

THE INSIGHT ECONOMY

03

DOING BUSINESS WITH FACTS NOT FICTION

Business leaders should base their decisions on data and analytics

06

GETTING A SLICE OF NEUROSCIENCE

Marketers are delving into how the brain processes information

13

FLY ON THE WALL SEES AND HEARS ALL

Researchers conducting ethnographic studies are watching consumers

14

SELLING WHAT IT MEANS TO BE BRITISH

Semiotics can help brands sell their products and services

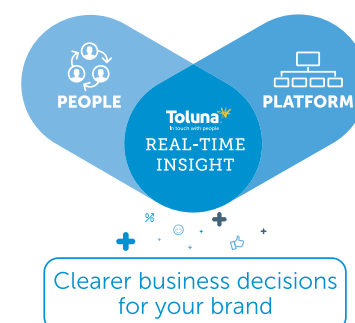


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Doing business with facts not fiction

Experience and intuition are valuable assets, but increasingly business leaders are waking up to the need to base decisions on data and analytics

OVERVIEW

CHARLES ORTON-JONES

The universe is an odd place. The Casimir Effect is one of its most baffling wonders. Place two conducting plates in the vacuum of outer space and, when positioned closely in parallel, the plates pull together. The force isn't gravity. Rather, the suction is caused by mysterious virtual particles appearing from the void, bouncing between the plates and vanishing. The Casimir Effect is proof that empty space is far from empty. It is teeming with virtual particles flashing in and out of existence.

The Casimir Effect isn't the sort of thing you can figure out by intuition. No lay person could guess the universe possesses this property. It's too radical. Most of what happens at the quantum level is. Hendrik Casimir published his theorem in 1948 based on the work of physicists such as Nils Bohr, who famously warned: "If you can fathom quantum mechanics without getting dizzy, you don't get it."

But it's not just physics where common sense is flawed. It seems we are pretty poor at making even mundane judgments. In 1971 two academics, Daniel Kahneman and Amos Tversky, established the notion of cognitive biases. These are systematic flaws in our judgment.

Confirmation bias is the tendency to seek out information which agrees with our preferred position and to ignore contradictory information. Recency bias is the tendency to inflate the importance of

the most recent piece of data. Football fans who celebrate each victory as though it heralds the dawn of a new era will be familiar with the concept.

Kahneman and Tversky discovered dozens of biases. The more the pair tested human intuition, the more flaws they unearthed. Nobel laureate Kahneman noted: "Even statisticians are not good statisticians."

To survive in this perceptual warp takes a clever strategy. Since intuition is unreliable, evidence is essential. For businesses this means testing assumptions and going where the data leads.

Sport England offers a great example. It is under pressure to get ordinary Brits to be more active. Alas, by every measure women are more reluctant to play sport than men. But why? Maybe women don't have the time, the money or access to the right facilities. Sport England conducted a survey to find out the truth.

Jennie Price, chief executive of Sport England, explains: "Before we began this campaign, we looked very carefully at what women were saying about why they felt sport and exercise were not for them. Some of the issues, like time and cost, were familiar, but one of the strongest themes was a fear of judgment."

It was a revelation. Of the least active schoolgirls, 36 per cent said they feel like their body is on show during

PE lessons. One in four women said they "hate the way I look when I exercise or play sport", and 48 per cent said getting sweaty is not feminine.

Armed with these insights, Sport England worked with creative agency FCB Inferno to change perceptions. "Sweating like a pig, feeling like a fox" and "I kick balls, deal with it" were among the taglines. The ad images featured a woman putting in a gum shield, another gritting her teeth on a rowing machine.

The #ThisGirlCan videos went viral, viewed 37 million times in the first year. The press reaction was universally favourable. *The Independent* said: "Nothing should ever be about how to simply achieve a narrow beauty standard. But finally, it seems like more people in positions of influence are realising this." Analysis suggests 2.8 million women took up exercise as a result of #ThisGirlCan, with 1.6 million doing it regularly.

Without data we rely on guesswork. Another example: Accenture Strategy's latest *Global Consumer Pulse Research* indicates that online retailers are being short-changed by an assumption about customers. Rachel Barton, managing director of advanced customer strategy at Accenture Strategy says: "Many organisations have an unconscious bias whereby they assume that their digital-savvy cus-

tomers – born digital, stay digital – are the most profitable."

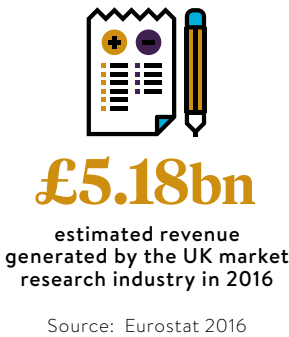
But it's not true. Data shows that multichannel "experimental" customers are the most profitable. Ms Barton says the error leads to overinvestment in digital channels, costing UK businesses up to £221 billion.

There's a long way to go. A report by PwC called *Guts and Gigabytes* shows when executives make major decisions, data and analytics ranks a lowly third (23 per cent) behind intuition and experience (41 per cent) and the experience of others (31 per cent).

Yann Bonduelle, PwC consulting data and analytics partner, says: "Business leaders have long used their own tried-and-trusted intuition alongside more scientific and financial factors to make decisions, and this has served them well in the past. As data become more pervasive, algorithms become more accurate and visualisation more intuitive, business leaders are realising they can make better decisions through using data and analytics more systematically."

Intuition will always play a role. When Casimir proposed his theory, he had an existing body of knowledge and used it to develop a hypothesis, later proved by experimentation. Data alone cannot tell us which questions to ask or which ideas to test.

But it's clear that intuition without evidence is flawed. As the great statistician W. Edwards Deming put it: "Without data you're just another person with an opinion."



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COMMERCIAL FEATURE



CURING THE FLU WITH SOCIAL MEDIA

Using social media data, **Pulsar** helps businesses understand their audiences - and predict flu outbreaks at the same time



With more than a billion active Facebook users worldwide, 500 million Instagram users and 500 million new tweets posted every day, businesses have woken up to the power of social media. They're not just using it as a communication or marketing tool, but also as a source of valuable insight into their audiences that can reap huge benefits for their organisation.

Social networks have become the go-to channels for consumers of all ages, who want to voice their opinions, share aspects of their lives, but also lodge complaints and express their delight over the products and the companies they engage with. And it is for this reason that more and more organisations are implementing a social media insight strategy.

Audience intelligence specialist Pulsar works with companies that want to tap into this gold mine of consumer insights and turn it to their competitive advantage.

Pulsar's vice president product and research Francesco d'Orazio says: "There is so much to learn about audiences, their perceptions, their behaviours, their affinities. We use social data as one of the signals to build a real-time or historical picture of an audience in combination with other behavioural signals like web analytics and search data, as well as company proprietary data, to build a more holistic understanding of an audience."

Pulsar recently carried out some research using social data into colds and flu, specifically looking at the things that people talk about online related to these ailments.

Mr d'Orazio says: "We wanted to find out where people turn to

when they have flu symptoms, like a headache or aches and pains, and the results were very revealing. It was clear that people turn to home remedies before over-the-counter medicines. They do that because they are trying to postpone the moment they have to absolutely resort to drugs and go natural first. The data shows this is a two to three-day window where teas, honey, soups, lemon and ginger reign over everything else.

“The level of insights we can get on an audience in real time is unprecedented, and is changing the way brands and organisations try and stay relevant

“Now from a commercial point of view the brands that make over-the-counter cold and flu medicines are missing a trick: they could play a role into this initial scene if they were offering a “pre-drugs” range of remedies and deliver the natural comfort customers are clearly looking for. These insights are simply derived from everyday human behaviour – the possibilities they present to businesses are unlimited.”

Another key area for businesses and other organisations is the use of social media data insights for predicting future trends or events, something of a Holy Grail in any business sector.

“The Food Standards Agency researched the norovirus, one of the symptoms of which is sickness,” says Mr d'Orazio. “They analysed Twitter data and mapped them against actual NHS lab reports. They discovered a connection between people mentioning the symptoms online and patients being diagnosed with the norovirus. So they created a model which just using social data now allows them to predict three or four days in advance when there's going to be a major outbreak of norovirus, with a 70 per cent degree of accuracy, which is very high. They use this information, for example, to issue early warnings of potential norovirus outbreaks and precautions to be taken to avoid it spreading further.”

Working with Pulsar, companies from across all industry sectors, from fashion to sports and from tech brands to airlines, have access to an online platform where they can set up searches, by topic, content or by audience, and analyse data on demand, using the most advanced algorithms available for text and image analysis.

Mr d'Orazio concludes: “The level of insights we can get on an audience in real time is unprecedented, and is changing the way brands and organisations try and stay relevant. And this is not just something which benefits the companies that get access to the data. The consumer stands to gain from this too because ultimately a smart company designs better products and services, and delivers relevant marketing that really fits the needs of the audiences they are trying to reach.”

For more information please visit www.pulsarplatform.com

Get to know customers better with social media

Comments on social media can be skewed towards either gushing praise or damning criticism by a largely younger audience, but social listening is an important addition to the mix of customer feedback

SOCIAL LISTENING
GABRIELLA GRIFFITH

When Barclays bank launched its revolutionary money-sending app Pingit in 2012, it went down a storm. As the first money-sending service in Europe to allow account holders to use their phones for sending and receiving cash, it was ahead of the game and enjoyed widespread downloads from customers.

But when Barclays looked at social media sentiment, it became apparent that there were some disgruntled customers posting negative comments about the app. When the bank dug deeper into the data it discovered why: teenagers and their parents didn't like the fact that under-18s couldn't access the app. Within a week, Barclays changed the rules, opening up the app to 16 and 17 year olds as well. Problem solved.

