

Grail Research **FIELDNOTES**

Yale Center of Customer
Insights' Annual Conference
New Haven | 2016



With big data comes
big responsibility



Don't nurture a
multi identity brand



Think stories,
not campaigns



What's Next?



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Observations from Yale Center of Customer Insights' Annual Conference 2016

Grail Research recently attended the **Yale Center of Customer Insights' Annual Conference**, which brought together academicians and practitioners to discuss the drivers of change in our world today and the forces that will impact our world tomorrow.

Professor Ravi Dhar, the George Rogers Clark Professor of Management and Marketing at Yale, set the tone for the conference, remarking, "Ten years ago, Facebook was at a million users, Twitter and the iPhone did not exist, and no one used the term **big data**."

"How the consumer shops and engages with companies is radically different today, and the way we study consumers has changed with it."



"How the consumer shops and engages with companies is radically different today."

Professor Ravi Dhar

Grail walked away from the conference with significant insights:

IF "TECHNOLOGY" IS THE PLAYING FIELD, "EXPERIENCE" IS THE PRIZE

Innovation has traditionally been confined to the next new gadget on the block, but as Alison Lewis, CMO, Johnson & Johnson, put it, "We've moved into an era of experience. Technology is the underpinning of change but it's the experience that people fall in love with". She gave the example of how Uber is changing and capitalizing on behaviors, with one result being that teens are now less incentivized to get a driver's license.

While J&J has had over a century to refine the customer experience it wants to deliver, the relatively new Viacom was faced with the existential question of defining their belief system for the first time.

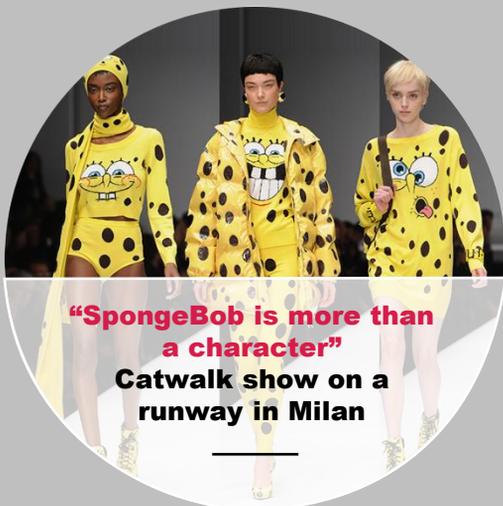
Ross Martin, EVP, Marketing Strategy and Engagement, Viacom, acknowledged that, "Technology has empowered consumers like never before. We're now moving away from the era of passive audiences that receive content to active audiences that create content. From selling impressions to selling engagement. From viewers to fans. And that's what Viacom discovered it was – a **fans-first brand**."

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Martin added, "We create more than content, we create experiences. SpongeBob is more than a character, a TV show or a consumer product – it has become a part of people's lives. And it shows up in the most intense and incredible places, like the runway in Milan".

In its quest to fulfil its belief system **for all fankind**, Viacom is guided by these simple yet powerful philosophies:

- Find fans wherever they are and delight them
- Know your fans better than anyone else in the world
- Create content that's worthy of your fans
- Create a mind-blowing experience for your fans
- No matter how big and successful you get, you must go out and earn their hearts every single day (learn from Taylor Swift!)



Incidentally, Martin learned about this "belief system" from Spotify's CMO Seth Farbman. Not surprisingly then, Spotify's Director for Global Brand Strategy, Eric Solomon started his talk with, "We are customer obsessed".

Through a partnership with Starbucks, Spotify is redefining the coffee house context by turning baristas into DJs. Starbucks customers can take the music home by identifying, downloading and saving songs being played in-store to a Spotify playlist. The goal of this **next-generation music ecosystem** is ultimately to offer customers an integrated and improved experience.



As the magazine Ad Age noted in an article a few months ago, "The new reality is that as customers become more skilled at, and have better technology for managing their many brand relationships, they will weed out or ignore companies that fail to sufficiently understand their needs and deliver value against them. This is the new consumerism – empowered, entrepreneurial and enabled".

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WITH BIG DATA COMES BIG RESPONSIBILITY

“Customer experience has no value, unless you can value [measure] it,” quipped Pete Fader, the Frances and Pei-Yuan Chia Professor of Marketing at Wharton. “We have the capability to know who our most valuable customers are – marketing now needs to be centered on that knowledge and not simply be focused on matching supply to demand”.

Alison Lewis agreed, “Large amounts of data can overwhelm organizations. [We must learn to] unleash this data avalanche in the right way. [J&J believes in] purposefully showing up when it matters in the consumer or stakeholder journey, [but more importantly], J&J must measure what matters”.

Pointing to Gartner’s Hype Cycle from 2014, Lewis remarked that big data and analytics will reach a plateau of productivity in less than ten years. Activating a data-driven strategy thus requires both measurement and agility to be built into ambition, so that this rapid pace of change is a source of advantage rather than a handicap.

