a research context. He identified two key applications both of which concern the gathering of data.

## 1. An alternative to ‘in situ’ eye tracking

“The technology holds exciting implications for shopper and retail research, especially when we’re seeking to understand in-store decision-making processes,” says Hewitson. “Currently, eye-tracking equipment (goggles and backpacks) can be cumbersome and uncomfortable, impeding ‘natural’ behaviour. Participants often feel self-conscious because their attire attracts unwanted stares from other shoppers – and this can influence their behaviour. The equipment also can’t be adjusted by the participant.

“Optical, wearable tech could change this. When it achieves ‘normalisation status’, participants will own their own Glass. They will be familiar with them, and they will be calibrated to their specific requirements.”

## 2. Capturing ‘real life’ moments

“Using the record function built into Glass, respondents will be able to capture their world as they see it. Currently, we draw on smartphones or flipcams to gather this data. However, the key difference with Glass is its ability to allow respondents to conduct ‘hands-free’ filming – thereby opening the door to experiences such as cooking, shopping and driving – and its ability to capture ‘natural’ footage.” ■

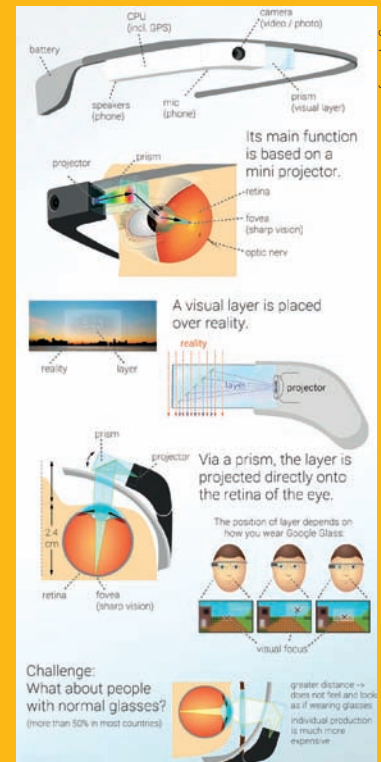
The NewMR Google Glass webinar is available at [bit.ly/MIxgys](http://bit.ly/MIxgys)

## HOW GLASS WORKS

Google has preferred to focus on what Glass can do, rather than divulge how it does it. But Berlin-based artist Martin Missfeldt has looked over the relevant patents to offer an explanation.

Glass is made up of several parts: the metallic frame; a battery, which sits behind the right ear; and a bar of plastic that runs from the battery to just above the right eye, and houses the clever stuff – a CPU, GPS, speakers, a microphone, and a camera for capturing still images and video.

At the very end of this bar is a projector, which connects directly to a clear plastic block. Within this block sits a prism, on to which the projector beams images – which creates a visual overlay on the real world.





**D**ata visualisation is a hot topic. There's even a *For Dummies* guide on the subject. As the book, published earlier this year, goes on to explain: "With the development of more data sources, such as social media platforms, photos and customer reviews... it's no longer sufficient to use a multi-page spreadsheet to present findings about your data. You need to tell visual data stories that produce important insights."

The implication here is that the emergence of 'big data' has given rise to the need for data visualisation. But it's far from a recent fad, as a new exhibition at The British Library makes clear. *Beautiful Science: Picturing Data, Inspiring Insight* runs until 26 May, and charts the evolution of data visualisation from the 1600s to the modern day.

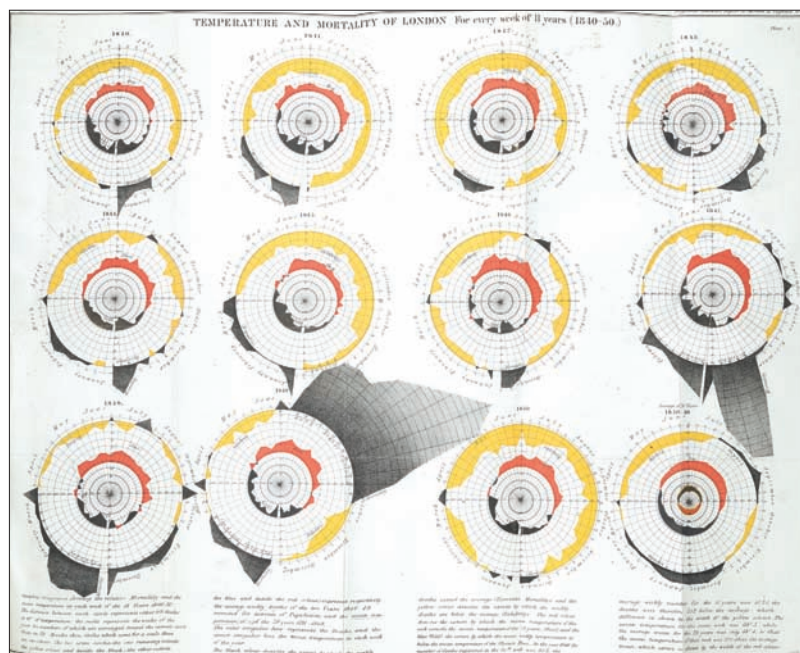
Exhibition curator Johanna Kieniewicz, the environmental sciences research and engagement manager at The British Library, has spent the past year digging into the library's archive in order to put the show together. "We thought that, in an era where infographics and data visualisations are becoming increasingly popular and you see them almost everywhere you look, it would be really interesting to delve into the visual legacy of the sorts of things you see online and interact with today, and highlight the really important role that picturing data plays in the scientific process."

### ILLUSTRATING INFORMATION

*Beautiful Science* focuses on three subject areas: weather and climate, public health and evolution. In each area, Kieniewicz explains: "We thought it would be really useful to start out with pure data, to show where all these fantastic images are coming from." And so the collection begins with handwritten logs compiled by the captains of the East India Company's fleet of ships.

# A PICTURE PAINTS A THOUSAND DATA POINTS

THE BRITISH LIBRARY RAIDS ITS SCIENCE ARCHIVE TO OFFER A GLIMPSE INTO THE HISTORY OF DATA VISUALISATION



(A) *Temperature and Mortality of London*. William Farr, *Report on the Mortality of Cholera in England, 1848-1849*. London, 1852

This dataset, which runs from 1605–1856, lists ship name, date, latitude and longitude, and daily temperatures. Information was collected primarily for administrative purposes, but is today playing "a very important role in climate science," says Kieniewicz. "Scientists from the Met Office are using data from these log books to help test their own climate models; the idea being that in order to understand the climate of the present and the future, we have to be accurately tied-in to what has happened in the past."

But back in the East India Company's heyday, scientists were using mariners' observations to produce visualisations that would aid seafarers. Eberhard Werner Happel's Ocean Current Map of 1687 (B) is one of the earliest thematic maps, and shows the ebb and flow of the earth's waters. It's mostly inaccurate: Happel was trying to piece together scant bits of information, and had to use his imagination to fill in many of the gaps. However, 60 years after, the astronomer Edmond Halley produced what is widely considered to be the first meteorological map, using historical data to chart the direction of trade winds and monsoons.

Halley's was an important contribution to the emerging field of information visualisation, which would take further leaps a century later in the area of public health.