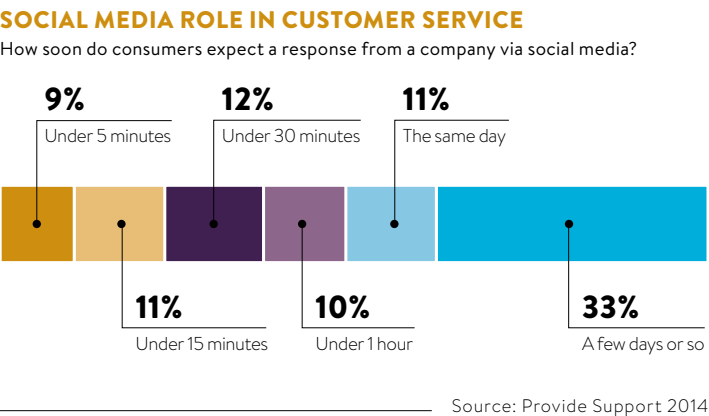
Social listening is the act of monitoring and analysing digital conversation in a bid to understand what customers are saying about a brand, its competitors and its industry. In the case of Pingit, Barclays used social listening to get ahead of an impending problem, showing agility and a willingness

to make sure customers are happy. Social listening can pinpoint particular problems in a business, discover how competitors are doing and find topics of particular interest to a target market.

But despite the obvious benefits of social listening as a research tool, many traditional and professional services businesses are dismissing it as not for them. They are leaving it to the likes of retail and hospitality brands to use and delve into what's being said on social.

“The first mistake businesses make when they enter a digital environment is assume that they are now dealing with some sort of quasi-reality,” says Phil Borge, director at public relations firm Eulogy. “Historically, many professional services, particularly within the legal industry, have questioned whether the social media ‘bandwagon’ is relevant in engaging with clients and winning business. The second mistake is to ignore the enormous opportunity listening-at-scale affords them. There are few insights more precious than knowing what people say about you, especially when they think you aren't actually listening.

“Whether you're an accountancy firm, a retailer or law practice, social listening should have been at the heart of business strategy





for centuries; you've just called it something different – listening. The difference now is that the stakes can be much higher because of the permanence of social commentary and the ability for it to be shared quickly, at scale."

So what are the options for the businesses who do want to keep an ear out on Twitter, Facebook and everything in-between? Counting likes and reading a couple of Facebook comments doesn't cut it these days. Garnering large-scale sentiment and trending topics is key.

"There are two primary ways that firms are doing this," explains Marcus Gault, managing director of social media insight at Kantar Media. "First, there are plenty of cost-effective, automated tools designed to isolate consumer conversations from other kinds of content, such as marketing content, and analyse what exactly is being said. But these have limitations when it comes to accurately identifying sentiment."

It seems computers are yet to understand the nuances of irony and sarcasm, so there can be a great deal of confusion when it comes to deciding what percentage of comments is negative and which isn't. "Many businesses are now choosing to make a bigger investment in services that offer human analysis of on-

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Social listening can pinpoint particular problems in a business, discover how competitors are doing and find topics of particular interest to a target market

line conversations," says Mr Gault. "This gives a much more sophisticated understanding of how and why consumers are talking about a company or subject, but does come at a higher cost."

One increasingly common offshoot of social listening is the creation of brand-owned online forums, where consumers are encouraged to air their problems and chat to each other about experiences. Mobile operator giffgaff has found this particularly insightful. "We don't just listen to our members from a distance, we actively ask them to help us make important business decisions that affect our member experience," says Ashley Schofield, marketing and experience chief at giffgaff.

"It's what we call giffgaff Labs and it's done online on our community forums. If something isn't working properly, or if people want to see something added or fine-tuned, we ask them to tell us so we can change for the better. For example, one member told us it would be much handier to be able to top up using PayPal, so we added it as a payment method."

Meanwhile Direct Line recently launched a campaign which utilised social listening in a unique way. Rather than simply garnering information for research, the company listened out for posts which they could react to, making a big impact on individual lives. Based on the premise that people simply wanted an insurer that "fixed things" they used Twitter to do just that.

"We set about devising a 'listen and respond' campaign, where we hoped to form an ongoing connection with Twitter users by fixing their everyday dilemmas as quickly as possible. Originally named #everydayfix, this would rapidly mature into something much bigger – #directfix. Our Direct Fix campaign is, at its core, a social listening campaign where we listen to people's daily problems and try to fix them," the company says.



58%

of UK marketers said customer satisfaction and brand sentiment had improved due to real-time social engagement

Source: Immediate Future 2014

CASE STUDY: LEGAL & GENERAL



Pinpointing key concerns and interests for customers is one of the many ways that financial services companies are tapping into the power of social listening. Knowing that people don't often like to talk about their personal finances, even to friends and family, Legal & General created a campaign to encourage people to open up.

"We discovered that people think money is a personal matter and aren't comfortable to even talk to their closest friends and family about it," says Sarah Daley, social media manager at the firm. "This is despite the same research telling us that more than 20 million adults feel stressed about their finance. Using Crimson Hexagon we listened to social conversations to understand what people really

care about when it comes to personal finance and this helped us shape our campaign."

Having a greater understanding of the public's feelings towards personal finance helped the company to create a powerful and targeted campaign. "We came up with some creative campaigns like the Taboo Tent which encouraged people to reveal financial secrets they've never told anyone – live on video," says Anna Doman, Legal & General's brand manager. "Following on from this, we hosted live Q&A discussions in partnership with Google and a five-part eBook personal finance series with Rough Guides, supported by independent financial experts, all with the aim to build money confidence."

"Over a year and a half we saw a rise in brand awareness and a 20.4 per cent lift in our target demographic of 34 to 44 year olds. Most importantly, almost half of those who saw our sponsored content said they would consider purchasing a Legal & General product."

Whether brands are using automated or human forms of social listening, looking at Twitter, Facebook or forums, the question of reliability still comes up. Should a business completely change its strategy off the back of a couple of comments on social media?

"Many consumers angle their comments to stir controversy for maximum engagement rather than to express a genuine opinion," says Chris Adams, chief operating officer and co-founder of social creative agency the Honey Partnership. "On the whole, consumers will say whether they love or hate a product online, but there is rarely a middle ground, just two strong, opposing arguments. This means that it is difficult to get an overall and realistic image of a product."

Indeed, social listening can have a number of flaws. Nothing spurs consumers to leave an online comment quite like annoyance, so results can be skewed towards the negative. Also the demograph-

ic of those talking about brands on social media tends to be on the younger side. So you might well be missing out on great swathes of your customer base. The answer, of course, is to use social listening in conjunction with other research methods.

Law firm Gowling WLG puts this mixture to the test. "Social listening has become an integral part of our business development activity," says Jenny Hardy, Gowling WLG's strategic development director. "It enables us to pinpoint areas of interest and relevance to individual decision makers and their business. It is, of course, only one of many ways in which we develop a deeper understanding of the issues faced by our clients and markets, and is never used in isolation, but it does help us tailor our approach to reflect individual areas of interest."



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Getting your slice of the marketing pie

Understanding how the brain processes information can provide marketers with valuable insights into what sells

NEUROSCIENCE

MARK FRARY

Spot the difference. It's easy, right? Now put yourself in the shoes of a marketer at Betty Crocker. Which do you choose to promote your new pie?

Delving into consumers' brains can help. Research with these adverts shows that 20 per cent more people would buy the one on the right than the one on the left. Yet if you ask them why, they cannot tell you. The pie looks equally appealing, as it should given that the image has just been flipped.

A growing number of companies selling consumer goods are employing neuroscientists to find out why this should be. Phil Barden of specialist neuromarketing consultancy Decode, which works with a number of big brands, explains that consumer behaviour is guided by both functional and neuropsychological goals.

For a watch, the functional goal is to know what the time is; for a car, it might be getting from A to B. "If functional goals were all we based our decisions on, we would all buy the same brand of car or watch because they would all do the same job," says Mr Barden. "Of course we don't."

This is where neuropsychological goals come in and adverts for washing powder are a good place to see this in action. Consider the parental dilemma involved in allowing your children to go out to play and get dirty, and the knowledge that this will create more work for you.

"Persil relieves that tension with their 'dirt is good' adverts," says Mr Barden. "The parent is getting psychological relief that they are doing their job properly by letting their children get filthy and the brand comes to the rescue."

The problem for marketers is that consumers typically cannot explain why they make such decisions or, if they can, are unwilling to say because it might portray them badly.

Harder still to understand are consumers with biases of which they may not even be aware. Neuromarketing companies get around this by using implicit association tests. In these, you might be shown a product image and a word, such as freedom or success. You are asked to press a key quickly to indicate whether the two are a good fit. The reaction time is used to decide whether the decision was a conscious one.

Neuroscientists have known for years that our brains work in ways that subtly influence our behaviour as consumers. Professor Franz-Rudolf Esch of the Institute for Brand and Communication Research in Germany carried out a groundbreaking study using functional magnetic resonance imaging (fMRI) scans, the sort you might undergo to



detect cancer, to show how the brain reacts to brands.

His research showed that strong brands light up the part of the brain associated with information retrieval. "Strong brands have a clear identity and focus: their positioning is consistent across touchpoints over many years and [is] communicated effectively," says Professor Esch. "[They] simplify the customer decision-making process by reducing cognitive load... Customers know exactly what the brand stands for and how the brand can add value to their lives."

Advertisers have not stopped at using fMRI to gain insights into consumer behaviour. A company called Neuro-Insight is using electroencephalography (EEG) to measure people's brain waves in real time as they watch adverts.

