

Enhanced Insight Discovery

- Build an Insights Engine in your business -

Tim Cooper

ADMA Forum, 27 June 2007

Customer Insights Analysis Manager, Merck Sharp & Dohme 1

Subject of this session – Insights: enhanced/ engine

Customer = external customer or end consumer

Who am I? Back ground in quite a nbr industries and countries, Masters in Data Analysis, agency www.dbt.co.uk, agri-chemicals (B2B) esp Cyanamid, AVIS, Vodafone, Pharmaceuticals+ consulting MHA NSW, eBay, various CRM projects etc

Lived and worked in more than half a dozen countries

On Editorial Board of J Database Marketing & Customer Strategy Management

On the Menu

1. Finding Insights
 2. Faster ways to Insights
 3. Finding 'bigger' insights
 4. Becoming an Organisation of Insight
- Build
Insights
Engine

Tim Cooper

2

This is based on published literature – including my paper - on observations and on trial-and-error.

Key refs at end of PPT

Customer Insight for Competitive Advantage

There are only two sources of competitive advantage:

- the ability to learn more about our customers faster than the competition, and
- the ability to turn that learning into action faster than the competition



Jack Welch, GE

Tim Cooper

- Faster - and better than competitor

From Steve Wills, Customer Insight Solutions Ltd (UK), managing the UK's IDM (Institute for Direct Marketing) "Customer Insight Forum" 3

Insights

“New information giving you actionable ideas to drive your business in your stated direction and provide competitive advantage”

- Not repeatable – you cannot repeat something new
- Not data collection, reports, product monitoring, etc. .
- Most effective with a holistic approach

Tim Cooper

4

Must be specific about the term ‘insight’ or not clear what you are asking for nor if you’ve got some.

Diff between ‘Insight’ and ‘Insights’s: plural as in slide,

singular: having a deep, embedded set of knowledge that helps decision making and structure

Steve Wills, Customer Insight Solutions Ltd (UK), managing the UK’s IDM (Institute for Direct Marketing) “Customer Insight Forum”

Members include Cadburys, ICI, Coca-Cola, Sky, Lilly, Nokia, Tesco, Reuters, Vodafone and others

Ask yourselves . .

- Can your business generate more insights?
- Is it possible to identify specific actions that lead to insights?
- How can you get bigger, more powerful insights?

Tim Cooper

5

Forbidding is forbidden!

~ Che Guevara



- And expect the unexpected

T. HAGGERTY

You never achieve something different by doing the same things as you always did

1. Finding Insights

Tim Cooper

7

Analysis for Insights

- Only have time today to discuss one part of the process: *Analysis for Insights*
- Quality of your life is in proportion to the questions you ask: ask good questions
 - Simple analysis may be all required
- Senior dialogue – build relationships and credibility
- Market picture – essential to build and share
- Integrate data sources, convert data to insights
 - Look for anomalies, contradictions, gaps & assumptions

Tim Cooper

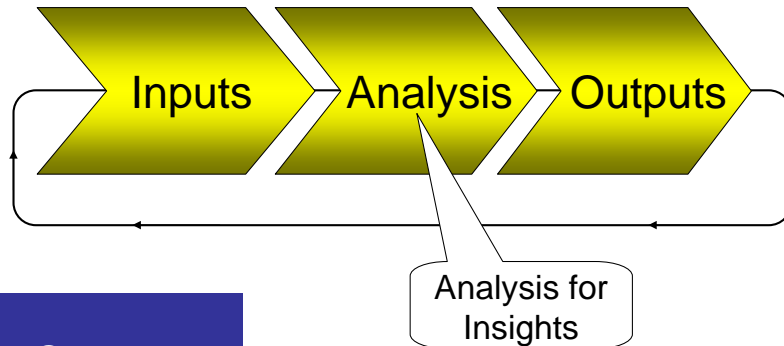
8

Insights can arise from simple analysis

What counts more than type of analysis is the thinking that leads to asking good questions for analysis.