(B) Early ocean currents, by Eberhard Werner Happel. *Die Ebbe und Fluth auf einer Flachen Landt-Karten fürgestelt*, 1685



(C) *On the Mode of Communication of Cholera*, John Snow. London, 1855



(D) *Diagram of the Causes of Mortality in the Army in the East*, Florence Nightingale. London, 1858

## SPOTTING PATTERNS

In the 1850s, scientists were working on the mystery of how cholera spreads, after the epidemic of 1848-49 killed 50,000 people. “Statisticians and doctors at the time saw the potential of data visualisation as a way to tell a story, and as a way in which they might be able to identify what was causing cholera to spread,” says Kieniewicz.

The prevailing belief was that cholera was caused by miasma or “bad air”, rather than water, as we now know it to be. William Farr, one of the foremost statisticians and epidemiologists of his time, attempted to prove the miasma theory with a series of polar area diagrams (A), which compared cholera deaths (above average numbers in black; below average in yellow) to temperature records.

“Farr was trying to draw a correlation between warm temperatures and high cholera mortality,” says Kieniewicz. “But as any good statistician will tell you, correlation does not mean causation. Ultimately, he wasn’t correct. But it shows how important this technique was in trying to interpret data.”

John Snow, a physician, was the man who ultimately solved the mystery of how cholera spreads. After a particularly vicious outbreak of the disease in 1854 in the Soho area of London, interviews with residents led Snow to suspect that a water

pump on Broad Street was the source of the outbreak. He plotted cholera deaths on a map of the area (C), which clearly showed how the illness was clustered around the pump.

## MAKING A POINT

Several years after Snow’s work on cholera, another noted statistician used data visualisation to challenge accepted wisdom – and, ultimately, helped revolutionise public health.

Florence Nightingale might be best known as a nurse, but she was also the first woman to be elected to the Royal Statistical Society. During the Crimean war, while working in army hospitals, she kept a note of causes of mortality and discovered that far more people were dying through poor conditions in hospitals than from wounds on the battlefield. Her seminal rose diagram (D), produced in collaboration with William Farr, was “a very political diagram,” says Kieniewicz. “It had a purpose. Nightingale was using this to drive through public health reforms and convince government that hospitals needed to be cleaned up.”

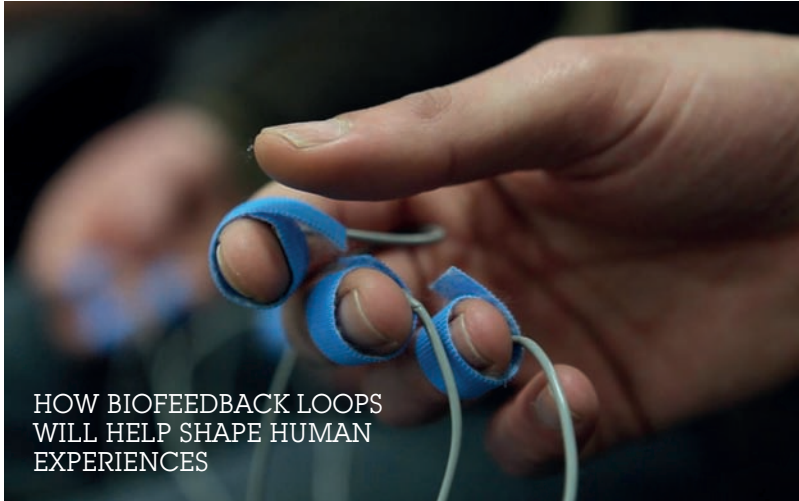
Now, 150 years on, Kieniewicz is adamant that this legacy, of mapping social and health data, “has not died in the slightest” – pointing to the Chief Medical Officer’s Annual Report by way of example. “It is absolutely chock-full of data visualisations and infographics,” she says.

Indeed, writing in a blog post, Kieniewicz states that: “The visual representation of data is a fundamental part of what it means to be a scientist today. Whether a single data point plotted on a graph or a whole genome sequence, data visualisation helps us to examine, interpret, and contextualise information in a way that numbers and statistics often do not.”

■ *Beautiful Science: Picturing Data, Inspiring Insight* is a free exhibition in The British Library’s Folio Society Gallery. It runs until 26 May. See [bit.ly/1fmlpvu](http://bit.ly/1fmlpvu) for more information. All pictures, courtesy of The British Library.



# WELCOME TO THE AGE OF PHYSIOLOGY



HOW BIOFEEDBACK LOOPS WILL HELP SHAPE HUMAN EXPERIENCES



Gawain Morrison

**G**awain Morrison, a Belfast-based film producer, is adamant that in five years' time, we'll be living in the "age of physiology": a time when anyone, anywhere will be able to track their vitals, analyse their data and put it to work for them – a constant biofeedback loop.

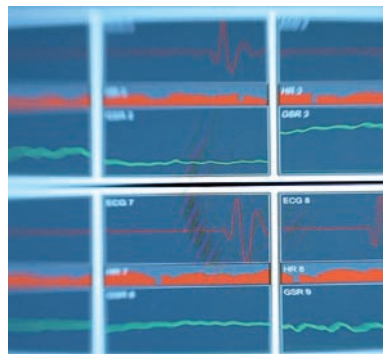
Morrison is doing his part to hasten this coming age. Through his previous company, Filmtrip, he helped produce the world's first bio-responsive horror film – *Unsound* – in which scenes, music and sound-effects would be altered based on the biometric readings of participating audience members.

*Unsound* used two different metrics to shape its 15-minute run-time: heart rate and galvanic skin response – a measure of the electrical conductance of skin, which varies according to sweat levels.

The film made its debut at the SXSW Festival in 2011. After the screening, Morrison recalls how one of the participants came up to him to say: "If you could figure out a way to make this go mobile, you would be onto something serious."

Two years on, that challenge has been met. Morrison and his Filmtrip business partner Shane McCourt have launched the company Sensum, and their technology for measuring skin conductance now fits on a wristband, with wires connecting to the index and middle fingers. When used in tandem with Sensum's mobile and tablet app, wearers can track their physiological responses to different stimuli – be it audio, video or interactive content such as websites.

Morrison and McCourt envision two distinct but related applications for Sensum's technology. There's a pure metrics play, where it's used to help advertisers test the emotional resonance of a piece of content. Then there is the interactive potential, as demonstrated by *Unsound*.



## THE RIGHT MOOD

Sensum is not alone in looking at ways to use biometric data to shape our experiences. Apple was recently awarded a patent for 'smart' headphone technology that could monitor user activity and physiological data, like temperature, perspiration and heart rate, and feed that back to a paired electronic device, such as an iPad or iPhone.

"Examples of physical monitoring can vary," the patent filing says. "However, one example is that the electronic device can estimate whether the user is tired and, if so, can induce or motivate the user to continue. As another example, the electronic device can sense when the user is running uphill, and generate the appropriate motivation for the benefit of the user" – playing an energetic song, perhaps, or providing encouraging words (via Siri, no doubt).

But Apple has another reason for wanting to capture biometric data. A separate patent, filed in January, outlines a process for inferring a person's mood – using a mix of physiological, behavioural and location data – in order to target them with appropriate content. Adverts, most likely.

Of course, using the same processes, they should be able to work out when a piece of content makes you angry and never show it to you again. Ergo, no more annoying ads. ■



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# OPEN TO IDEAS

INNOVATION IS KEY TO BUSINESS SUCCESS, BUT IT CAN BE ELUSIVE WITHOUT THE RIGHT STRUCTURES IN PLACE. **BRONWEN MORGAN** GETS THE EXPERT VIEW ON NEW MODELS OF INNOVATION

“Innovation distinguishes between a leader and a follower,” said Steve Jobs. Of course, Apple knows a thing or two about innovation; its chief of design, Jony Ive, recently admitted he would leave the company if it stopped innovating. But how can mere mortals ensure they don’t fall off the pace? Understanding the best and most appropriate ways to innovate is a good place to start.