The company worked with Birds Eye to try to understand why one of its adverts was not working as intended. "They had created a TV ad which had done well in traditional focus groups, but the brand linkage

01
Reproduced by permission of Ryan Elder, Brigham Young University, from his paper *The Visual Depiction Effect in Advertising*

02
Neuro-Insight measure people's brain waves as they watch adverts

was very low," says Neuro-Insight's Heather Andrew. "People would say they knew the ad, but couldn't remember what it was for or got the wrong brand."

Using EEG, Neuro-Insight showed that the part of the brain responsible for encoding long-term memories – anything longer than a few minutes – was not being activated when the Birds Eye brand was shown.

After studying the brain waves of a focus group, the Neuro-Insight team realised there was a build-up of tension where the visual action froze as the camera panned around, rather like in the action scenes in *The Matrix*, while the Birds Eye branding was presented. Yet at the same time as this was happening, the voiceover and soundtrack continued.

Neuro-Insight recommended recutting the ad, stopping the soundtrack at the frozen moment before transitioning to images of a fish moving in the ocean while the voiceover said, "Birds Eye fish".

Ms Andrew says just 8 per cent of

“
For right-handed people, having the fork on the right-hand side makes the image easier to process because the brain imagines reaching for the fork

viewers were able to identify the brand in the first version of the ad, but after recutting that increased to 44 per cent. Brand share increased by seven percentage points on only half the ad spend.

Neuroscience can be used to look beyond the obvious. In 1990, a diet margarine brand in Germany ran an advert featuring a woman in a red dress and carrying a Filofax. She catches a glimpse of herself in a reflection and smiles. "Even though

you had no explicit information, everyone recognised her as a successful, professional person," says Decode's Mr Barden.

The product became the market leader on the back of the ad, but in the years that followed competitors came into the market and its share declined. In a bid to regain its market leadership, the company tried to update the original ad. A new version aired in 2007 showing another woman in a red dress in a lift at work, again catching sight of her reflection. It failed to repeat the earlier ad's success.

The manufacturer wanted to understand why and asked Decode to find out why. "Although both dresses were red, the first was more formal. The model in the follow-up looked younger and had a ponytail. Implicitly, this indicated that this was someone who was not as senior in the hierarchy," says Mr Barden.

The second woman was shown carrying a shoulder bag. Viewers took this to mean she was off for lunch with friends rather than a business meeting. They also thought that the look she gave herself was one of self-examination rather than one of looking and feeling good.

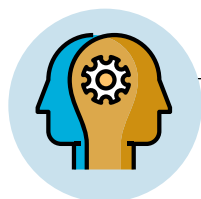
Now back to the Betty Crocker pie. It turns out that for right-handed people, having the fork on the right-hand side makes the image easier to process because the brain imagines reaching for the fork. As a result, the relative scarcity of left-handed consumers translates directly into fewer sales.

The brain works in mysterious ways, but neuromarketing techniques are beginning to give brands powerful insights.

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NEUROMARKETING

Neuromarketing studies human cognitive responses to stimuli in an attempt to create effective commercial campaigns



95%

of consumers' decision-making takes place in the subconscious mind



80%

of new product launches fail to deliver predicted sales or performance within the first three months



70%

of fast-moving consumer goods purchases are made at the shelf



200,000x

Subconscious thought processing is 200,000 times faster than conscious thought processing

Source: tgdNeuroBrand



OPINION COLUMN

Transferring the lessons of Brexit

The shock of Brexit is a stark reminder of the importance of listening and understanding the complexity that lies beneath the surface

JANE FROST

Chief executive
Market Research Society

66 Britain looks very different now

than it did a couple of months ago. We've seen long-held assumptions challenged beyond recognition and debates springing up that cut to the core of our national identity. Combined

with economic and commercial uncertainty, it's a situation which could make a retreat inwards, both in terms of outlook and investment, seem incredibly appealing to business leaders.

But if the past weeks and months have made one thing clear, it's that there have been crucial misunderstandings of the range of public opinion and the diverse factors which drive it. And it's not only politicians who must take heed. The citizen and the consumer are, after all, one and the same, and the lessons of Brexit can just as easily be transferred to the commercial sector. Chief among them is the need to listen and understand. Turbulent times combined with shifting perceptions make this both more important and more difficult.

As researchers we are constantly finding new ways to understand people as both consumers and citizens, from neuroscience to social listening, but understanding your audience doesn't necessarily mean investing in something new. It's often not about collecting more and more data, but adequately analysing what you already hold as innovation comes not only from disruption, but from a deeper understanding of the consumer and of citizens. In uncertain conditions, creating opportunities for growth outside the usual channels is what will set businesses apart.

Following the wave of excitement around big data, we're realising that data alone is just not enough.



The European Union referendum and subsequent turmoil is a stark reminder that numbers cannot tell the whole story or reflect the often complicated mixture of anger, fear, hope and aspiration which lies behind them.

The answer is to integrate qualitative methods with the numbers – an approach that is beginning to happen, according to the Market Research Society's recent independent report on the research market, *The Business of Evidence*, conducted by PwC. Asking the right questions, combining different evidence sources, will require experimentation and intelligent curation. Big data is after all only useful once meaningful analysis

transforms it into smart and actionable data, which can then be used to enact change.

But robust evidence is about more than accuracy, it's a matter of respect. Brands and politicians fall down when they don't give the consumer or the citizen enough credit; when they take for

granted how they will respond to certain products or policies. People are unpredictable, which means listening needs to be ongoing and diligent. And the respect shouldn't end there; it means gaining the proper permissions, storing data responsibly and using it ethically. We need only look to recent data breaches to see the cost of a slip-up and without the public's trust our ability to listen is severely impaired.

Although thorough research may represent an upfront cost you'd rather avoid, it's likely to save you time, money and a considerable headache in the future. In the face of all that Brexit brings – the good and the bad – those best placed to benefit will be the businesses prepared to listen.

In the face of all that Brexit brings – the good and the bad – those best placed to benefit will be the businesses prepared to listen

HOW TO CONNECT WITH CUSTOMERS THE RIGHT WAY

A new study conducted by the customer agency C Space will reveal a link between customer focus and business growth

c space

More than a decade after Dove's first Real Beauty campaign, which made a point of empathising with women and understanding their body image issues, UK consumers are set to declare it one of the most customer-focused brands, in a report that finds a link between strong customer relationships and business growth.

"I grew up not being happy with my body shape and size at all," says the original star of the campaign. "I hated being curvy. And I hated having curly hair. Once I started to develop an alternative definition of beauty, it all fell into place."

Dove will be joined by a host of top performers in the new study from the customer agency C Space, which surveyed more than 4,000 UK consumers to understand which brands do – and don't – truly "get" their customers.

It will also identify the best and worst performing industries with beauty and personal care brands expected to perform well, and traditional bank and telco companies expected to struggle.

The study measures customer quotient or CQ, a company's capacity to build strong relationships with its consumers. The CQ framework identifies five brand behaviours that consumers value – empathy, relevance, openness, emotional validation and delivering a superior customer experience – that are key to a high CQ score and shed light on why a company is succeeding or struggling.

"Most businesses assess the relevance and appeal of their brands – they use NPS [net promoter score], tracking systems, social media listening and transaction data to make inferences about customers' preferences and behaviour. But none of these measure from the customer's perspective. They focus primarily on the rational needs of the business, rather than on the emotional needs of the customer," says Phil Burgess, joint managing director of C Space.

But achieving a high CQ isn't easy. C Space's report considers the brands getting it right and what they are doing differently. "They are a caring company; I always think of my mother," says one Dove customer.



"When it comes to the product, I know it doesn't harm me in any way. It's something I fully trust."

One high street fashion brand performed exceptionally well because of its dedication to customer experience in-store. "The bestselling or newest trend will be represented at the entrance to the store, to immediately grab the customer's attention and keep the offering fresh," says a former director. "Everything in that area will form one collection, so all the items you see are matched to each other, to make shopping as easy as possible. The merchandisers in head office style the collection and send photos to almost every store in the world on the same day."

A high-street pharmacy emerges as another strong performer, building its customer empathy by working directly with customers and employees to co-create new products, services and in-store innovations, showing how a company can create a keener "customer intuition" than its competitors.

"Increasingly, we are seeing that the brands which beat the competition recognise they need to transform the way they view customers, from data points or sales targets to strategic assets with whom they can collaborate to build stronger businesses," says Mr Burgess.

Two-thirds of chief executives agree customers are among the most disruptive forces facing business

"They are ahead of the game," says one survey respondent, who shows how a brand can emotionally validate its customers, making them feel smart for picking the airline. "Their planes are beautifully decked out, the seats are comfortable, the entertainment is great and, if you manage to get into their lounge at Heathrow, then you are in for a treat. They make me feel like the boss."

CQ shows why customer understanding is a business imperative. Chief executives are starting to agree: at the 2016 World Economic Forum in Davos, two thirds agreed that customers are among the most disruptive forces facing their business.

To see how your company or industry performed, hear more of these stories and learn about how customers can inspire growth in your business, visit www.CSpace.com/CQ

Connecting data provides the i

Collecting and analysing vast amounts of often disparate data from a growing number of digital sources can help t

CONNECTED DATA

DAN MATTHEWS

Data is the 21st century's currency and yet the value of the coin depends greatly on how organisations mine, sift, interpret and act on the massive amounts of information hitting them from all angles.

With the arrival, some years ago now, of what we now know as big data, there is a fast-growing need to make sense of potential insights that flood into data pots. By cross-referencing this information in a fast and efficient way, businesses can paint the clearest picture of who their customers are and what motivates them.

In turn, crystallised information helps organisations make future strategy decisions, create more relevant products and services, and safeguard themselves from future risks.