Insight discovery: it's a process

- In part, a very creative process
- You can work to improve each identified step

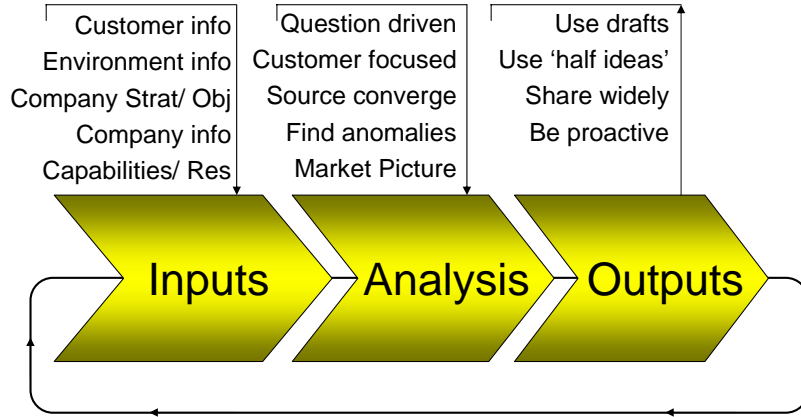


Tim Cooper

9

In the most simple sense, analysis and thinking required to get to insights needs inputs and creates outputs

Insight discovery: it's a process



Tim Cooper

What's the question to focus on? e.g.: if churn is an issue, what's the customer's issue?

10

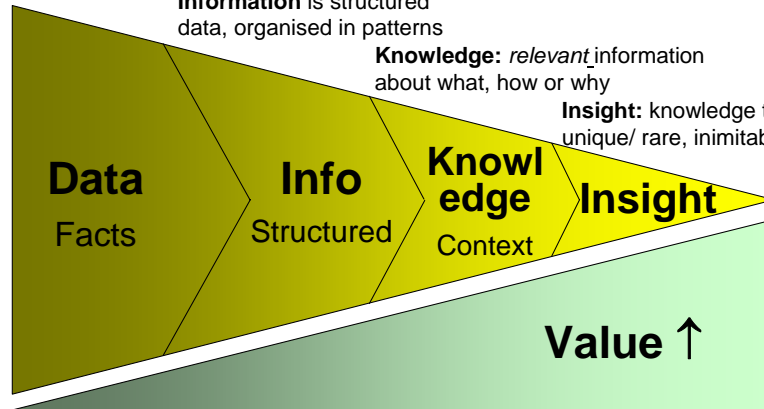
From Data to Insights

Data: facts that can be Qual/ Quant/
Explicit/ Implicit, e.g. 25 °C

Information is structured
data, organised in patterns

Knowledge: *relevant* information
about what, how or why

Insight: knowledge that is valuable,
unique/ rare, inimitable, actionable



Tim Cooper

11

The Market Picture



- A clear picture of the market is always required by an organisation. It captures the customer view + envt
- Build by seeking customer-company win:win
- An insight is new because it is not yet part of this picture
- Insights enhance the picture by clarifying, providing new perspective and often simplifying.
- The Market Picture is the business's 'knowledge'
 - leads to market understanding.
 - Demands integration of database and market research etc
- The insights generation area helps continuously building and increasing resolution of this picture
 - ownership of the picture is best left with commercial areas.

Tim Cooper

12

Always carry your Customer Compass to orient all insights towards the customer.

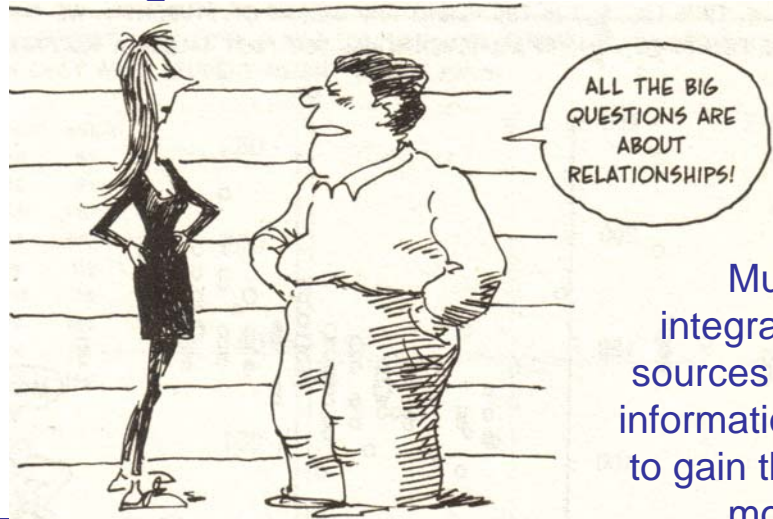
Through the act of building and refining the picture, insights generation staff:

- Have a defined playing field with boundaries and clear goal area to aim for (the company's goals).
- Become aware of knowledge gaps, anomalies and other features that trigger good questions that may lead to insights
- Become familiar with the market place.