Among the things a company needs to consider when looking to innovate are acceptable timescales and risks, says innovation consultant Lida Hujic. Timescales, she says, can be narrowed down into three bands: short-term (around six to 12 months); medium-term (between 12 months and three years); and long-term (five years or longer). Innovation in design, such as fashion or graphic, is relatively short-term, while brand strategy and new product development involve a medium-term time investment. Breakthrough – or disruptive – innovation takes the longest time, and carries the most risk.

“With shorter-term innovation, if a mistake is made, it’s not as costly as one you would make with a breakthrough innovation,” says Hujic. “Breakthrough

innovation involves thinking beyond your brands – beyond categories – into something that will have a much greater implication in terms of costs and internal organisation.”

Hujic believes breakthrough innovation happens cyclically – and that we’re in a cycle right now. “We’ve reached a saturation point in terms of new product development – I mean, how many more things can you put on your cornflakes?”

## I WANT TO BREAK THROUGH

According to UK innovation charity Nesta, which tracks innovations in



Kirsten Bound



Lida Hujic



Paul Miller



uniforms?," she says. "It turns out they can. NASA has run competitions to design things as technical as a more efficient astronaut glove."

The space agency's Centennial Challenges programme encourages independent teams, individual inventors, student groups and private companies, of all sizes, to participate in research and development, with large cash prizes as an incentive.

While crowdsourcing keeps external influences at relative arm's length, other open-innovation approaches involve much closer collaboration. For example, UK department-store chain John Lewis has recently announced the launch of another type of open innovation scheme: a Silicon Roundabout-style technology incubator called JLab.

JLab is a programme that encourages startups to find new ways of helping the retailers' customers to shop across channels, simplify their lives using the internet of things, and using data for in-store personalisation. With this venture, John Lewis is following retailers such as Marks & Spencer and Argos, both of which have launched similar programmes in the past 18 months.

The JLab programme will select five startups to take part in its summer 2014

innovation, we have moved on from 20th-century models of innovation, which were driven by big labs, and programmes funded by governments, or by the R&D capacities of huge firms such as Dupont and Bayer. Instead, companies are increasingly looking externally for ideas.

"For a while now, companies have realised that not all the smart people work for them," says Kirsten Bound, head of international innovation at Nesta. "They have become aware that the sources of their new products, their processes, their ability to compete, will come from outside of their core business."

Bound says there are now few industries that do not use this 'open innovation' in some way. But there are many different ways of being open – and more are emerging all the time.

## THE FUTURE'S OPEN

Crowdsourcing is just one method of open innovation that has built up a head of steam over recent years.

Toy brand Lego, for example, has a crowdsourcing platform called Cusoo, to which people can submit new designs for Lego products. If a product is voted successful by a community of Lego users, Lego will not only produce it, but also give the designer a share in the revenue.

It doesn't just work for toys, says Bound. "You could say: 'OK, everyone can build Lego, but can everyone help design spaceships, or astronaut

programme, and each will have access to office space, plus advice from other technology entrepreneurs. At the end of the incubation period, a winner will be selected from the five teams, and they will then be backed with investment of £50,000.

Paul Miller, a partner at accelerator programme Bethnal Green Ventures, explains that there is a particular craft to this incubator approach, the fundamentals of which can also be applied to teams looking to innovate internally.

## SPACE-TIME CONTINUUM

One of the most important factors is to give people the space to innovate, Miller explains. They should be given as much support as possible – with people on call to stop them from making stupid mistakes – but they shouldn't be told what to do.

"It's really important that they develop their own culture, and their own way of coming up with ideas, if you genuinely want them to be breakthrough innovations," he says.

Another key consideration is time: having a deadline really helps to focus the mind. Bethnal Green Ventures gives teams a strict deadline of three months – the day when each team has to present their idea is booked in the diary before the programme starts.

Finally, Miller says, it's important to start with a specific problem. "Having big goals is a great aspiration, but – to build a business – you need a more specific customer problem, and a more specific knowledge of that problem."

Bound agrees that this is true for big business in some cases – but, in others, it helps to be more open.

"It depends on what you're trying to achieve," she says. "With crowdsourcing, it's important to have a clear challenge. You have to know what problem you want to solve, otherwise, you might end up with solutions to something else that you can't apply.

"But the reason a company might be reaching out to startups is probably that they don't know what opportunities there are." ■



# WAITING FOR THAT 'EUREKA' MOMENT

Insights can strike at any time – but you can't force them to occur, says cognitive psychologist **Gary Klein**. All companies can do is be ready to act when they arrive

Where do insights come from? The answer is 'anywhere and everywhere' – but don't let that deceive you into thinking they are easy to come by. Far from it. There is no sure-fire way of arriving at insights: they are accidental; they come at you when you least expect it; and you just can't plan for them, says Gary Klein.

Klein is a cognitive psychologist, who has spent the best part of five years investigating the origins of insight – collecting newspaper stories and historical examples of ordinary people who have made extraordinary mental and logical breakthroughs – in a bid to better understand how they did it.

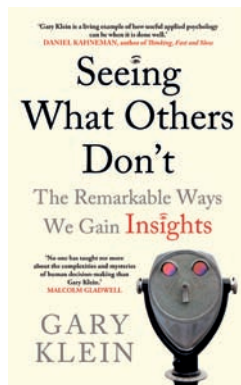
His new book, *Seeing What Others Don't*, recounts some of those tales, including that of Harry Markopolos, a forensic accountant who uncovered Bernie Madoff's billion-dollar Ponzi scheme; and that of the Mann Gulch wildfire smokejumper, who realised that the only way to outrun a blaze that was pursuing him uphill was to start another in front of him.

## Thought process

The collected stories are fascinating, and help to illustrate the five causes of insight that Klein has uncovered. These are: noticing *connections*, *coincidences* and *contradictions*; investigating *curiosities*; and capitalising on *creative desperation*. Let's call them 'The Five Cs'.

In his book, Klein defines insights as "unexpected shifts to a better story". They transform how we understand or perceive a situation. The story analogy is a neat one: stories are built around certain anchors – accepted facts or beliefs. When we encounter one of the five Cs, we review the anchors – adding new ones or discarding old ones as necessary – before rebuilding the story.

Klein's five Cs offer multiple paths to insight, unlike previous attempts to define and map it, such as Graham Wallas's 1926 model – put forward in the book *The Art of Thought* – which described a four-stage, single-route process of preparation, incubation, illumination and verification.



Though he sees his work as offering a more complete view of insight, Klein doesn't believe it represents "the last word on insight". "I see it as the next word," he writes. "It feels like a richer, more comprehensive, and more useful account."

## Be receptive

The challenge for business owners and leaders is to take this "next word" and heed what it tells them about fostering insights within their organisations. But, as Klein makes clear, he doesn't have any simple answers; he hasn't put forward a fool-proof process for generating insights. Instead, he hopes that – by understanding how insights are formed – companies will get better at recognising the things they do that prevent them from emerging.

The over-arching problem identified by Klein is a risk-resistant culture – one that focuses on minimising the chance of failure. "When we put too much energy into eliminating errors, we're less likely to gain insights," he writes.