"The explosion of data made available by the increasingly connected world is bringing unprecedented change to businesses," says Roy Jubraj, managing director for digital and innovation at Accenture.

"By 2020, over 50 billion devices are expected to be connected to the internet. With billions of sensors and devices plugged into the connected world, organisations are starting to use connected data to do three things: run themselves more effectively, future-proof their business and reform the relationship with their customers."

To connect data sets, organisations take a step back and look at the entire customer journey or cycle, taking into consideration touchpoints in a colossal ecosystem of devices, websites, social interactions and content.

By combining these sets, it's possible to understand more about how people interact with the business at every step of the way.

"Connected data is concerned with the end-to-end customer journey, across multiple channels and devices," explains Jason Ryan, founding partner of customer marketing agency Brilliant Noise.

"It draws data from multiple sources to give a more holistic view of customer behaviour and customer interactions with a business. These data sources might have once remained siloed either by technology or organisational barriers, with the resulting business value of connecting them remaining unrealised."

Learning about the people you want to sell to is nothing new. Many decades ago business development executives were researching the stories behind their sales leads to understand what made them tick and what needs they could fulfil.

But the digital era has created a system in which this process can be automated and carried out on an industrial scale. Fifty years ago, salespeople

would save their energy for their biggest spending prospects, now it's cost effective to make discoveries about people who spend sparingly too.

Jon Cano-Lopez, chief executive of independent data communications firm REAd Group, says: "Knowing your customers inside out has always been vital to success in business. This principle applies whether you are dealing with one person or one thousand people."

"The availability of data today allows modern businesses to understand vast customer bases on this granular level, giving them those little nuggets of information that enable them to create profitable relationships with consumers."

So what kind of data is now being collected? "Transactional, lifestyle and behavioural data represent the three core data sets that are most commonly recorded and used for insight."

"Transactional data is information relating to what people spend, where they spend it, how often and how much. Lifestyle data refers to who people are, where they live, what their interests are and what's important to them. Behavioural data relates to people's activity, both online and offline, what they do and via which channels."

Over the years the amount of data available has increased, so organisations must adapt and evolve to keep up with the information flow. They have adopted new systems of data capture and new analytical software, as well as new inducements for customers to part with their secrets.

Nils Mork-Ulles, head of data and strategy at experience design business Beyond, points to the example of the supermarket loyalty card, which was one of the earliest successful innovations to capture data in the emerging digital age.

"As such, the value exchange offered to the customer was 'if I can track your purchases, you will receive points you can cash in for rewards'. This revolutionised how supermarkets planned, merchandised and marketed – they

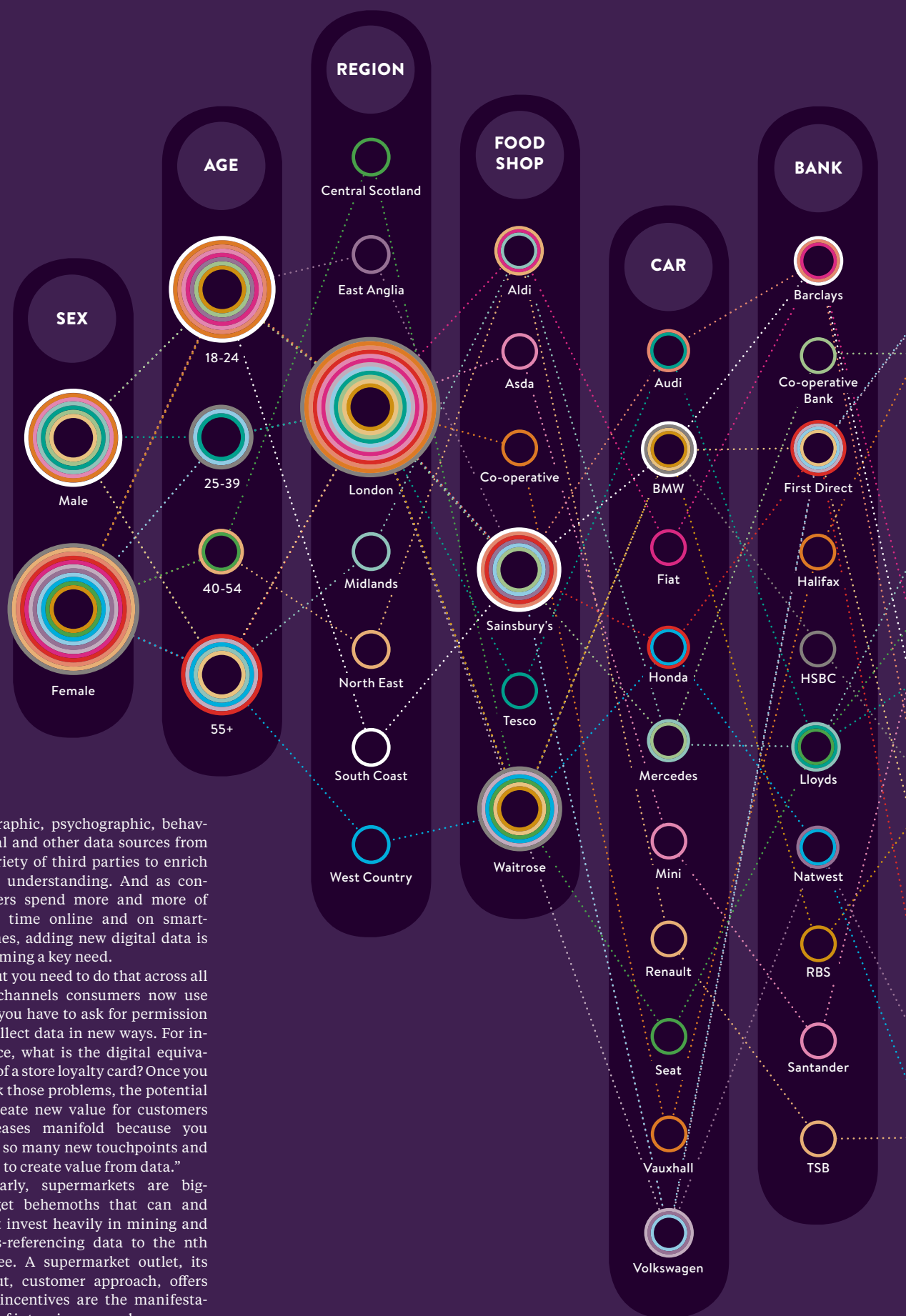
“
Connected data is concerned with the end-to-end customer journey, across multiple channels and devices

went from operating in the dark to being able to target the customers most likely to buy any given product they wanted to sell more of," he says.

"Over the years, they have augmented these databases with de-

CONNECTING THE DEMOGRAPHIC DOTS

Big data can be a minefield of information for companies to digest. By looking at the similarities and differences between the customers of various consumer brands, it is possible to see patterns and trends in supposedly unrelated audiences. For each category, the data shows characteristics of customers/fans of each brand, based on the standard deviation from the UK average



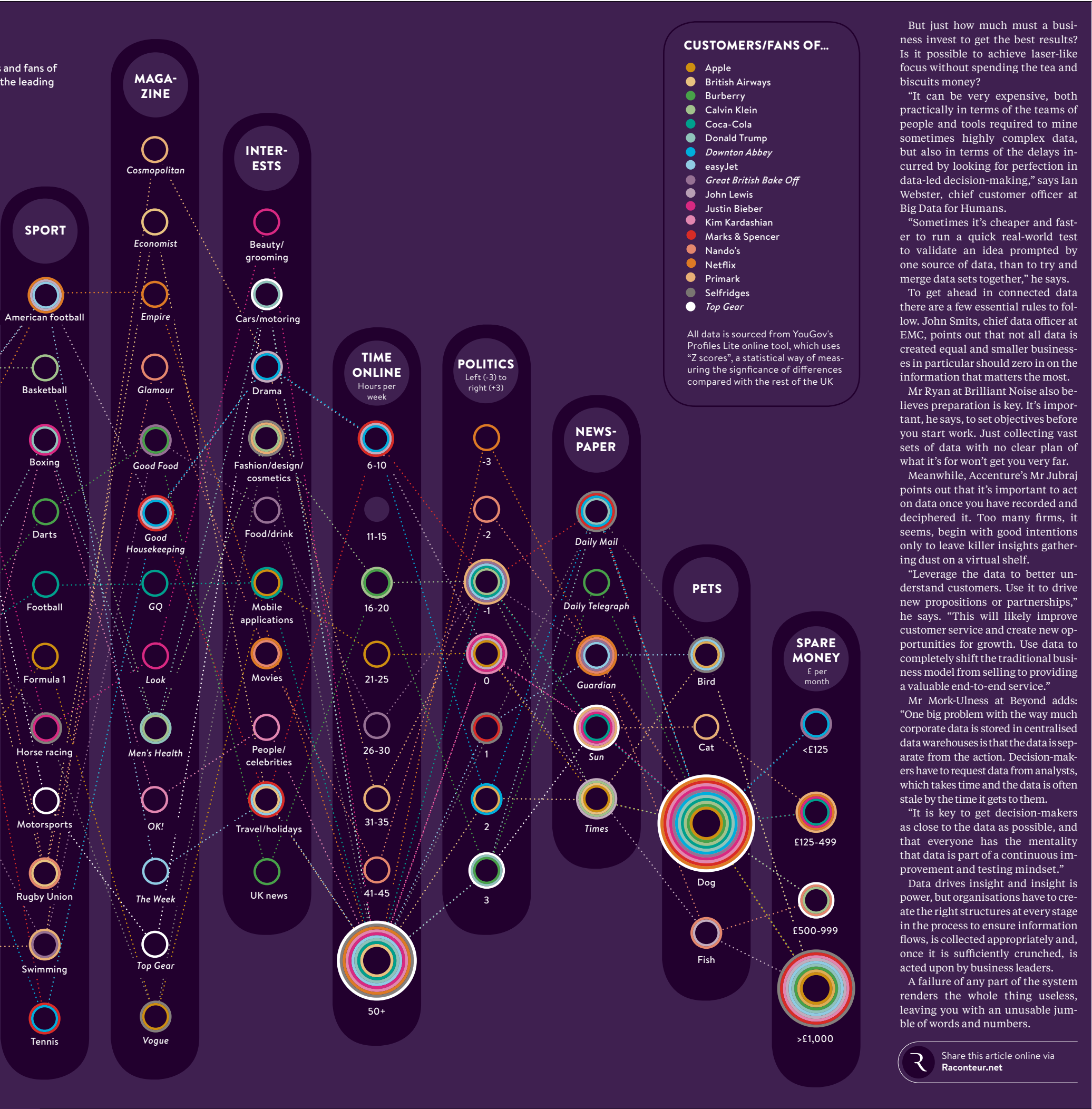
mographic, psychographic, behavioural and other data sources from a variety of third parties to enrich their understanding. And as consumers spend more and more of their time online and on smartphones, adding new digital data is becoming a key need.