Part of the approach involves building higher levels of knowledge from basic data, through integrating multiple sources. Knowledge constructed for a particular purpose, once fully understood, may be found to have an unforeseen relationship with another area of knowledge. This is like pillars of a building that need to be in place to put the next floor on top.

For example, understanding how purchase decisions are made may lead to the construction of one 'pillar' of knowledge. A second area of work to predict customer response to different offers creates a second pillar of knowledge. Seeing how predicted customer response relates to how purchase decisions are made creates a higher level of knowledge formed bridging these two knowledge pillars.

Integrate Sources of Info



Must
integrate
sources of
information
to gain the
most

Tim Cooper

13

Where to look for Insights?

Highly innovative firms are simply those who are 'looking in the right place', but these tend to be newcomers who ignore traditional norms and knowledge.

Michael Porter quoted by Seán Kelly in "Customer Intelligence – from data to dialogue"

- So, how can you learn to be better at finding the right place? Start with your customers and . . .

Tim Cooper

14

Sign-Posts for Insights

- Anomalies or unusual features in the data,
 - e.g. Marriott in-flight catering story
- Conflicting or contradictory information,
 - e.g. why is our market share almost as big at non-target malls as at targeted malls?
- Gaps in market understanding raise questions
 - “Why does this happen?” stimulates insightful analysis
- Assumptions, business rules and definitions
 - Challenge, critique these - a fertile area for new views on the market + insights.

Tim Cooper

15

Discovering an insight may be as simple as observing an unusual feature in the market and asking “Why does this happen?”. The Marriott Hotel story [3] includes this type of insight: J. Willard Marriott, later founder of the hotel chain, started with food outlets in Washington DC in the 1920s. On a visit to his store near Hoover Airport he saw passengers en route to the airport stopping to pick up food for their flights. This struck him as something extraordinary. Very rapidly he made arrangements to provide pre-packaged lunch boxes to Eastern Air Transport – and soon other airlines. This was an opportunistic approach: he saw what people were doing, understood why and saw an opportunity. The act of noting the pre-flight passenger’s behaviour is just information gathering, but Marriott asked *why*. He then had a big “a-ha” moment when he realised what it would mean if his company provided the airlines with pre-packaged food. Insights come from asking the good questions – see later.

An insight may arise through something as simple as marrying two data sources together that had never shared a page before. Suddenly, a relationship between two facts is discovered that had never been appreciated, leading, potentially, to new insights and actions. The possibly apocryphal story of the discovery of an increase in beer and diaper (nappy) sales [13] on Friday nights – the father on his way home picking up the essentials - led to a supermarket placing these two items right next to each other, accelerating sales.

An implication of these examples is that insights can arise from simple analysis. What counts more than type of analysis is the thinking that leads to good questions that require analysis.

Asking good questions

- “Why” >> “What?” because gets closer to emotion
- Customer-centred & on-strategy
- Taxonomy of questions: what have you missed?
- Alternative angles: encouraging the development of good questions
 - Reverse engineering ideal situations to see how they could be made to occur
 - Examine polar extremes of the implications of an argument
 - Take a multi-disciplinary approach
 - Playing “Devil’s Advocate”

Tim Cooper

16

Explain Taxonomy – a ‘classification’ . . . from dictionary.com “the science dealing with the description, identification, naming, and classification of (organisms)”