What tends to happen in corporations today is that most insights get filtered out, Klein says. "Executives may believe that they want insights and innovations, but [they] are most receptive to new ideas that fit with existing practices and maintain predictability."

He is unconvinced by strategies such as Google's 20% time, which was designed to give employees the space to come up with innovative ideas. He doubts it would work for insights. "I don't think the return on investment would be adequate to just tell everybody: 'Go, be creative and let's see what wonderful ideas flow'," Klein says, in an interview with *Impact*. "You don't schedule insights."

Instead, it would be preferable for companies to create an environment in which insights are supported and acted on when they occur, rather than trying to create structures that force their creation at set times. "Companies need to become more open to insights," he says, in our interview. "I think that's a more productive strategy than trying to artificially generate them." ■



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# CRIME STORY

**BRIAN TARRAN MEETS DAVID CANTER, A FOUNDING FATHER OF INVESTIGATIVE PSYCHOLOGY, WHO WENT FROM STUDYING BISCUIT PURCHASES TO HELPING POLICE CATCH MURDERERS AND RAPISTS**

**D**avid Canter always wanted to be a psychologist – but when the police knocked on his door in the mid-1980s, asking for his help to catch a killer, it marked a turning point in his career.

Up to that point, Canter's focus had been on the psychology of architecture. "I actually wanted to study the psychology of art, but I couldn't get any funding to do a PhD in it," he explains. "But I could get funding to work on the psychology of architecture."

He spent more than a decade investigating the relationship between people and the environments in which they live, and how they interact with buildings and spaces within those environments. A year in Japan, working with a building research institute, was followed by a decade back in the UK, working with a British equivalent.

"I was doing research on fires in buildings, in which there had been fatalities," says Canter, "and one of the things I became aware of was that the design of buildings in Britain was very much shaped in relation to fire regulations, and how people could best escape a building in the event of an emergency. But the basis for this was very weak – just a few actual incidents, no real systematic psychological study."

Canter explained the work he was doing at this time in a 1998 interview with BBC Radio 4. He said: "The assumption is that the minute anybody has a whiff of smoke, or sees a flame, they run out screaming in panic. Which of course is not what happens at all. People try to cope with emergencies in the most remarkably sensible way... And, really, what you need to do is to shape buildings – and the whole management process – to take account of the fact that people will try to make sense of what's going on, and do the most effective thing they can in the light of the knowledge that they have."

In trying to build up a more accurate picture of people's behaviour during emergencies, Canter came into regular contact with police case files. "In Britain – if there is a fatality in a fire – the police carry out an investigation, as if it was a murder inquiry," he explains. "Once the inquiry is over, there are all these witness statements of people explaining what they did. So that's what I started to work on."

This exposure to police records would come in handy in 1986, when Canter was approached by murder detectives, who wanted to see whether psychological profiling was as useful a crime-fighting tool as American law enforcement was making it out to be.

## TO CATCH A KILLER

Anne Lock was a 29-year-old, recently married secretary, who had just returned from honeymoon when she was abducted, raped and murdered in May 1986. Her body wasn't discovered until July; however, police had already connected her disappearance with the rapes and murders of 19-year-old Alison Day, and 15-year-old Maartje Tamboezer. Detectives also suspected that the murders were linked to a series of rapes – up to 30 – going back several years.

Police had a long list of suspects – 1,999 – but needed help to narrow the search. So they contacted Canter, who, at the time, was a professor of applied psychology at the University of Surrey. He was approached, he says, "because I'd been working with police statements in the fire research; I had an idea of how to work with this material".

On joining Operation Trinity, he began studying the case files – and a map of all the linked attacks – in an attempt to identify the killer's base. For this analysis, Canter drew on the theories he had laid down in his 1977 book, *The Psychology of Place*, which he describes as "an exploration of how people make sense of their world".

"I thought of this criminal as making use of his surroundings like anyone else in his situation might," wrote Canter in a 2006 paper. "This enabled me to make sense of the pattern of rapes and murders, in order to determine where the offender may have lived at the time of his offences. This turned out to be very helpful to the police."

That's probably an understatement. The psychological profile drawn up by Canter, based on this analysis, helped focus attention on one man, John Duffy, who matched 13 of Canter's 17 profile pointers. Duffy was convicted in 1988 of two murders and four rapes, and later named his accomplice, David Mulcahy, who was convicted of three murders and seven rapes.

## PARALLEL LINES OF ENQUIRY

Canter's success in the Railway Rapist case, as it became known, laid the foundations for investigative psychology in the UK. However, he's keen to stress that: "I don't believe in the idea of 'the profiler' – of a person going in and giving advice to the police in a particular investigation." Rather, he sees his work as providing a framework for developing and guiding police activity.

"When I'm asked: 'At which stage in an investigation should you call in a psychologist?' I always say: 'Before the crime is committed.' British police have graduates of mine working with them as 'behavioural investigative advisers' – which is much more sensible than 'profilers' – as they are actually giving guidance for what the investigative directions can be, rather than just giving a pen portrait of the individual."

Here, Canter draws parallels with market research work he conducted earlier in his career, "as a psychology postgraduate trying to earn a crust". Indeed, prior to his work on Operation Trinity, Canter had completed a research project looking at people's conceptualisation of biscuits.

"It's all very well drawing up a profile of a likely consumer," he says, "but what you want to know is: what do you do about it? How do you reach them? What issues are going to be relevant?"

Canter believes his market research experience gave him a different perspective on criminals. "All the psychologists who had been involved in studying criminal behaviour up to that point had been clinical psychologists; people who regarded criminals as mentally disturbed in some way," he says.

"But because I'd worked in market research, what I brought to it was an awareness that criminals were, in some ways, ordinary people who were doing things we could understand from an ordinary perspective. What they were trying to do was, of course, unacceptable and against the law – and often why they were doing it would be difficult to understand. But what they were doing – what they were trying to achieve – I thought we could actually get a grip on very readily.

"The market research idea – that we can understand a lot about people based on what they do – is central to my work," adds Canter, who calls it "the consistency principle". "The best prediction of future behaviour is past behaviour. The whole



David Canter

idea that we are slaves to our habits, and our ways of dealing with the world – that is my starting point for thinking about criminal behaviour."

## THE CONSISTENCY PRINCIPLE

There are two distinct aspects to Canter's work. "One is behavioural, the other is geographical. These overlap and feed on each other, but the behavioural issue is a matter of identifying the salient features of any criminal activity," he explains.

"What we've shown from statistical ▶



► models, is that if you take any set of similar crimes – burglary, arson, serial killing – what you find is that there are a set of behaviours and actions in a crime that are, in a sense, typical of all those crimes. They may occur in two-thirds or more of cases. To some extent, they are the things that define the sort of crime you're looking at. Then there are other actions that are rarer, less frequent, and these distinguish the different 'themes', which characterise subsets of crimes – and that is what identifies the salience."

Canter gives the example of a rapist who breaks into his victims' houses and takes things he can later sell on. "This is an individual who is indicating his criminal history as a burglar," says Canter. "We would argue that this is someone who has decided – for all sorts of psychological reasons – that now he wants to steal sex as well. So we would say to police: 'Don't just search for people with a history of sexual or violent offences. Look for local burglars, they are more likely to be culprits in this case.'"