"But you need to do that across all the channels consumers now use and you have to ask for permission to collect data in new ways. For instance, what is the digital equivalent of a store loyalty card? Once you crack those problems, the potential to create new value for customers increases manifold because you have so many new touchpoints and ways to create value from data."

Clearly, supermarkets are big-budget behemoths that can and must invest heavily in mining and cross-referencing data to the nth degree. A supermarket outlet, its layout, customer approach, offers and incentives are the manifestation of intensive research.

Insight that's business power

target consumers with what they want to buy, sometimes before they even know it



INSIGHT AUTOMATION
HAZEL DAVIS

Who in business doesn't welcome innovations that help staff work faster and cheaper? Who wouldn't opt for speed and efficiency wherever possible?

Market research used to take a long time and be costly. But the traditional method of commissioning research on a particular topic and waiting for the results is being replaced by real-time insight, delivered directly through a software platform.

Automation obviously allows market researchers to do more, faster and with less. However, it might get faster results and be more cost effective, but it does have its downsides.

Market research and automation go a long way back, says market research expert and managing director of The Future Place consultancy Ray Poynter, who has conducted a survey, sponsored by ZappiStore, on insight automation.

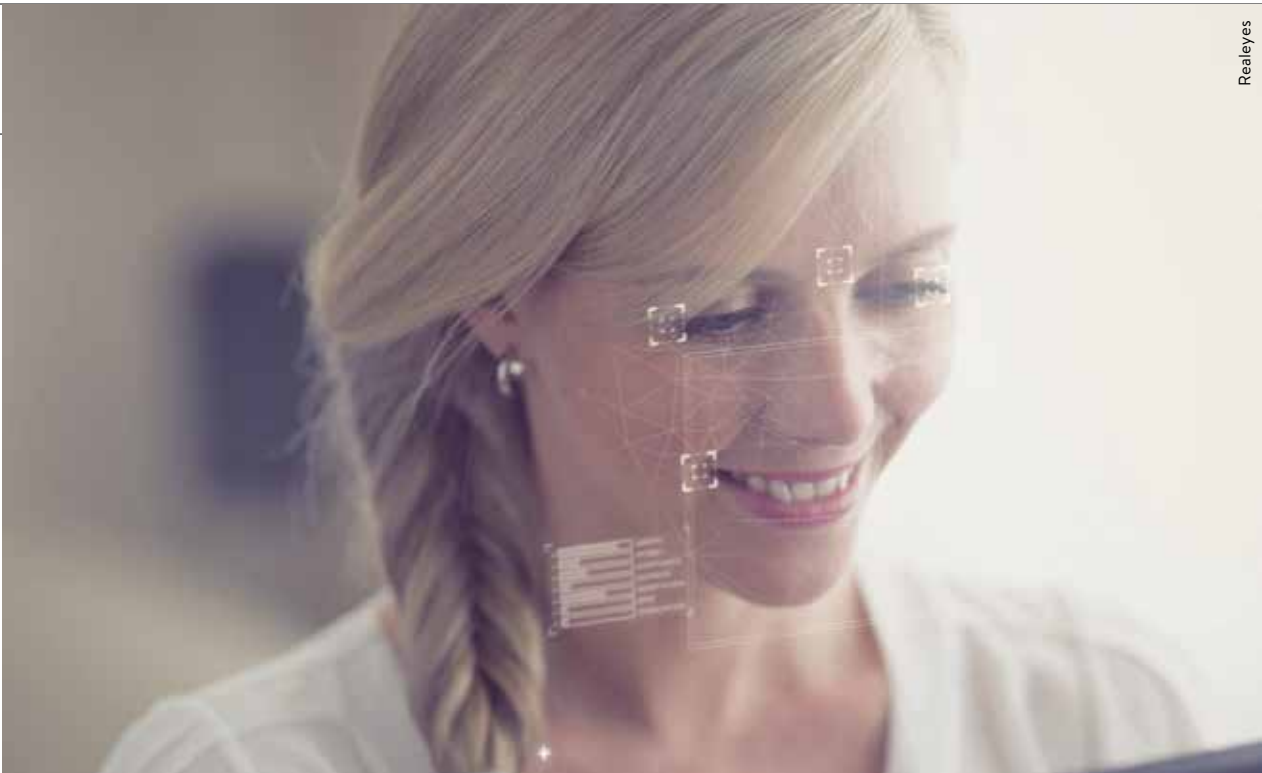
Use of automation in market research extends from punch cards and print rooms for paper questionnaires, to optical scanning, computer-aided telephone interviewing, the rise of internet data collection and the use of smartphones. Mr Poynter says: "Market research has a long history of beating itself up about not being innovative – something that I believe is more grounded in attitude than fact."

Automation is impacting the whole industry, he says. In his survey, respondents cited salary payment, e-payment, e-booking and leave approval as ways in which their lives have been impacted by automation.

Within market research, automation impacts things such as digital-based data collection tools, which results in fewer roles for interviewers, and new approaches including automated facial coding, market research online management, social media listening and the use of apps for smartphone-based research.

In addition, sampling and quota management is highly automated, as well as some survey creation and data processing. Mr Poynter says: "Projects are increasingly using automation to enable participants to move from one aspect of a study to another without manual intervention."

Repeat tasks are also being automated. For example, the fielding of Millward Brown's Link test is now almost completely automated, saving enormous amounts of time and consequently money.



Using webcams and machine-learning technologies, facial coding companies such as Realeyes measure emotional response to video content online to help brands target optimised content to the right audiences

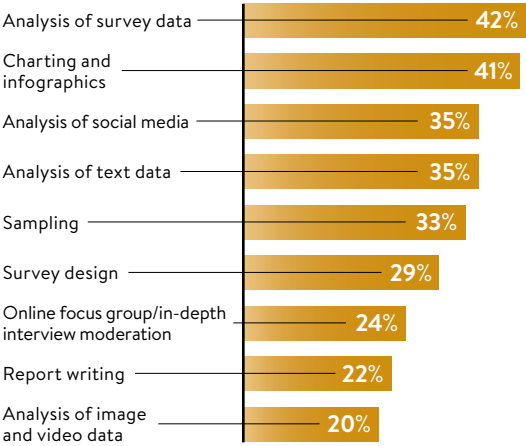
Market research turns to automation

Automating market research can get things done faster and cheaper, but care must be taken to safeguard quality when designing the necessary software

But it's not just about saving time and money. In some cases, Mr Poynter says, automation has managed to increase engagement. "In real-time tracking, it has enabled the data-gathering to become seamless, and painless, for the participants," he says. Additionally, automating market research can increase productivity in other roles as analysts are able to have more thinking time and less processing time.

Though in Mr Poynter's research, respondents cited standardising as a benefit, some thought it a negative, as it can exclude potentially better solutions or make these solutions more expensive. Also, some automation is "black box", which means it's harder to access and make alterations.

AUTOMATION METHODS USED IN MARKET RESEARCH



Source: GreenBook 2016

"If reporting is automated, but the data entry on the frontline is manual, the system can look more useful than it really is, leading to faulty decisions being made," he says. Moreover, automation may tend to report the simple truths, not the key ones.

A cost-reduction mentality afforded by mechanising these processes might end up spilling over into tasks that can't yet be automated and this could lead to some good solutions being removed from the decision-making process.

Automation further opens up the potential for a dominant supplier to come and distort the market as Google has done, for example, with online advertising. Ultimately, like automation in any sphere, this

Staff will be able to handle much larger quantities of data and better use processing power

can lead to less focus and result in job cuts.

However, in the future we'll see more data being stored in an accessible format, with the ability to be easily interrogated with automated tools. Skilled staff will be able to conduct research, and spend more time on insight and less on administration and error-checking. They'll be able to handle much larger quantities of data and better use processing power.

Automation is here to stay, whether we like it or not. For it to work well within market research, Mr Poynter says it's crucial that the elements being automated are quality checked. "Buyers need to know what they're buying," he says, "If Toni and Guy started offering automated haircuts, I'd expect it to be to their standard. If it were Joe the barber, you'd want to see a few more people before trusting it – I can see it's fast, I can see it's cheap, but I need to have a few more processes to be able to assess it."

Frédéric-Charles Petit, chief executive of digital market research company Toluna, says: "While some people may be concerned about what will be sacrificed as a result of speed and accessibility, we have found that these qualms can largely be addressed by the design of the tool. By making the interface easy to use and by making the data manipulation options comprehensive, survey providers can virtually eliminate any loss in quality that might result from automated tools."