To that end, Vail Resorts appears to be successfully walking the tightrope between data and experience. Kirsten Lynch, the company’s CMO, spoke extensively about how they leverage robust analytics on customer data to predict and ensure loyalty. By offering customers an app called EpicMix, Vail is able to track every detail of their trip – ski runs taken, restaurants visited, trip companions – to offer visitors personalized, real-time recommendations. Data serves a singular purpose for them – to uncover which customers to target and how to bring them down the loyalty funnel.

Similarly, Spotify is using **data to drive direction** and ward-off stiff competition. Solomon explained, “Context is everything. Content is not king, what you do with it is king”.

This simple business philosophy has enabled the streaming service to mine its rich listener data in a way that can lend a competitive advantage. An example of that was the insight that **people are moving from genres to mood states**, i.e. moving from ‘pop’ or ‘rock’ to ‘I want to party’ or ‘I want to workout’, with the result being that offering listeners mood state music has become one of Spotify’s cornerstone strategies. Another example of how Spotify optimized the value of its data asset was through the launch of “Your Year in Music” and “Discover Weekly”. Through these and other programs, Spotify has been quick to realize the power of the data it owns and is using that to make music more discoverable and social.

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DON'T NURTURE A MULTI IDENTITY BRAND

Brands often develop multiple personalities, depending on the market and the context in which they operate. In trying to adapt to the local milieu, companies tend to lose their brand essence, which can be disastrous. Alison Lewis had a simple message for brand strategists, "Brand origination needs to be consistent, activation can be local." So while J&J launched Listerine Green Tea to cater to local tastes in China, it did not dilute or change what Listerine means to its customers globally.

For a venerable, global company such as J&J, building a cohesive brand voice can prove all the more challenging. To deliver against this goal, J&J created **new, incisive and universally applied ways to articulate the purpose and ambition of each of its brands, anchored on "one big bold idea"**. Next, each individual idea was implemented through a common framework that drove communication, R&D and innovation, in-store activation, and channel partnership. And finally, because ideas can span many touchpoints across the globe, the strategy was owned by a creative curatorial leadership.

When Viacom went through the exercise of defining its belief system, it needed a brand idea that was big, simple, true and useful. And so, much like J&J, Viacom brought together product, customer, competitive and cultural insights to "deliver a clarity of purpose that unites, inspires and catalyzes the power and potential of Viacom," said Martin, adding, "Fans-first brands is our belief system. If we don't live up to that every day, everywhere in the world, we go away."

THINK STORIES, NOT CAMPAIGNS

Marketers now have more ways of reaching their customers than ever before. Yet, most marketing today is garbled or simply annoying. PepsiCo's Simon Lowden believes, "Campaigns are now dead. We need to start thinking about connecting stories. After all, brands don't sell brands, people do".

We might recall Pepsi's stir-worthy "puppy-monkey-baby" commercial during the Super Bowl 50. What Pepsi did was create a handful of content, but everything else, i.e. thousands of social media impressions, were created by viewers. Not only did that result in tremendous ROI for Pepsi, but it also gave the brand unprecedented access to its fans. The success of Pepsi's viral campaign proves once again, how vulnerable TV alone is in the hands of social. **TV has now become an intrusion. Social is a choice – if the audience chooses to engage they will stay engaged.**

Ben Steele, the Chief Creative Officer of REI Co-Op, shared a classic situation where the company felt it had lost touch with who they were and where they came from. REI took the most radical business decision any retailer can take – closing stores on Black Friday. REI, an outdoors lifestyle retailer, wanted both customers and employees to shun the Black Friday madness and #OptOutside. This wasn't about a campaign or about ROI, but about leaving its stakeholders with a reason why they should associate with the brand.

"The goldfish in the fish bowl has a greater attention span than audiences today" – Simon Lowden, PepsiCo.

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WHAT'S NEXT?

One thing is clear: Today, competitive advantage is tied to customer centricity like never before. And the most robust, systematic and proprietary way to build it is by utilizing data as an asset.

According to a BCG study, in 2008-09, 90% of businesses adopted traditional market research either focused on hindsight, descriptive research or on real-time optimization. Despite an open desire for customer insights to be a cornerstone of their strategy, only 20% of businesses today are actively creating internal functions that could act as strategic insight partners.



- 1. Make customer insights a priority**
Depending on the stage of research sophistication your business is at, build at least prescriptive, if not predictive research capabilities.
- 2. Create a seat at the table**
Whether it is the CEO or a dedicated Chief Insights Officer, without a C-suite champion, research and insights will not be able to consistently drive real-time action and foresight at the enterprise level.
- 3. Actively allocate resources**
Companies need to set aside both marginal dollars as well as hire the right skills.

As businesses increasingly use data and technology to observe externally verifiable outcomes in loyalty and growth, ones that don't risk being left seriously behind, very soon.

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