This is the consistency principle in action, and it applies to the geographical aspects of Canter's work, too. "The first case I had any success with, I used very simple ideas about the locations of crimes to suggest where the offender may be based. It's the same consistency idea that applies to people living in wealthy areas who won't go to a poorer area to go shopping – so you can predict something about the characteristics of individuals based on where they shop."

There are, sadly, relatively few of these cut-and-dried examples, says Canter. Human beings are never as simple as that. "One of the things we do know – and that you have to be alert to – is that offenders do change their behaviour. Although there is consistency in what we do as human beings, there is always some development and change that overlays on top of that." ■

## THE JOB MARKET DO YOU COPY?

**Psychometric testing works wonders for Xerox – but it's a harder sell in MR, says Sinead Hasson**

A recent Planet Money podcast (n.pr/1fMKyOT) looked at psychometric testing in recruitment, and how it has enabled Xerox to reduce staff turnover and raise the calibre of its call-centre operatives.

Over time, Xerox had used the tests to identify the trends and attributes that lead to efficient, productive and loyal employees, revealing some surprising insights. A history of job hopping, for example, doesn't correlate with an employee's future tenure. The amount of experience a candidate has gained in similar roles has no connection to their rate of internal progression. Indeed, so effective was the programme that questions were asked about whether CVs and interviews were even needed any more. If psychometrics has been this successful for Xerox, could it do the same for research firms?

Sadly, I don't think it can. *Impact* readers will know that a substantial data source is required if trend analysis is to yield reliable results. Xerox runs 175 call centres worldwide, staffed by 50,000 operatives. Even the largest research firms employ a fraction of this number, so would struggle to collect the volume of test data needed to inform dependable trends within an actionable timeframe.

More than this, however, is the question of how to set the benchmark. How do you isolate the attributes that make a researcher successful? Research roles can be hugely diverse, and this variety would need to be built into the tests before a meaningful picture of candidate suitability could be drawn.

Priorities must then be assigned; is analytical leaning more desirable than a creative trait? Is punctuality more important than affability with clients? With all this to think about, do research

**“ What makes a researcher successful? Is analytical leaning more desirable than a creative trait? ”**

firms, most of which have limited HR resources, really have the time?

It is these practical reasons, more than any perceived ideological misgivings, that explain why research employers still opt to hire staff based on an informed, subjective evaluation. Most common is a traditional combination of CV analysis, interviews, and role-specific testing, in which candidates are asked to demonstrate their suitability by evaluating a data set, for example, and presenting their findings to a panel.

Despite all this, there is some value in psychometric tests in our sector. Employers should welcome any opportunity to learn more about their candidates, and psychometric tests – when done properly – can reveal things that the candidate wouldn't otherwise disclose. But, as with all assessment tools, results should be considered only as indicative, contributing to a broader picture of a candidate assembled from a variety of techniques.

Research employers know this already – but there is little substitute for time spent face to face.

**Sinead Hasson (@SineadH) is founder and managing director of recruitment consultancy Hasson Associates**



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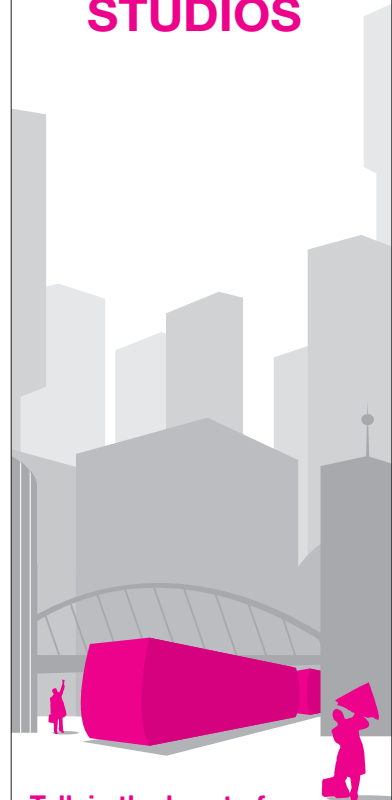
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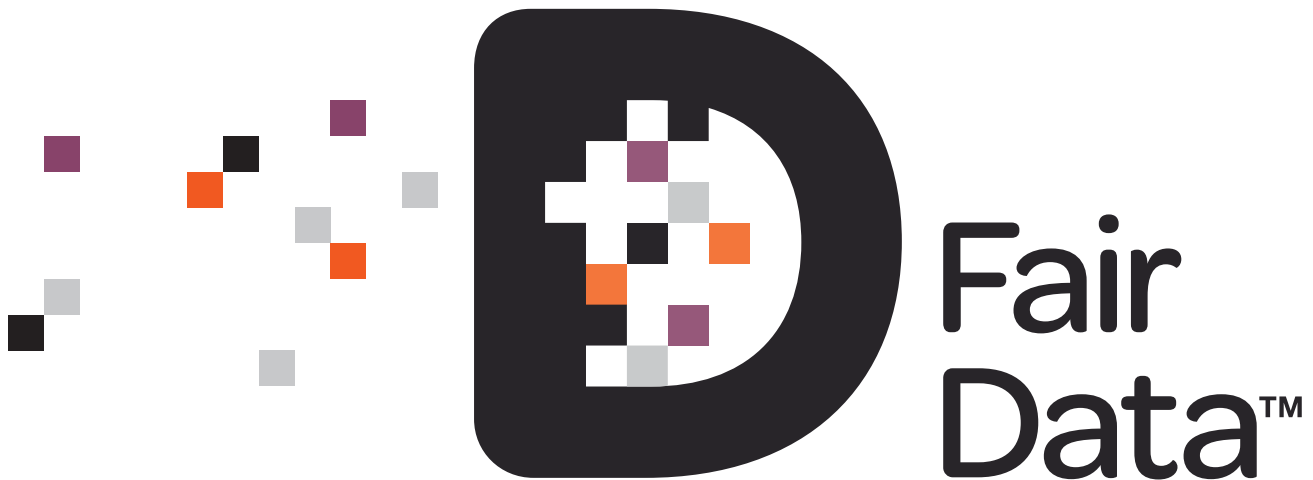
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# THE NEVER-ENDING ROAD TO REFORM

THE POLITICAL LANDSCAPE OF THE EU MAY HAVE SHIFTED, BUT A GENERAL DATA PROTECTION DIRECTIVE STILL REMAINS OUT OF REACH, AS BARRY RYAN EXPLAINS



Barry Ryan is director of the MRS policy unit

A year ago, in this column, I looked at the development of the General Data Protection Directive, arguing that failure remained an option. Now, 12 months on, the political landscape of the European Union (EU) has changed significantly – but the chances of a successful conclusion are still no more certain.

In the early 1990s, the 12 EU member states faced a fairly straightforward proposition. Most states already had a data protection act regulating the processing of personal data by computers, as required by a 1981 Council of Europe Convention. The 1995 Directive was an attempt to standardise those approaches, ensuring mutual recognition of data protection laws to allow the free flow of information in the new single market.

Almost 20 years later, computing is the background hum of our entire lives. In 2002, data protection was elevated to a fundamental right of the citizen, changing the legal status of the legislation and the obligations of legislators in drafting revisions. The digital single market is promoted by the European Commission as a reason for change, but the debate is being informed by new ideas such as informational self-determination – which says, essentially, that, ‘This information is about me and I should, therefore, exercise control over it’.