Mr Petit thinks the industry needs to get with the programme. "I think if we continued doing the same things that we've been doing as an industry for the last 50 years, we would not be an industry in ten years' time," he concludes. "You can't advise clients on automation strategies when you're not automating your own industry or your own practice."

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COMMERCIAL FEATURE

BUSINESS SUCCESS POWERED BY REAL-TIME, ACTIONABLE INSIGHTS

Companies around the world face the considerable challenge of tailoring their goods to consumers' needs and quickly targeting customers with effective marketing messages. As a result, they are turning to real-time, actionable insight



Marketers have almost unlimited access to data, but rarely capture the whole range of consumers' thoughts on a product or service. Such feedback can uncover deeper, more personalised and ultimately more successful ways to engage a target audience.

As the speed and pace of business increases, information needs to be real-time and companies have to be agile. If their information is not virtually instant, it's no longer relevant.

Businesses of all sizes, from young startups to well-established global brands, can benefit from real-time research from companies such as Toluna. By accessing its online global community of more than ten million people in 59 countries, a company can quickly glean informative insights and start receiving instant feedback on its products or services.

For example, during an important launch of a new 4K TV from Sony Electronics, the company worked with Toluna to conduct a survey among early adopters, a key segment of TV buyers, to determine how their TVs were being used and displayed in the home.

The challenge for Sony was to target and gain responses from upscale and tech-savvy consumers, in a 48-hour window, so the research could be included in its product planning and development process. Working with Toluna, Sony was able to gain insights that allowed it to understand better this premium segment and influence the design of its TV range in order to drive greater satisfaction and improved feedback from customers.

Quickly targeting products and market messages is a crucial ability



“Getting results instantly ensures these businesses keep pace with customers at every stage of the development process

ABOVE RIGHT
Paul Twite
UK managing
director
Toluna

for all companies in fast-moving and competitive sectors. Coconut water producer Vita Coco, which had launched in 2004 and brought coconut water to the mainstream beverage market, soon found other players entering the market. The company needed to identify new ways to reach consumers and increase its share of the business.

Vita Coco did this by using Toluna's community to define the right consumption occasions for coconut water throughout the day. For example, customers wanted the electrolytes for effective post-workout hydration and the natural

fruit sugars for an afternoon pick-me-up or early-morning refreshment.

By identifying when its customers liked to have their drinks and why, Vita Coco was able to understand better consumer behaviour. It could then emphasise the most relevant benefits in its communications to consumers, while ascertaining which marketing programmes worked well in different territories and what opportunities to focus on next.

Businesses also have the opportunity to build their own personalised communities and research technology to source continuous consumer feedback. Customer insight and loyalty firm Dunnhumby has worked with a range of large retailers and consumer goods brands, and collaborated with Toluna to create a platform on which brands could survey customers. It used this platform for its clients, including Coca-Cola, drawing from real-time transaction data.

Such real-time research, which is flexible to fast-changing needs, allows businesses quickly to target different demographics, customer segments or even favoured devices, such as mobile phones, PCs or tablets.

Brands can split their customers into different groups and overlay them into ongoing research. If executed well, this can stop a consumer being

asked questions the brand owner already knows the answer to.

Paul Twite, UK managing director at Toluna, explains: “Businesses we work with are testing products, services and marketing messages every minute of the day with millions of potential customers. Their projects range from validating blue-sky ideas in brainstorming sessions, to their marketing and research teams putting target customers' voices at the heart of the design process.

“Getting results instantly ensures these businesses keep pace with customers at every stage of the development process.”

At the heart of such innovation is the automation of many of the processes that used to sit behind traditional research. This automation enables the rapid turnaround of information and virtually any subject can be tested anywhere within an hour.

In a recent example of how quickly answers can be ascertained, Toluna launched a query to help businesses know the likely effect of Brexit on consumer sentiment and the impact on sales in the short term. Using its QuickSurveys system, within hours of the result companies had access to hundreds of data points showing how the world was reacting to change.

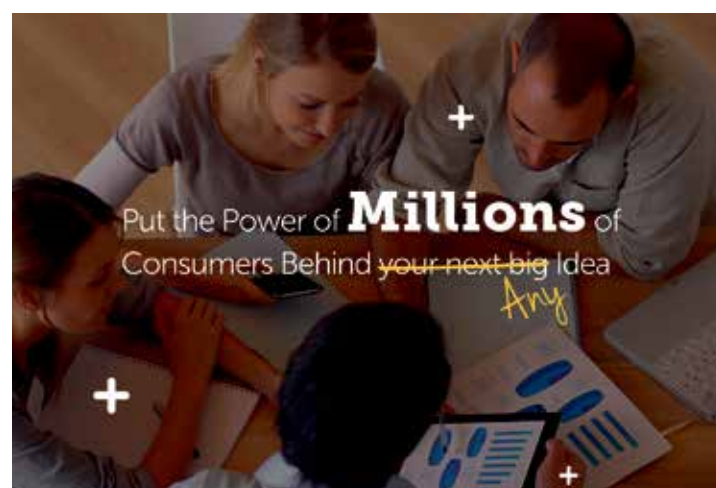
Such rapid automation can also provide recommendations to businesses' marketing and design teams on where to make improvements and how, detailed in clear analysis. In addition, the data can be augmented with transactional and behavioural data.

Media planning and buying agency the7Stars worked to do just this, providing real-time, actionable insight for its clients. The data is regularly taken from “long-term customer communities or a quick turnaround topical survey based on the reaction of certain customer segments to current affairs”, according to Helen Rose, head of insight at the company.

She adds: “Putting customer insight at the heart of our communications planning is a key part of our media strategy, empowering the decision-making process and improving our media buying.”

With real-time, easily comprehensible customer insight, businesses of all sizes can steal a march on their rivals and maximise profit.

On September 8, Toluna will be hosting a conference on growth and entrepreneurship. For more information visit go.toluna-group.com/clientevent or call 0208 832 1700



VITAL AND REVITALISED ROLE OF RESEARCH

*The market research industry is changing fast and enjoying renewed growth, according to new findings from **ESOMAR**, the organisation for encouraging, advancing and elevating market research worldwide. 2015 saw the profession grow by 3.6 per cent globally¹*



Digital developments, including social media and big data, are providing substantial new opportunities for insight and thus driving much of the change in market research. New data can provide new insights, but more data being available doesn't lead to cheaper or easier-to-get insights. Indeed, the more data there is, the more discerning marketers have to be to find the right data to answer the question. "Fit for purpose" is the new mantra. Budgets, data provenance, rigour, quality and insights must be determined by whether they are fit for purpose.

In this new age, the market research profession is not resting on its laurels, says ESOMAR director general Finn Raben. "As more sources of information become available, as demand for guidance increases and as legislation evolves, we need to ensure that our profession, and the commitments we make to clients, users, participants and the public, remain up to date with best practice and are fit for purpose."

To achieve this goal, ESOMAR's code of conduct is currently being reviewed, and will be discussed and voted on by its members later this year. The ICC/ESOMAR Code on Market and Social Research, which was developed jointly with the International Chamber of Commerce, sets out globally applicable principles for the conduct of research that form the basis for practical guideline documents and guide the profession's successful self-regulatory status.

This code has been undersigned by all ESOMAR members, both agency and clients, and adopted or endorsed by more than 60 national market research associations in over 50 countries worldwide. Its overhaul reflects the changing landscape.

“We need to ensure that our profession, and the commitments we make to clients, users, participants and the public, remain up to date with best practice and are fit for purpose

“As researchers we're no longer dependent solely on primary data collection. The exponentially growing number of avenues through which we can obtain information, such as social media, means we're increasingly acting as both curators and synthesisers of that information as well as interviewers,” explains Mr Raben. “These new channels bring a whole new set of responsibilities for researchers, so that they can maintain public confidence and trust in handling any personal data they collect.”

With an increasing availability of big data, a lot of time is now dedicated to sifting through those



Image courtesy of Fundación Paraguaya



it won a bid to conduct research for the British government in post-Saddam Iraq. With United States forces in the north of the country and British forces in the south, both the UK and US governments needed to understand issues such as confidence in the local police, the influence of Al Qaeda and what people regarded as the greatest challenges to restoring a normal life.

In unstable states, research can be a high-risk occupation; researchers in the field have been accused of spying for foreign powers and, in extreme cases, interviewers have been killed. But whether it's determining the rate of cure for Ebola, understanding citizens' views on piracy in Somalia or simply improving timely tax revenue returns by determining which communication channels work best – not to mention improving business performance – these have all been vital projects, guiding real outcomes with a clear impact, based on sound, fit-for-purpose research.

ABOVE
The Poverty Stoplight research project in action

TOP RIGHT
Finn Raben
Director general
ESOMAR

data sets to find the pertinent information to solve the question at hand – the “smart-data” insights that clients can use to make informed decisions about their businesses.

“Good research has always been founded on the principle that it needs to be fit for purpose,” says Mr Raben. Clients should avoid short-changing themselves and think about the return on investment of a properly resourced research project. “The selection and development of the most appropriate research mode and methodology illustrates the true value that rigorous, comprehensive research consultancy offers,” he says.

ESOMAR has an extensive global library of projects that showcases the substantial benefits effective research provides.

Mr Raben points to examples such as a project carried out by research company Bergent in Australia for the 7-Eleven Group. 7-Eleven, a global chain of convenience stores, was interested in growing its food service, or fresh “Food on the Go” category, and achieving sustainable profit growth in this domain.

A four-stage shopper-focused qualitative and quantitative methodology was implemented, followed by implementation workshops. The changes suggested by the research led to an increase of 32 per cent in the profits of the food-service category and an increase of 26 per cent in food-service sales.