2. Faster Ways to Insights

Tim Cooper

17

Faster Ways to Insights

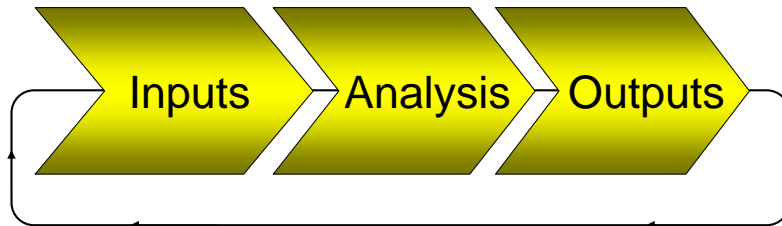
- Go faster around the process
- Set up the organisation + tailor inputs to be ideal for insights work
- Requires changes in the work environment
 - Must be driven by senior management

Tim Cooper

18

Insight process: go faster!

- Go faster around the flow: accelerate the learning cycles



Tim Cooper

19

Free staff to focus on Insights

Remove barriers for Insighters:

- Avoid multitasking
- Get data in shape for answering questions posed
- "Productise" common services
- Black-box repeat processes
- Basic, non-insight requests to be done in another area
- Get reports generated automatically to provide standard info requests
- Data access for end users
- Learn to say 'no' or change some requests - set criteria, e.g:
 - How much value does the request add for the customer?
 - Is the request on strategy, addressing a specific stated objective?
 - What new info will come from the analysis?
 - Will the results or approach to get the results benefit more than one area?
 - How much \$\$ is riding on knowing the results? How accurate or complete do we need the results?
 - Have we already done/ are doing some similar work? Info in standard reports?
 - Signed off by manager?

Tim Cooper

20

Who has ever received an analysis or research request that was pretty daft – not clear what they wanted or not going to provide anything really new or otherwise a questionable request?

Senior Dialogue

- Senior dialogue – build relationships and credibility
- Share half ideas and half solutions – massive speed-up of process to insights
 - Big cost save, earlier to solutions and ROIC*
 - The alternative with fully formal process . .
 - wastes analyst and Management time and frustrates everyone and
 - leads to too many analytical requests because Management don't know where/ how to focus

Tim Cooper

* ROIC – Return On Invested Capital

21

Vicious Circle due to GIGO

- Overwhelmed Analysis area, leaves little time for standing back and asking good questions.
- The value of an analysis department is viewed in terms of output, but the output is determined by the requests they act on, typically tactical. Hence, a low value is put on the analysis area
- Typically, analysis areas answer other people's questions. By proactively engaging the commercial areas and posing good questions the credibility of analysis areas will be raised.

Tim Cooper

22

3. Finding “Bigger” Insights

Tim Cooper

23

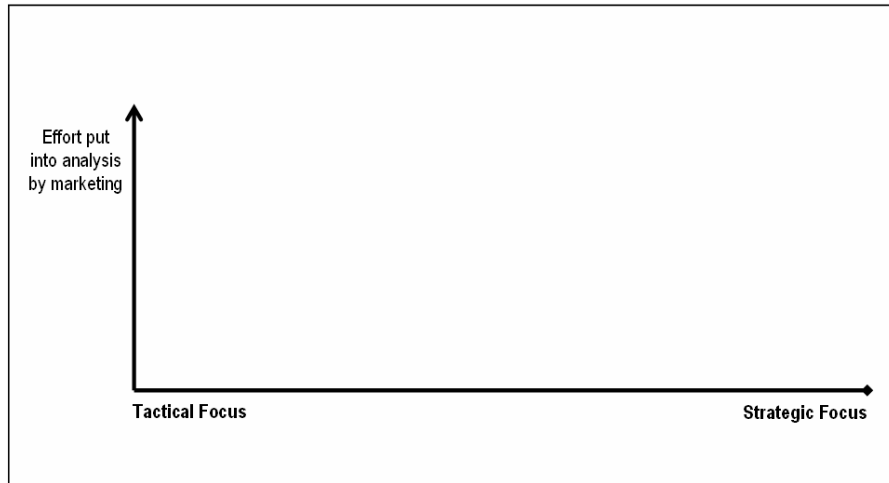
Finding Bigger Insights

- For an insight to be big, it must provide a big advantage
- 'Big' must be big for the customer: get closer
- Work on market-changing strategic level, as well as tactical