The draft regulation that Viviane Reding, vice-president of the Commission, published in January 2012, is based on two premises: that the legislation will lead citizens to trust companies with their data; and that a new



## BUSINESS IMPACT

### KEY ELEMENTS OF THE PROPOSED REFORM THAT WOULD DIRECTLY AFFECT RESEARCH FIRMS

#### A single set of rules for the EU

The regulation will replace all national data protection laws with one, EU-wide set of rules. This means current differences in rules and procedure will be eliminated, and the same standards would apply to all research organisations, regardless of their location in the EU.

#### One regulator for each data controller (maybe)

National Data Protection Authorities (DPAs) will remain, but they will be expected to coordinate action via a new European Data Protection Board.

Data controllers will be answerable to their ‘home’ DPA, even if they process data in other EU member states. This proposal has proved controversial because of concerns that the rights of individuals may not be protected if they have to rely for redress on a regulator in another member state.

#### Increased emphasis on consent

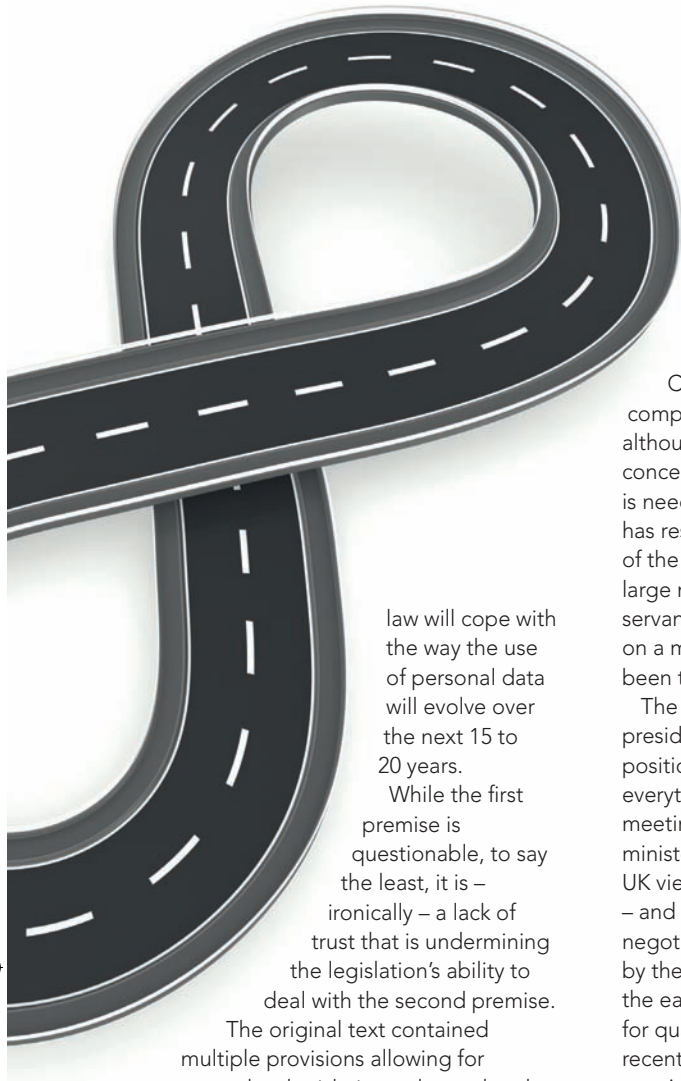
The European Commission’s proposal replaced “unambiguous consent” with “explicit consent” – a higher standard. This may cause problems, particularly in the online environment, which relies on implied consent for various forms of tracking and data processing. An area of particular concern is media monitoring, which requires data from a wider universe of users to calibrate panels.

#### Appointment of Data Protection Officers

It is likely that market research organisations of all sizes will be required to appoint a Data Protection Officer. These are currently a feature of German data protection law, and are independent officers with personal responsibility for data protection compliance.

#### Fines and monetary penalties

The draft EU data protection legislation introduces fines for breaches – these are currently not a feature of most national data protection acts. The maximum fine proposed by the European parliament is €100m or 5% of the annual worldwide turnover of the enterprise, whichever is larger.



law will cope with the way the use of personal data will evolve over the next 15 to 20 years.

While the first premise is questionable, to say the least, it is – ironically – a lack of trust that is undermining the legislation's ability to deal with the second premise.

The original text contained multiple provisions allowing for secondary legislation, rules and codes of practice to be developed by – or with the approval of – the Commission, to deal with emerging issues. MEPs and governments have objected to this as 'power grab' by the Commission. But, in truth, it is only with these – or similar – provisions that the law can hope to keep pace in a rapidly developing area.

## AFTER PRISM

The slow drip of revelations from Edward Snowden on the activities of US and UK intelligence services has also significantly shifted the debate towards the defence of fundamental rights, at the expense of risk-based pragmatism. In many European countries, data protection has been used as a weapon against US corporations, and the allegations that the National Security Agency has open access to data held by them, has fuelled demands to review – and

perhaps end – data transfers to the US, effectively sealing EU data off from the rest of the world.

But, after more than two years of scrutiny, the European Commission is anxious to complete the data protection reform, although all parties have recently conceded that another year of work is needed. The Council of Ministers has responded to the encouragement of the Commission by dedicating a large number of meetings, at civil servant level, to the regulation – but, on a ministerial level, progress has been tentative.

The Irish, Lithuanian and Greek presidencies have maintained a position that nothing is agreed until everything is agreed. At the March meeting of justice and home affairs ministers, Chris Grayling reiterated the UK view that there is a long way to go – and a lot of work to do – before a negotiating position can be adopted by the Council. Germany, and many of the eastern member states, appealed for quality over speed – although recent proposals suggest we may end up with neither.

In the meantime, national data protection laws remain in force, and are changing in response to national pressures, leading to further divergences from the blueprint set out in the 1995 Directive. In the UK, ministers are moving to bring into effect custodial sentences for serious data protection breaches – provisions that have been suspended since they were passed by parliament in 2010. In Germany, data protection supervisors have issued new interpretations of the Federal Data Protection Act, tightening consent requirements for marketing communications.

Meanwhile, Ireland – home of the EU arms of US internet giants – is working on the assumption that no new regulation will appear before 2016, and has adopted a strategy to improve its audit and compliance abilities, while maintaining the country's position as an EU technology hub. ■

## INTERNATIONAL UPDATE

### United States

The Federal Trade Commission (FTC) – which administers and handles enforcement of the US-EU and US-Swiss Safe Harbour Frameworks – has increased its enforcement activities with regard to privacy policies that misrepresent a company's self-certification with the Safe Harbour Framework.

In late January 2014, the FTC announced that it had settled charges against 12 major US companies and organisations (including two National Football League teams) for representing that they were Safe Harbour compliant when they had failed to recertify such compliance officially.

Duane Berlin, general counsel for the Council of American Survey Research Organisations (Casro), reports that the motivation for this increased activity might be recent criticism, by officials in the EU, that the Safe Harbour agreement should be reconsidered because it has not provided adequate data protection for European data subjects, in part because of a lack of rigorous enforcement.

Regardless, Casro advises that companies claiming to self-certify to the Framework in their online privacy policies should:

- Ensure they keep their self-certifications current, by filing timely annual re-certifications;
- Ensure their privacy policies accurately reflect the status of their self-certification.

### Australia

New Australian Privacy Principles (APPs) came into force on 12 March, replacing two sets of principles – the National Privacy Principles (NPPs), covering organisations, and the Information Privacy Principles (IPPs), covering government agencies.