Another example is work conducted by Vocatus in Germany

for the online travel service L'TUR. Last-minute travel is a market defined by low prices and discounts. At first glance it may seem ludicrous to offer an online function that tells your own customers if a competitor is offering the same product at a lower price.

However, extensive research and the establishment of a behavioural model of online purchasing proved that the initiative was hugely successful. The L'TUR Price comparison feature resulted in a rise in conversion rates of more than 70 per cent.

Mr Raben is a passionate advocate of the contribution research can make to society. He points to the work of research companies such as ORB that specialise in fragile and conflict environments. It has been working in such environments since 2004, when

The global research market now records an expanded value of \$68 billion (\$67.9). The table below reflects the historical growth of the market, with numbers adjusted to a common 2015 currency rate in order to neutralise the currency fluctuations witnessed in recent years

US\$ BN	2013	2014	2015
Market research (using standard definition of the sector)	38.2	38.3	39.7
New research (including big data, analytics, social, etc)	24.4	26.5	28.2
Total research market	62.6	64.8	67.9

Source: ESOMAR Global Market Research Report 2016
For a coherent analysis of the overall percentage growth and the expanded market size, please refer to chapters 1 and 2 of the ESOMAR Global Market Research Report 2016.
www.esomar.org/gmr

MARKET RESEARCH AT WORK: HELPING THE DEVELOPING WORLD

To anyone who assumes market research is solely aimed at measuring attitudes to issues, products and services in developed countries, the work of Martin Burt will be something of an eye-opener. Mr Burt is director of Fundación Paraguaya, a non-profit development organisation that has been working for 28 years in Latin America and Africa to help governments identify the services people really need.

Its Poverty Stoplight system uses traffic light colours, photos, maps and geo-tagging on computer tablets to help respondents highlight the services they lack.

“The government may think that in this poor neighbourhood they have 65 per cent coverage with childhood vaccines,” says Mr Burt. What that 65 per cent figure doesn't explain though, he says, is who is covered and where those who aren't live and what they need.



The fly on the wall that sees and hears it all

People-watching can get you into trouble, but not if it's an ethnographic study with volunteers surrendering to researchers who are trying to understand lifestyles from a business perspective

ETHNOGRAPHY

JO BOWMAN

It sounds a little creepy, but around the world there are growing numbers of researchers watching people's every move. They watch them do their shopping, prepare a meal, put their kids to bed and even have a shower – all in the name of understanding what human beings really want from businesses, not what statistics say they want.

Ethnography involves simply watching, for hours, days or even weeks. In person or remotely via cameras, sometimes it's silently watching and other times asking people about what they're doing. Think David Attenborough and you're on the right track. Except the subjects of these documentaries are driving their cars, cleaning the bathroom, or perhaps having a family argument.

This is a social science technique that has been deployed by anthropologists for decades and is now surging in popularity in the corporate world as brands look to get a deeper, broader insight into what makes people tick, and not just which laundry liquid they bought this week.

In this line of work, there's a popular mantra: if you want to know how a lion hunts, you don't go to the zoo, you go to the jungle. It's

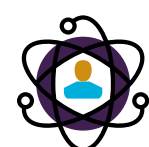
about the "why" and "how" people behave, rather than just the "what".

The range of brands now looking for insights in this consumer jungle is vast and growing. Microsoft, P&G, Unilever, Tesco and LEGO are

ETHNOGRAPHIC RESEARCH



Ethnography immerses the researcher in participants' lives, and captures consumer behaviour in different contexts of everyday life



It provides an understanding behind statistics, and allows the observance of emotional behaviour and unarticulated responses



It is able to identify discrepancies between what participants say and what they actually do

among the technique's advocates. Ford has hired its own cultural anthropologist; Toyota sends people on drive-alongs to see how motorists use the features in its cars; and The North Face goes on hike-

alongs with explorers to help it refine where pockets in its clothing should go. P&G famously came up with the Swiffer mop when it observed, through ethnography, that people spent more time cleaning their mop than they did cleaning their floors.

Anna Cucurull, managing partner of A Piece of Pie, a Barcelona-based business anthropology firm whose clients include Intel, Mondalez, Volkswagen Group and Vodafone, says business grew 90 per cent last year and is up 70 per cent in 2016.

"There's one key driver in this, and that's the uncertainty and complexity in business," she says. "Traditional linear thinking based on data, or what's worked before, is not enough. Solving today's problems requires a deeper understanding of people and seeing the context in which people live."

At TNS, one of the world's largest international research companies, head of qualitative research Anjali Puri says it's difficult to quantify the rise of ethnography as definitions of true ethnography vary. But 38 out of 50 randomly selected projects they'd done included some element of observation-based data collection and demand has risen even since then. "If you take the broadest definition, then technology-enabled observation is certainly part of almost all strategic work we do," she says.

01 Ethnographic research methods are used to observe consumers in their natural surroundings

02 Life-logging cameras such as Narrative Clip 2, pictured worn around the neck, are often used in ethnographic research



Of course, there are simpler, quicker and cheaper research techniques than ethnography. Asking people about what they do and why they do it is one, though respondents are prone to give answers they feel they should give, such as "Yes, I read to my children for an hour a day" and "No, I don't buy sugary cereal". Sometimes they're lying out of embarrassment; other times they really believe they exercise three times a week and got the last round

at the pub. In some cases, behaviour is so subtle or complex, they simply don't know they're doing it.

In a UK project to understand families on tight budgets, C Space vice-president Nick Coates says "life-logging" cameras worn on people's lapels, which take a photo every 30 seconds over days or weeks, highlighted differences between how people behave and how they say they behave.

He says: "Families often say 'I'm struggling, we've cut everything back to basics, we don't do anything that's not essential', then the camera shows you they're in Nando's three times a week. What's going on there?" People aren't necessarily fibbing; it may be that what's assumed to be "essential" isn't clearly defined. Similarly, LEGO observed children spending far longer on computer games than their parents report; not a lie, but perhaps wishful thinking.

UK children's publisher Egmont has used ethnography to inform its digitisation strategy. Researchers watched parents reading books to their children and reading the same stories from digital screens. They saw that families sat more closely, touched each other more often and looked at each other more when reading from a printed book. This physical closeness helped explain the enduring appeal of print, despite children's love of technology.

In South Korea, researchers watched a rheumatoid arthritis patient to better understand the effect of her condition and treatment. "We quickly gained a richer picture of her family relationships, issues about performing as a moth-

er and wife in the home, living in a family, and the strain of housework than we could have through a traditional interview," says Junghwa Lee, general manager of Kantar Health South Korea. Clients saw the bigger picture, as well as the



Ethnography involves simply watching, for hours, days or even weeks

difficulty the patient had in storing and administering her medication.

Siamack Salari, founder of Everyday Lives, which specialises in ethnography, says the most useful insights are often in unexpected places.

"It's about what people don't do and what they nearly do. It's about seeing their unarticulated needs," he says. A supermarket, for instance, realised it needed baskets at the back of stores when they saw that shoppers stopped collecting items when their arms were full.

The video that ethnographers produce is far more compelling for clients than any PowerPoint, users say. The sample size is small, but the results have a bigger impact. C Space client McDonald's could see parents struggling to reach upstairs family areas with prams and shopping, and now has family booths at ground level in new outlets.

Ms Cucurull at A Piece of Pie says the strongest demand comes from the most challenged business sectors. "Beer has been among the least innovative FMCG [fast-moving consumer goods] sectors. Now it's challenged by craft beer, they need a big transformation," she says. "Automotive was also very traditional, but now they're thinking about self-driving cars and how will humans interact? Do they have to own the car? How will they manage their time differently?"

Mr Coates of C Space says ethnography takes researchers from being interrogators to being investigators, piecing together clues – images and comments over a period of time – along with "moment in time" snapshots, such as opinion polls and focus groups. "You need to triangulate, just like a good detective," he concludes.



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Selling what it means to be British...

Understanding how meaning is created and communicated, sometimes through signs and symbols, can assist brands in selling their products

SEMIOTICS
MARK FRARY

What is a cup of tea? You may think of it as simply a receptacle containing a hot drink, but that's not how Alex Gordon sees it.

Dr Gordon is the founder and chief executive of semiotics and cultural insights agency Sign Salad whose views are sought by global brands such as Kellogg's, Samsung and Ritz-Carlton.

"I spoke with a major British tea brand recently," he says. "I asked them what a cup of tea was. They said a hot drink. I disagreed. A cup of tea is a cup of class consciousness, of post-colonialism or of Yorkshire-ness."

Semioticians like Dr Gordon look beyond products and logos to find deeper meanings. "Yorkshire Tea is sold hugely more in the South than in Yorkshire and that is because of what Yorkshire represents – integrity, bloody-mindedness, grit and authenticity. These are big ideas which we as human beings want to communicate to ourselves and to others," he says.

Sign Salad helps brands identify how global culture is changing and, crucially, the way in which seemingly simple concepts can change over time.

"We define the narrative, the cultural definition at its heart, and give clients recommendations about the signs and symbols to use. These can

take the form of the type of font, the colours they might use, a particular logo design, packaging formats and materials, and even the product make-up itself," says Dr Gordon.

Macroeconomic factors can change consumer perceptions and it is here that semiotics can help. Consider the rise of brands which sell on the basis of authenticity, such as sharing-economy companies or craft breweries.



Semioticians look beyond products and logos to find deeper meanings

Dr Gordon says: "As semioticians, we see an idea like authenticity as a signifier of a cultural shift. It is partly down to millennial change. Until the end of the millennium, people felt they were reaching the end of things. Now there is an element of people wanting something to hold on to rather than something slipping out of their hands. The desire for authentic products is a desire for security and trust."