Tim Cooper

24

Tactical vs. Strategic Analysis Focus



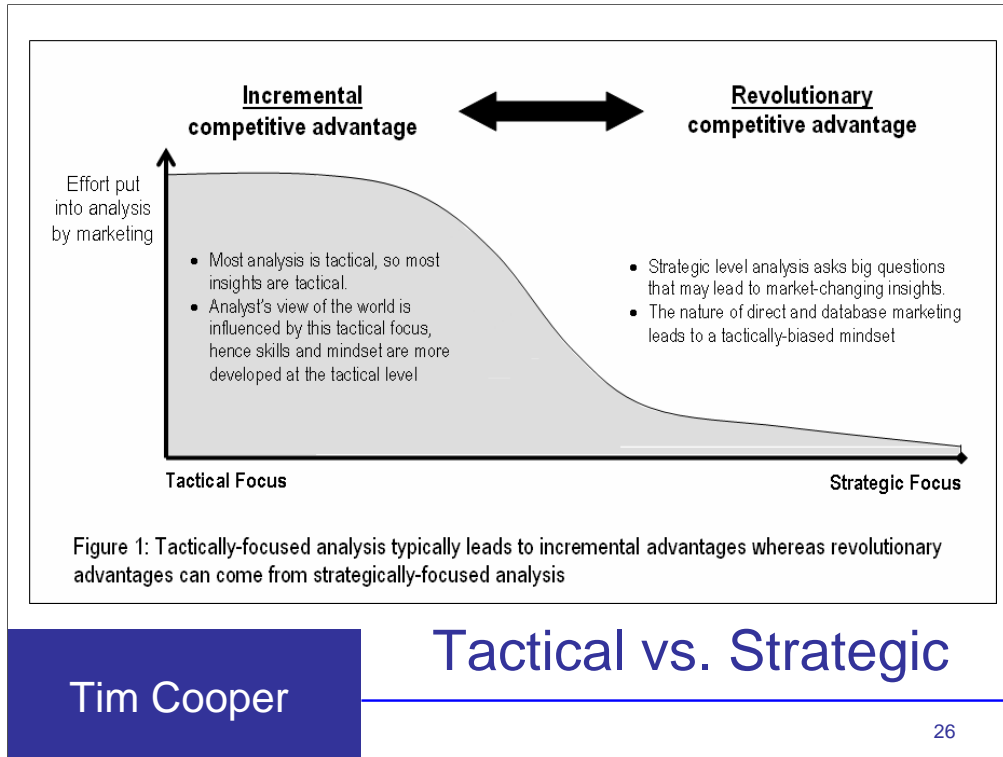
Tim Cooper

From a CEO's point of view, does marketing get viewed as being strategic or tactical?

25

Strategy can be defined as a sustained pattern of resource allocation to meet pre-specified goals. To support this, marketing strategy is the approach used to allocate resources affecting which customers to target and what to offer.

Most data collected relates to tactics, except some market research and competitor intelligence. The data related to tactics tends to be used (if used at all) in connection with tactics, such as pre/ post product launch comparisons of shifts in consumer attitudes or campaign tracking.



An insight at a strategic level can change an industry, but most marketers/ analysts are more micro-focused. Hence, insights at a tactical level are more typical and incremental advantages over competitors are the norm.

An insight at the strategic level could, for example, lead to a new approach to market (e.g. a change from product-focus to customer-focus by replacing the company-focused product-profit based segmentation with a customer-needs based segmentation) or the creation of a new category.

This redefines the playing field and leaves competitor offers obsolete. A new set of factors determine profitability and success – disruptive.

If tactically-focused analysis generates learnings, these are usually at the tactical level.

