

Building a Better Consumer and Customer Insight Capability

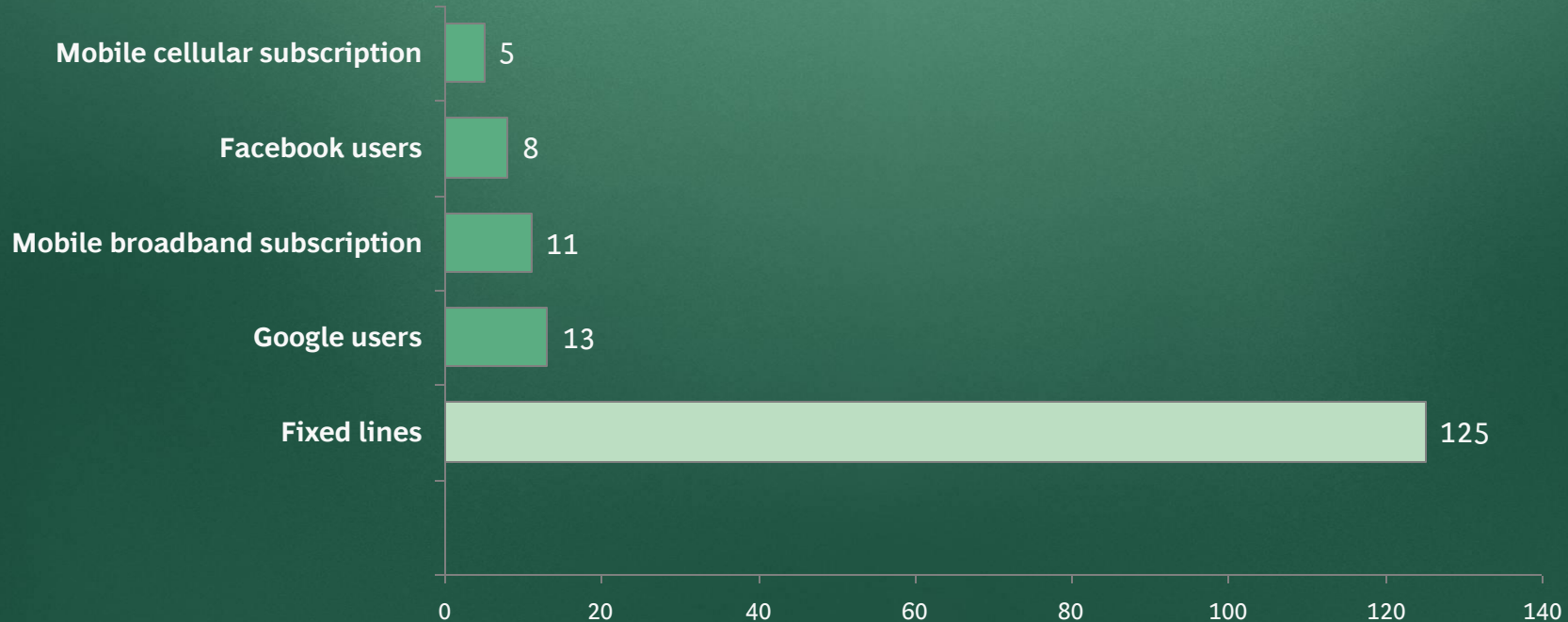
Nicola Pianon
Senior Partner e Managing Director