"Craft beer is a symbol of authenticity which goes well beyond the product itself. It is a signifier of bigger cultural value and meaning. It is handmade by someone who is an expert rather than a big company where care has not been taken.



We know the craft beer comes from a microbrewery around the corner, reconnecting us to individuals."

Insurance companies have long recognised the power of semiotics, he adds. "Historically, Norwich Union had been a leading brand with its church spire. It wasn't just insurance, but it was God's insurance company and you were protected by divine power," he says.

Now Churchill, with its nodding frontman, is top dog. "Churchill is not above you as an authority figure, but he is a mate walking alongside you," says Dr Gordon. On top of that his name is Churchill with all the cultural value that leverages – integrity, heritage, nationhood and trustworthiness."

The Britishness that Churchill represents may be crucial in the years to come following the Brexit vote and is incredibly valuable to the country. Brand Finance's *Nation Brands 2015* report says that as a country the United Kingdom has a brand value of more than \$3 trillion, exceeded only by the United States, China and Germany.

Dr Gordon says this Britishness was clear for all the world to see at the 2012 Olympics in London and he calls the opening ceremony "a work of genius", selling British expertise, knowledge, stability and reliability.

But the Brexit vote has created

5 KEY COMMERCIAL REASONS FOR USING SEMIOTICS



01

CONSISTENCY AND CLARITY OF MESSAGES



02

DISTINCTIVENESS VERSUS COMPETITION



03

RELEVANCE TO YOUR TARGET



04

UNDERSTAND CULTURAL DRIVERS FOR CONSUMER BEHAVIOUR/OPINION



05

FUTURE-FACING

Source: Sign Salad



Yorkshire Tea

03



Direct Line Group

01
Semiotician Alex Gordon says people associate the Yorkshire Tea brand with integrity, authenticity and “Yorkshireness”

02
He believes the rise of craft beer breweries, such as Wild Beer Co (pictured), is down to the consumer desire for independent authenticity

03
He says Churchill’s mascot is a prime example of Britishness that the public can relate to

cult for British companies to sell their products to mature European markets and they are forced to look to new, unfamiliar developing economies, will their brands and products translate and can the values that Britishness represents shine through?

David Haigh, Brand Finance’s chief executive, thinks they will. “In terms of fundamentals, I believe Brexit will be a very good thing for Britain. Britain has always been a very international trading nation and I feel that outside the EU, it will still have the opportunity of trading effectively with EU members as well as non-EU countries,” he says.

“As a nation, we have been developing our brand identity for hundreds of years around things like heritage, quality and luxury, which go far beyond the short term. I don’t think there is likely to be much of a change towards, for example, companies supplying products with a royal warrant. Asprey and Fortnum & Masons are not going to be significantly affected by this,” he believes. “They might arguably do better because we have a reinforced sense of nationhood.”

Mr Haigh points to the success of the GREAT Britain campaign in attracting tourists here. “There has been a boom in the number of tourists this year from Germany. Part of that is an exchange-rate effect, but I think also Britain is also seen as a very secure and pleasant place to come,” he says.

Where Mr Haigh does see a potential bump in the road is if the UK breaks up as a result of Brexit. “If Scotland goes off on its own or the situation changes between Ireland and Northern Ireland then that would change the nature of our nation brand,” he warns.

Ms Oswald concludes: “It comes back to how strong the British myth is. Is it just about castles and the Queen or are there resources around that myth which need to be leveraged?”

“The European Union is a small segment in British history. Britain’s reach is impressive and global. You can’t turn around anywhere in the world without seeing the English language or British rituals.” Drinking a cup of Yorkshireness is just one of them.



Yorkshire Tea

02

a vacuum in which there is uncertainty about what Britishness actually means. He says: “The world knew what we represented, but it doesn’t understand that now. There is a question on departing Europe about whether Britain is still capable of delivering on those values. Can we still represent excellence, expertise and quality when Ted Baker opens a store in Shanghai or Marks & Spencer in Rio?”

Yet you only have to look to American Coca-Cola to recognise the power and durability of nation brands. “Soft drinks as a category have been declining for ten years in terms of consumption yet Coke ranks very highly for brand value,” says Laura R. Oswald, author of the successful business book *Creating Value* and founder of consultancy Marketing Semiotics.

“Ninety nine per cent of the time, if a brand is in trouble, it is because their communication is ambiguous and consumers don’t understand what the brand stands for,” says Ms Oswald. “Coke, by contrast, has these deep and strong associations with certain emotional qualities – family values and the endless optimism of the American people.

“The power of the semiotic dimension of brands is in the my-

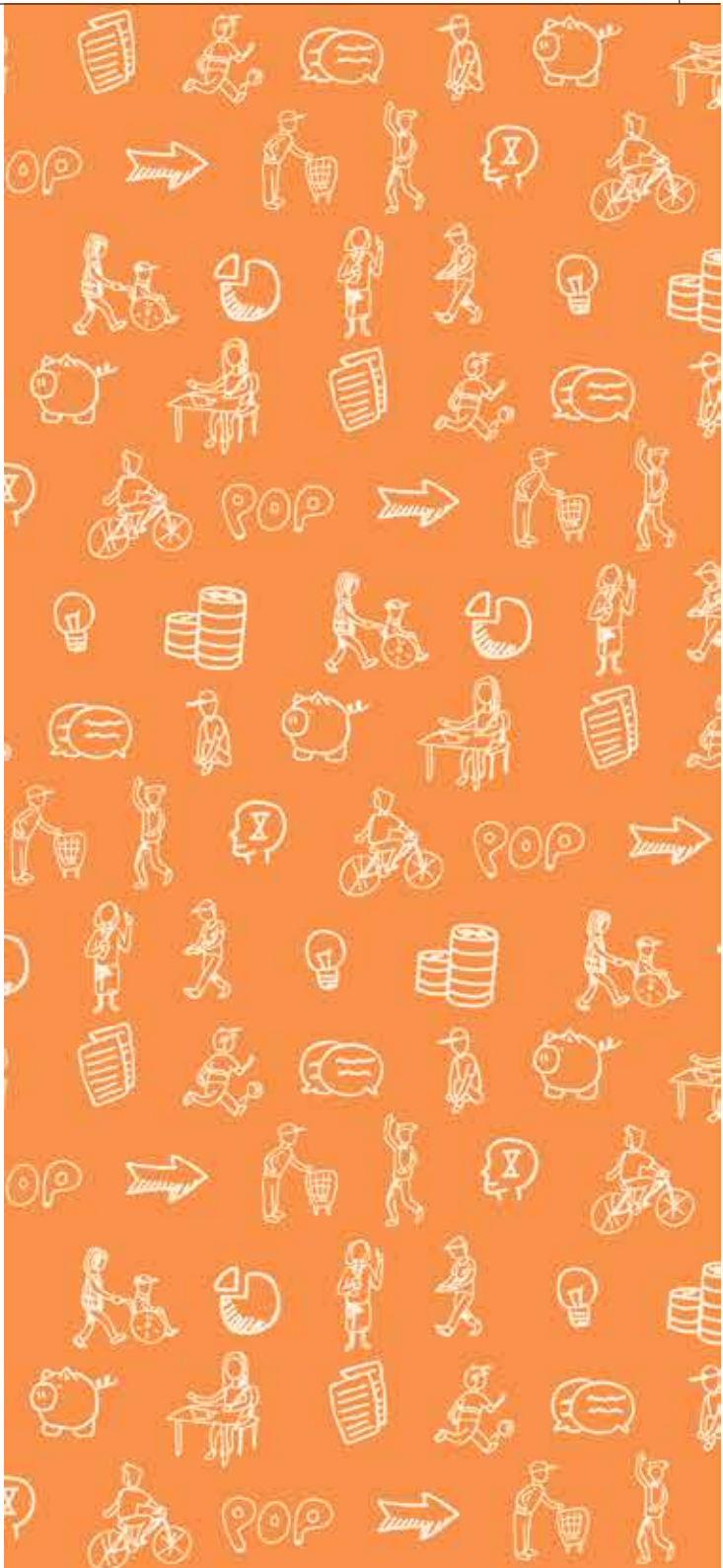
thology. American culture has a lot of trouble, racial conflict for one, but the national mythology of family values and optimism is what the American cultural myth is all about. Brands that can take that national mythology and tie it to deep universal values such as courage, respect and hope have a chance of penetrating other countries.”



The power of the semiotic dimension of brands is in the mythology

Dr Gordon adds: “Coca-Cola is bad for you, but you don’t buy it for that reason. It is the idea of American innocence, nostalgia and social harmony which Coca-Cola has always represented since the hilltop campaign which was so fundamentally important.”

Yet in the wake of the Brexit vote, exporters may have to look more closely at what semioticians have to say about just what it means to sell British products and services abroad. If it becomes more diffi-



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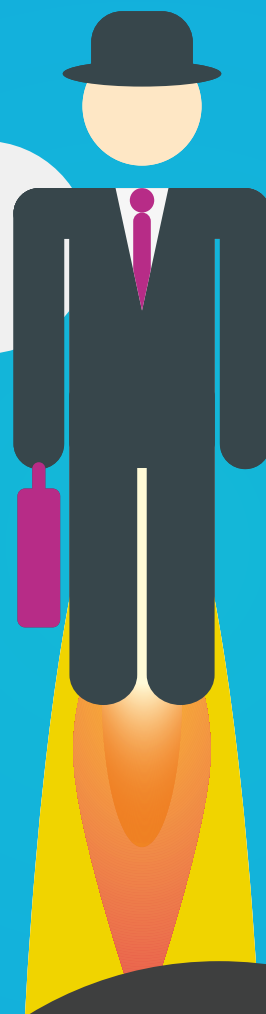
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