The APPs, of which there are 13, apply to all public and private sector businesses with a turnover of more than \$3m per year. Most are based on the old NPPs, but there are some changes.

For the first time, an APP (principle seven) deals specifically with direct marketing. It states that an organisation may only use or disclose personal information for direct-marketing purposes if certain conditions are met. If a research company does any form of direct marketing in addition to market or social research, it must ensure these conditions are met – and, as always, any research should be clearly differentiated from other activities.

The Privacy Principles have always stated that businesses can only send personal identified data to another country if said country has privacy legislation similar to that in Australia. A new APP (number eight) makes those businesses more accountable.

If a research company sends identified data to another country in any format, it must take reasonable steps to ensure that the recipient does not breach the APPs – and it may be responsible for any breach by that recipient.

Another major change is that the Office of the Australian Information Commissioner now has greater enforcement powers, and can seek greater penalties for breaches of the Privacy Act – up to \$1.7m.





## Introducing Dianne Thompson

I could hardly write this column without acknowledging what a fabulous conference we had this year. The feedback ranged from ‘inspiring’ to ‘challenging’, and everything in between – and all of it positive. I’d love to hear what you thought, too.



I was especially pleased that our new president, Dianne Thompson, was able to attend and make a short speech, during which she won many fans with the statement: “Any good customer-facing business must have a brilliant insight team at its heart.”

Dianne has been honoured as a marketer – which she is by background and training – and as a businesswoman. Not only has she been made a CBE for services to business, but – appropriately for our sector – she has also won the Veuve Clicquot Woman of the Year award.

Her marketing experience comes from companies as diverse as ICI and Woolworths, but she has also started her own advertising agency, and been an academic. She is best known, of course, as CEO of the Camelot Group of Companies.

Dianne has always had a lot to say about the importance of understanding your customer “in the round”, as she puts it. She has a passion for excellence, and says the problem in business is not aiming high and falling short, but “aiming low and getting there”.

She is a person of deep integrity, and believes that corporate responsibility is not only right, but pays dividends. The notion of trust is key to us as an industry, and I cannot think of anyone better to take up the position of president of MRS. You can watch a video interview with Dianne on our website, [mrs.org.uk](http://mrs.org.uk).

As we go to press, I am equally thrilled to announce that Stan Stathanathan, senior vice-president of consumer and market insights at Unilever, is a new patron of the Society.

**Jane Frost CBE, chief executive, MRS**  
[jane.frost@mrs.org.uk](mailto:jane.frost@mrs.org.uk)



# MY SOCIETY



## MRS Continuous Professional Development (CPD) programme

To coincide with the new membership grading structure (see opposite) – and as part of our work to enhance the standards of professionals within the sector – MRS has launched the only CPD programme dedicated to the research, insight, analytics and marketing sciences sector.



The MRS CPD programme will enable members to create their own personal development plan, track their progress, report their achievements, and upgrade to Certified Member Status.

To complement the framework, MRS has developed an accredited training programme, which accredits employers’ in-house training provision, and formally recognises this as part of the MRS CPD programme. This gives employers external recognition for the quality of their training content and delivery, which meet the MRS competency standards. To find more about the MRS CPD programme visit our website. [mrs.org.uk/cpd](http://mrs.org.uk/cpd)

# Calendar

## Member events

### May

6 – IJMR Speaker Evening. What determines quality in qualitative research?  
22 – Variations in emotional and rational responses to advertising

### June

12 – Unlocking the secrets of why people give to charity, London  
17 – Conversation research: Leveraging the power of social media for MR

## Training highlights

### Research Communities

#### 29 April

Embed the voice of the customer throughout the company.

#### Clientside Research – How to be Effective

##### 16 May (part 1) & 6 June (part 2)

Promoting research internally; writing an effective brief; managing agencies.

#### Advanced Qualitative Practice

##### 20 May and four further days

Roy Langmaid delivers this fantastic programme in five days over the course of a month.

#### Advanced Semiotics

##### 20-21 May

Develop understanding of the range of semiotic applications and how to implement them.

#### Using Video in Research

##### 3 June

The use of video can be incredibly powerful. See how to use it strategically.

#### One Day MBA

##### 5 June

The ability to see the issues that influence business decision-making is more important than ever.

#### Insight-driven Innovation

##### 25 June

What do winning companies do in tough economic times? According to Ernst & Young, they innovate continuously.

## Conferences

### April

30 – Data Driven Diamonds – An MRS Awards Showcase, Leeds

### May

10 – The Connected Customer Fusion Summit, London  
21-23 – A shot in the dark, BIG/MRS Company Partner Conference, Brighton

### June

10 – Excellence Awards, London

Find out more at [mrs.org.uk/events](http://mrs.org.uk/events)

## New MRS Events

MRS has announced its events programme 2014-15 which has three principal streams:

**Creativity labs** – persuasion, performance and innovation

**Fusion events** – cross-discipline insight one-dayers

**Customers exposed** – emerging trends you need to be on top of.

[mrs.org.uk/newevents](http://mrs.org.uk/newevents)

## Changes to membership grades

After approval at an EGM in March, MRS has launched a new membership grading structure, which makes access to membership easier to understand, and ensures that MRS remains relevant to today's practitioners.

The new Certified Member grade will maintain, and reinforce, the distinction of trained and qualified professionals. If you have queries

about how these changes will impact on you, call 020 7566 1820 or visit the website. [mrs.org.uk/membership](http://mrs.org.uk/membership)

## Discounts on training and books

MRS has several partnerships that provided discounts for members, including 25% off books from Kogan Page. Thanks to a relationship with the London School of Business and Finance, members can enjoy a 20% discount on executive courses relating to finance and accounting, and marketing and management.

[mrs.org.uk/lsbf](http://mrs.org.uk/lsbf)

## Main board elections

Congratulations to David Alterman, Dr Nick Baker, Ruth Betts (re-elected), Richard Ellwood and Richard Sheldrake, the successful candidates in this year's election, which attracted nine candidates.

## Must-read member content

Log in for free premium content at [mrs.org.uk/mymrs](http://mrs.org.uk/mymrs)

- Video of full keynote sessions from annual conference: Andy Hobsbawm, David Canter and Will Self
- Podcasts of interviews with Stuart Rose and Tracey Faulkner
- Member bookshop, with Jane Frost's top picks from Kogan Page's marketing and business management bestsellers

We want you to use the member area, MyMRS, so if there's something missing, let us know by emailing [membership@mrs.org.uk](mailto:membership@mrs.org.uk)





## ‘The skills young researchers need are far greater than when I was a lad’

As he steps into the role of chair of MRS, **Richard Silman** plans to look to past mentors – as well as his own deep convictions – to move the Society forward

### CV

RICHARD SILMAN

**1982-1990:** AGB

**1990:** BMRB

**1995:** Managing director, BMRB

**1997:** CEO/ executive chairman of Kantar Media

**2001:** CEO, Ipsos UK

**2007:** Global CEO Ipsos MediaCT

**2012:** Special adviser to Ipsos Media CT and leading corporate social responsibility for Ipsos Group

With a career that encompasses some of the biggest names in the research industry, Richard Silman says he has a lot to be grateful for. “I have been extremely fortunate in my 33 years in MR – interesting times, in interesting areas, and in interesting countries.”

Along the way, he has had several mentors, but it is BMRB managing director John Samuels who particularly influenced his decision to take on the role of chair at MRS.