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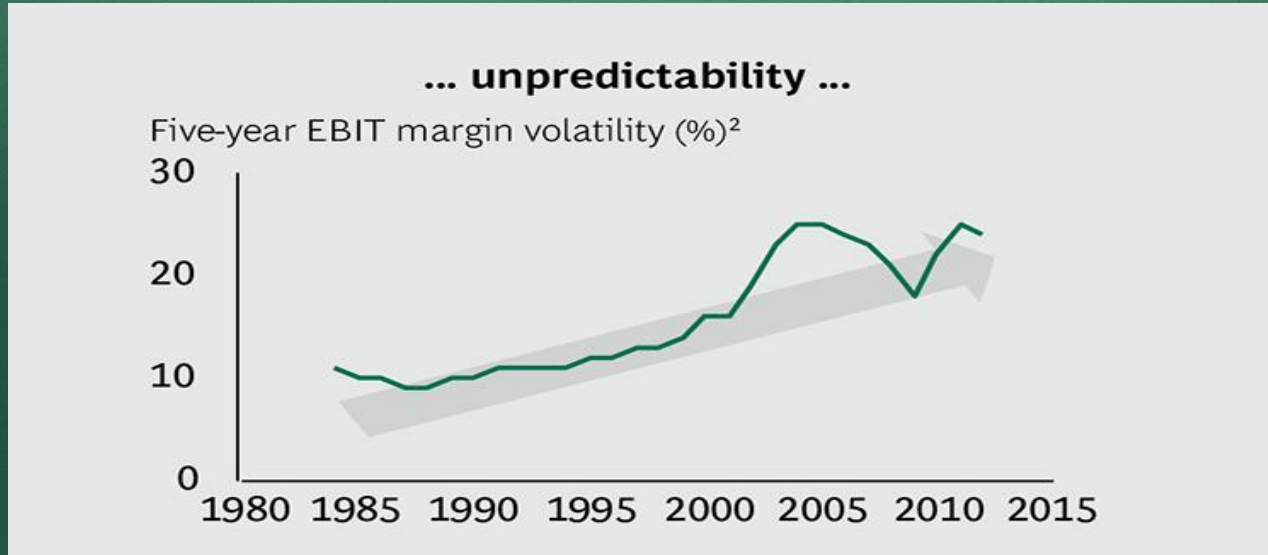
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Unprecedented & accelerating pace of change

Years to achieve one billion users (from launch)



Business environment is becoming unpredictable



2. average five years standard deviation of EBIT margin

Source: BCG Analysis , Panel of Listed Companies

Customer and growth are top priorities for most senior executives'

In respondents' own words, top 5 priorities overall for their company



Note: Only included top 50 used words, grouped customer and customers; grow and growth

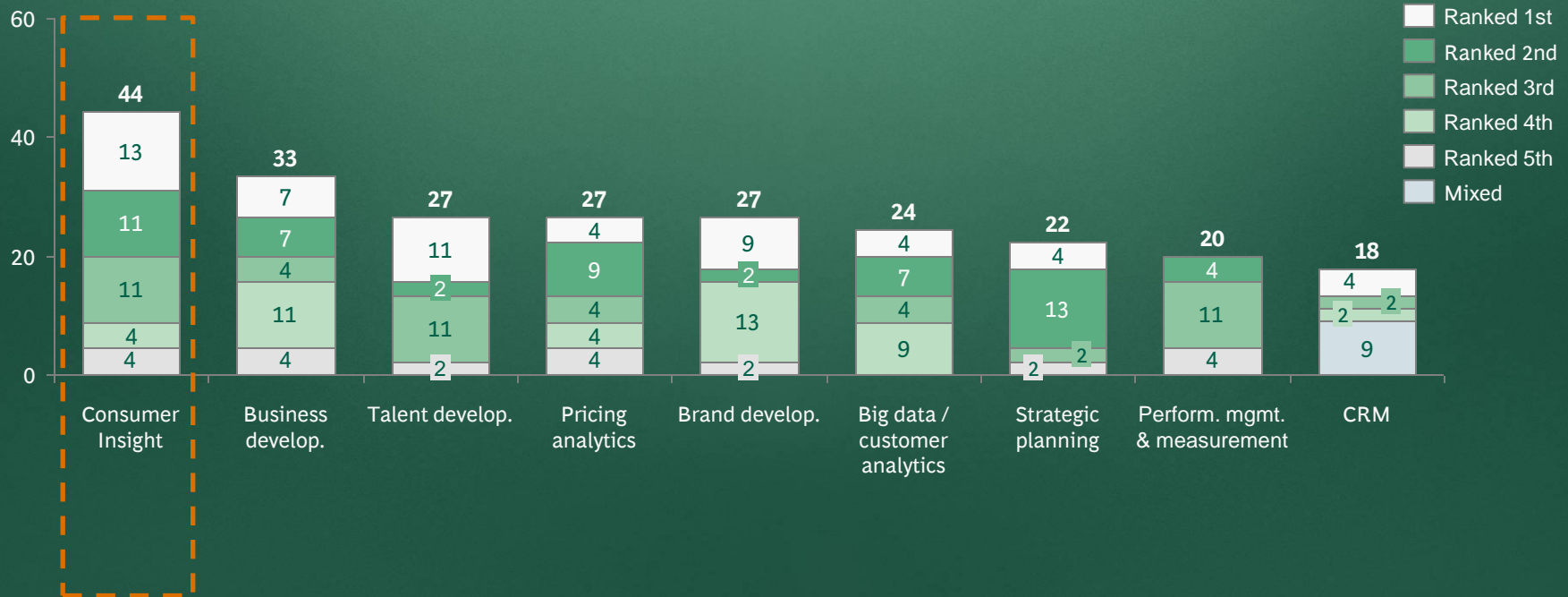
Source: BCG Consumer Insights CEO Survey 2015