Strategic vs. Tactical Focus

- Must have a clear and well articulated strategy with SMART objectives
 - Must be appreciated and 'lived' at all levels, esp Insighters
 - Without this, all analysis will be tactical or near random

Tim Cooper

27

4. Become an Organisation of Insight

Tim Cooper

28

An org or co. of Insight

- Becoming an organisation or company that is one of Insight means two things:
 - Effective *insight generation, communication & implementation*
 - Insights are part of the company DNA
- Implies, knowledge is embedded in the organisation – the “wisdom” level

Tim Cooper

29

Insight - the commercial entity

- Communication
 - Senior dialogue
 - Communicate insights effectively to get action
- Focus for Insighters
 - Know strategy, objectives
 - Provide 'space' to do their job $\sim\frac{1}{3}$ time not allocated
 - Remove report generation, data maintenance etc
- Roles and Structure
 - Insight generation is a whole skill set in its own right
 - Initiation vs. elaboration requires a balanced team

Tim Cooper

30

Communication *

- John Keegan in “Intelligence in War”:
 - Intelligence never wins the war: it takes blood, sweat and sacrifice. Intelligence provides advantage, but you have to execute successfully on it.
- The “Intel” has to reach those who can take appropriate action
- Use: headline, 2-3 key messages, implications, recommended actions

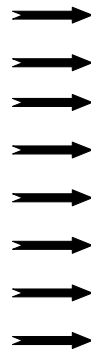
Tim Cooper

* See Steve Wills 2005 paper for practical learnings on insights communication – listed in refs on last slide 31

Analyst vs. “Insighter”*

Analyst/ Researcher

Project focussed
Techniques driven
Process driven
Reactive
Supportive
Data focussed
Detail conscious
Decision shy



Insighter

Business focussed
Problem solver
Flexible
Proactive
Participative
Ideas generator
Context bringer
Action driver

Tim Cooper

Which is it that organisations need?

* Adapted from Kate Dann, KD Consulting www.kdconsulting.co.uk 32

Sourced from the UK’s IDM (Institute for Direct Marketing) “Customer Insight Forum”, with permission from Steve Wills, Customer Insight Solutions Ltd (UK), managing this Forum

'Why', not 'What'

- You need 'Why' people not 'What' people
- Mentality: Proactivity, everyone is a leader, spirit of inquisitiveness and open sharing, independence of mind, enthusiasm, willingness to challenge
- Get staff exposed to customer and internal clients – attend to view MR, an 'ethnography' of customer exercise
- Skills: tech, but ALSO biz and comms

Tim Cooper

33

When you encounter a situation in life, listen to your internal dialogue and hear if you ask 'What is going on?' or "Why is this happening?". Shift the 'what' to 'why' and you get a new view.

Remember This

Tim Cooper

34

Closing points

So, ask yourselves:

- Can your Insighters articulate your company strategy?
- Do your Insighters have real two-way conversations with senior decision makers?
- How much time do your Insighters spend on activities that do not generate insights?
 - e.g. looking for or massaging data, reporting, non-insight generating requests
- How much real feedback from internal clients of the Insighters is provided – and acted on?

Tim Cooper

35

Take home

- Define insights and embed in your organisation – gain clear focus
- “The quality of your life is in proportion to the quality of questions you ask”
- Challenge info/ requests: insight or info? So, what is missing – and how to get it?
- How can you get faster at generating bigger insights? How to become an org of insight?
- **Warning - Expect to be challenged when providing new ideas and solutions!**

Tim Cooper

36

On the Menu

1. Finding Insights
2. Faster ways to Insights
3. Finding 'bigger' insights
4. Becoming an organisation of Insight

Build
Insights
Engine

Tim Cooper

37

Thanks!

Tim Cooper

38

Key References

- “Enhancing insight discovery by balancing the focus of analytics between strategic and tactical levels.” Tim Cooper. 2006. J Database Marketing & Customer Strategy Management. Vol 13. Nbr 4. P 261-270
- “The management and communication of customer insight”. Steve Wills. 2005. J Interactive Marketing. Vol 6. Nbr 4. P 302-316
- “Fast innovation: achieving superior differentiation, speed to market, and increased profitability” by Michael L George. 2005
- "Marketing Due Diligence: reconnecting strategy to share price" by M McDonald, B Smith & K Ward. 2006

Tim Cooper

39

Contact Details

Tim Cooper
Customer Insights Analysis Manager

Merck Sharp & Dohme
54-68 Ferndell Street
South Granville, NSW 2142

E Tim_Cooper@Merck.com

T 02 9795 9525

M 0414 795 391

www.msd-australia.com.au

Tim Cooper

40