“I thought about John a lot when I was considering the role – having seen his advocacy for the industry, and for the Society,” says Silman. “That is now incumbent on all of us who are in these positions of seniority; it’s an opportunity to give something back to an industry that has been very good to me.”

Silman worked for Samuels in the early stage of his career at BMRB, where he

was focused on TGI and media research, and relatively unaware of MRS.

“What John did was bring the MRS far more centre stage – up until that point, it had been on the periphery. I still have a concern about how centrally MRS is situated in the minds of people actively involved in market research.”

### A two-way street

When Silman describes MRS – its status in the industry, the value of its brand, and the services it is recognised as delivering – the word ‘relevancy’ crops up a lot. Here, he commends the Society’s renewed focus on professional development: MRS should support the industry in building the skills that clients really value, he says. A new generation of researchers need to be properly equipped as they enter a less stable and more fractured jobs market.

### The Ipsos experience

Every year, Ipsos organises a three-day annual group conference for senior management, which takes place over a weekend.

In 2008, it was held in Cape Town and, on the Sunday, delegates were offered the usual excursions: wine tasting, golf and (less predictably) a day’s volunteering in an orphanage in a nearby township.

Silman recalls this as a transformational moment – for him and the company – which has influenced the direction of the group’s CSR programme ever since.

“It was an incredibly moving day, and I came away feeling this wasn’t something we should just be doing once a year with senior management, but that we should engrain it into

the values and vision of Ipsos as a group. I felt God put CSR in my heart on that day in 2008.”

For the past two years, Silman has been putting in place a measurement programme, and he now knows that the group creates 50,000 tonnes of CO<sub>2</sub> emissions per year – five tonnes for each employee. “The next stage will be engaging with suppliers to find out what they are doing in their management programme,” he says, “and working to reduce our footprint.”

“Our approach to CSR sets out to care for the environment and care for our community. We are dependent, as a business, on people – the people who work here, and the people with whom we interact to complete the research.”

While the Society must constantly strive to do better and remain relevant, Silman is quick to point out that members need to pitch in too: "People must appreciate that this is a two-way street, between them and the MRS. The Society is not just there to give – they need to give to the MRS."

That is precisely why Silman has accepted the role as chair for the next two years – to give back. He enjoyed "a year's grace" as chair-designate, which gave him time to get to know the workings of the Society, and to follow the work of previous chair, Phyllis Macfarlane (GfK). "I now have to step in and do it," he says, a little nervously.

Silman stresses he is no radical – he won't be upsetting the work of his predecessors. MRS has, like most businesses, gone through a "fairly torrid time" since 2008. Building on existing plans and doing things efficiently should be the focus for the Society.

As for helping the research industry to get back on its feet, Silman feels MRS is already moving in the right direction: "As growth starts to come back, companies will look to their people and ask: 'How can we develop the necessary skills?'. For me, that's one of the most powerful areas MRS can be stepping into."

### Meeting demands

With the launch, this month, of Continuous Professional Development (CPD) – and a programme of world-leading training and accreditation – Silman sees MRS fulfilling a need driven by client demand; to provide the right skills to an international workforce.

"As our clients become more global,

they are increasingly looking for standards that can be utilised globally. I think there is an opportunity for MRS to extend what it is doing, possibly in partnership with other organisations."

Partnerships such as that, announced in March, with the London School of Business and Finance, which complements MRS's own programme.

"The types of skills young researchers need are far greater than when I was a lad," says Silman. "The first building block has to be research skills – and that's where MRS comes in. But, on top of that, you have leadership, management, business skills. All of which are going to be required by younger people today.

"I don't think [young researchers] are just looking at a company and saying: 'What are you going to do for me?'. I think they are asking: 'What do you stand for? What do you care about?'"

And this concern, says Silman, isn't just about careers. It's about a broader sense of care towards society, which is increasingly important to the widest range of stakeholders – from employees to customers, clients to suppliers.

### Responsible research

In 2012, Silman officially divided his time and focus at Ipsos in two directions: "I'm in a halfway house, with one foot in the global CSR role and one in the global Ipsos MediaCT role."

CSR, sustainability, call it what you will – they are just "corporate labels for the same thing", says Silman, and it is an area that MRS should be supporting.

Research businesses may not be big polluters, but business travel and office power consumption is a significant

characteristic of the industry. This is about changing behaviours, Silman says, and no effort is too small. "I don't see market research doing very much around CSR, but it's hugely important that we are seen to be doing this as an industry.

"When our interviewers are trying to convince people to give them an interview, there's a need to build a rapport, and quickly. In the same way that what attracts a young person to a company might be its values – respondents might think: 'I see what the research industry is trying to do, and I see the importance of it.'"

Increasingly, clients are seeing the importance, too. They are asking what their suppliers are doing in this respect during the procurement process. So it's not surprising that Silman believes CSR is more than just an add-on to a business, and that it should be built into every element of a company's operations and decision-making.

"How important is this?" he asks. "Hugely. Do people realise how important? No, not yet. But they will." ■

## NEWS: Ipsos Foundation launched

In March 2014, Ipsos announced the creation and funding of the Ipsos Foundation, a charity to which employees may donate money, or apply for funding for an initiative in their country.

The charity has a single theme: to educate disadvantaged children and youth around the world.

"We want everybody to be a respondent of tomorrow," says Silman. "We do not want lack of education to prevent anybody from giving their point of view."



# Where next?

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

## VIDEO

### Want more Impact?

The MRS Annual Conference – Impact 2014 – delivered two days of keynote interviews, speakers, debates, showcases and workshops in central London, in March. If you want to review the highlights – head to the MRS homepage. There you'll find videos of keynote speakers, including Martin Sorrell, Will Self, Andy Hobsbawm (pictured) and David Canter, as well as delegate and speaker vox pops. [mrs.org.uk](http://mrs.org.uk)



## RESEARCH-LIVE.COM

### Lightning never strikes twice...

The weather in the UK this winter has been the wettest since records began, and it has attracted a great deal of media and government attention. Crawford Hollingworth explores how cognitive biases affect our response to floods and storms. [research-live.com/4011320.article](http://research-live.com/4011320.article)



## IJMR

### When 'significant' is not significant

Rachel Kennedy, John Scriven and Magda Nencyz-Thiel discuss why marketing's emphasis on statistical significance might be misplaced, especially in the age of big data. [bit.ly/1gBRrjU](http://bit.ly/1gBRrjU)

### How to mine brand tweets

Shintaro Okazaki, Ana M. Díaz-Martín, Mercedes Rozano and Héctor D. Menéndez-Benito present a methodological framework for using opinion mining to analyse comments on social-networking sites. [bit.ly/1fUV1Fg](http://bit.ly/1fUV1Fg)

### Coping with 'big bang' disruption

In order to survive in a disrupted market, research companies need to stop talking about value and start delivering it, says Ipsos's Jonathan Deitch. [research-live.com/4011192.article](http://research-live.com/4011192.article)

### Disconnect to connect

Though traditionally viewed as counter-productive behaviour, some types of daydreaming may actually improve work performance, says Helen Donald of Incite. [research-live.com/4011174.article](http://research-live.com/4011174.article)

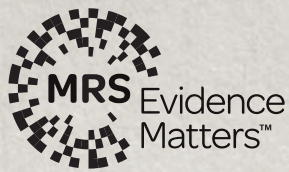
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