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Consumer Insight capability considered critical to accelerate growth

Top 5 capabilities development for the company

% responses

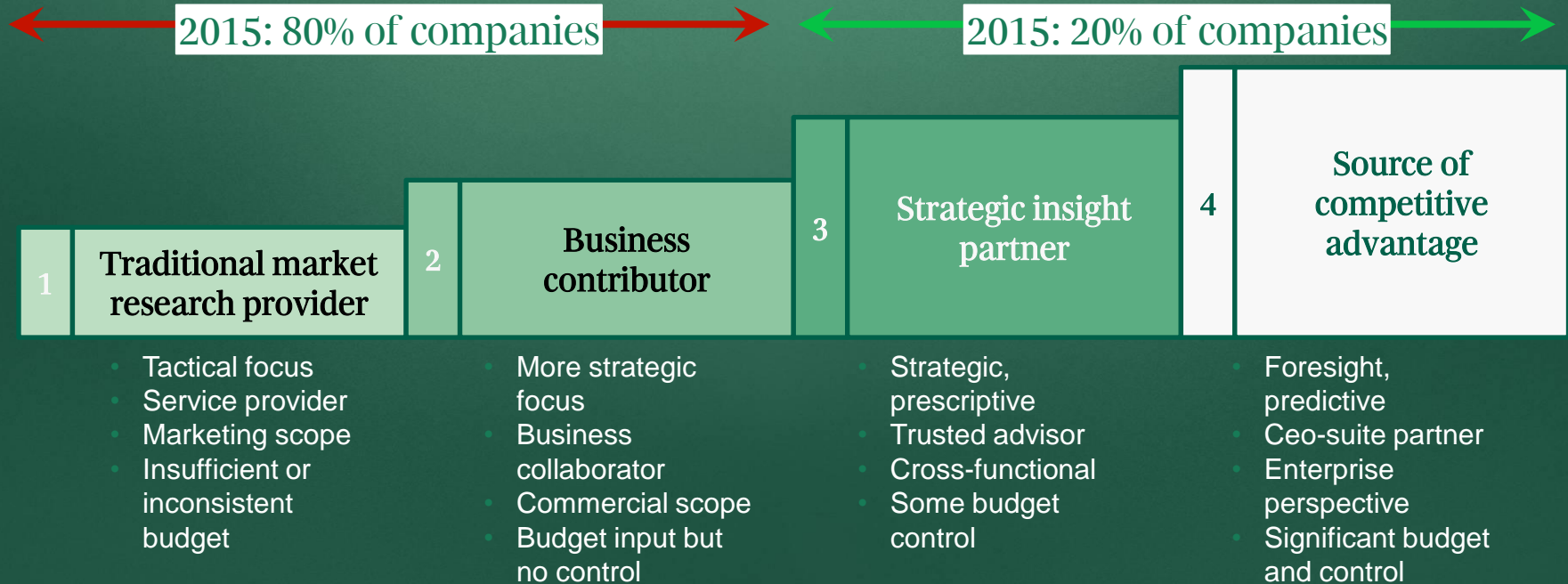


Note. Only top 10 out of 30 possible capabilities shown.

Source: BCG Consumer Insights CEO Survey 2015

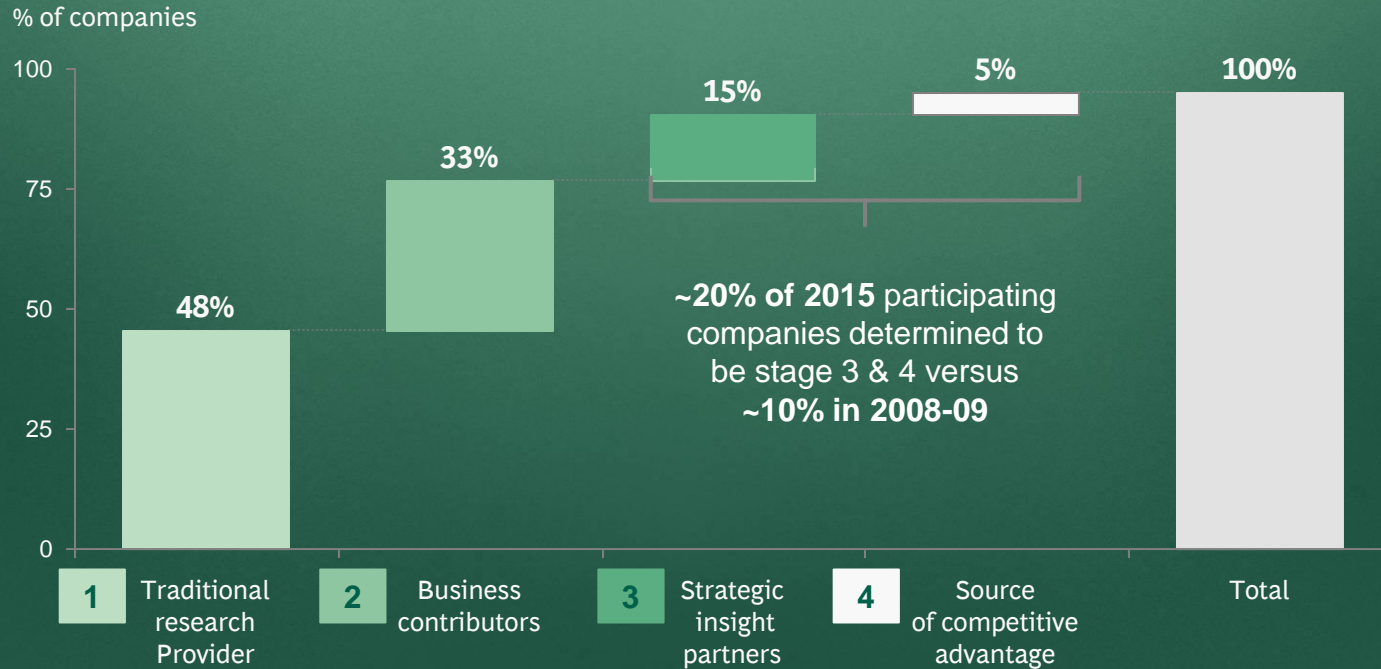
Surprisingly many Consumer Insight still with long way to go to become strategic partners for the business

Role of consumer /customer insight ("CI") function



Source: BCG Consumer Insights CEO Survey 2015

Despite executive interest, outcomes shows a slow speed of transformation



What is important for building an effective Consumer Insight capability



Budget



Strategic thinking



Seat-at-the-table

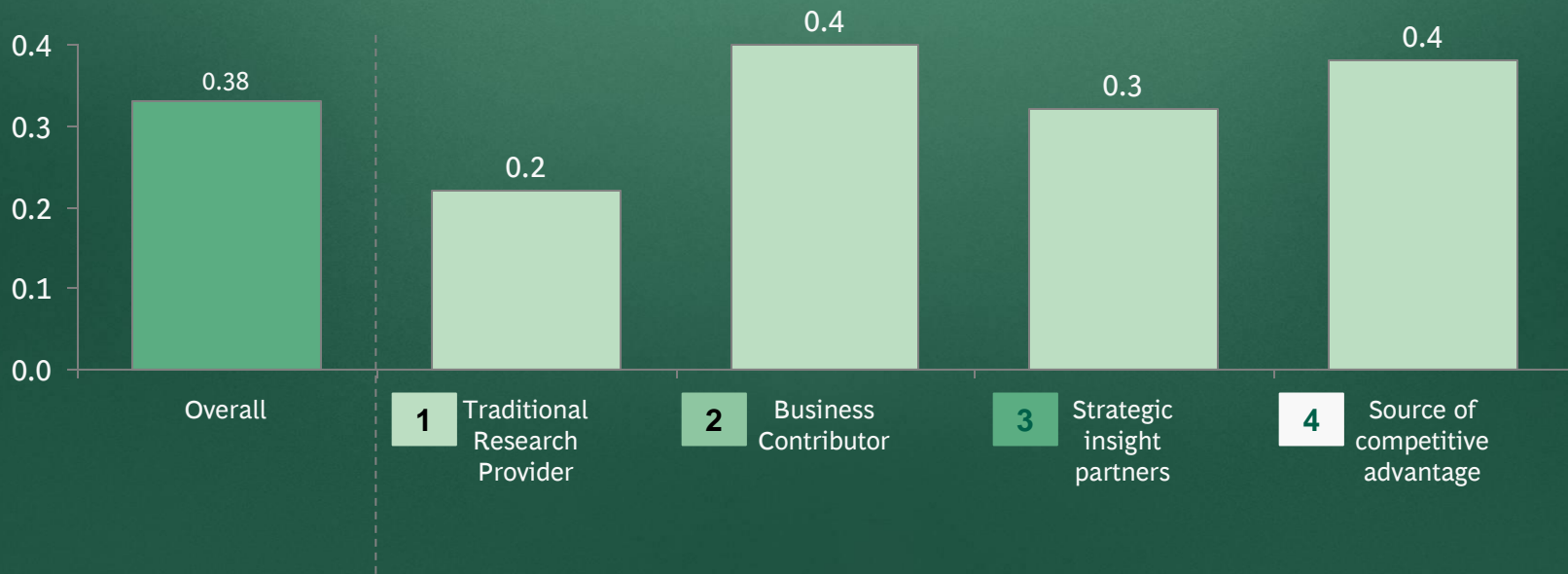


Leadership & talent

Budget is relevant, but is not the most determinant of functional performance and operating model

Company total CI spend by stage

CI budget as of revenue (median) (%)



Customer centricity
% of business decisions influenced by customer insights¹

High

Average: 47%

Low

Low

Average: 0.21%

Spending on customer insights as a % of sales²

High

CPG Fashion & Apparel Retail Restaurants Automotive Other

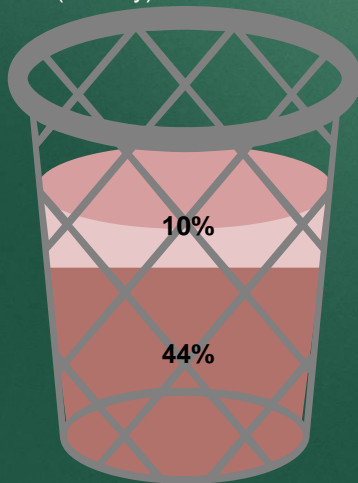
1. square root of % of business decision influenced by customer insights 2. square root of customer insights budget as a % of sales

It is more important how and on whom budget is spent

Companies feel they are currently wasting about half of their Consumer Insight spend

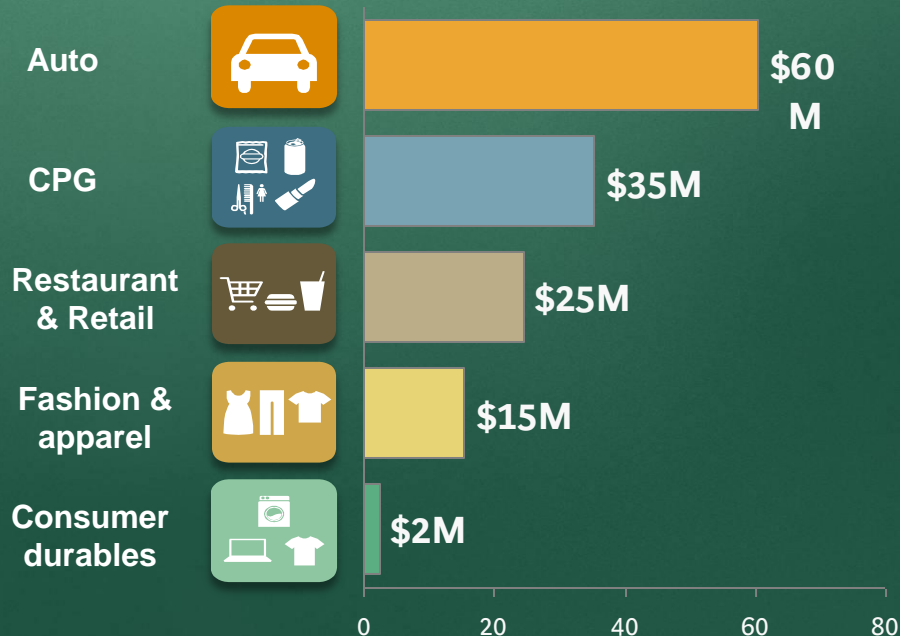
Over half of CI research
is **reactive** to decisions Line has
already made...

% responses (CI only)



Strongly Agree Agree

Which means each year average company in Panel could waste..

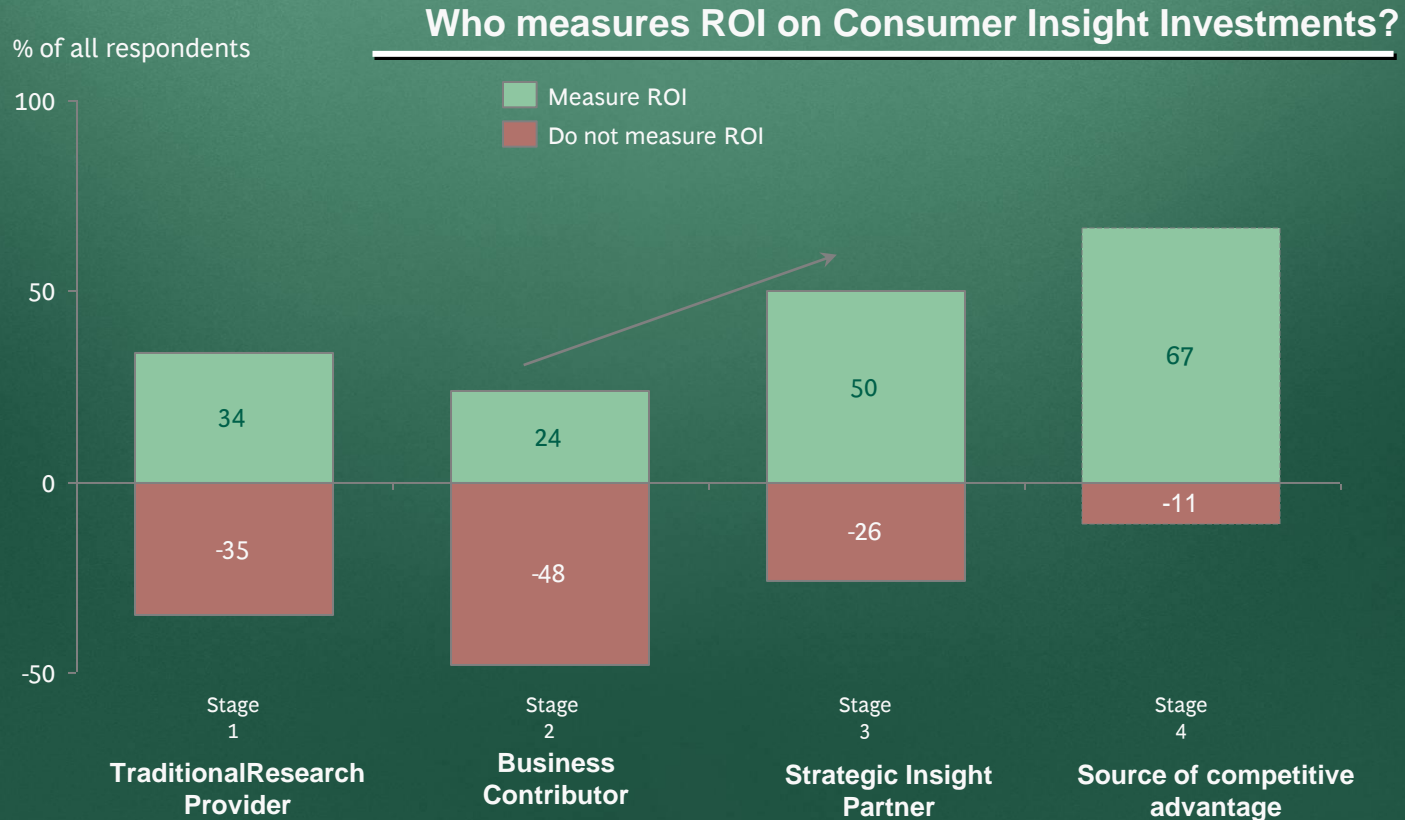


Note: "CI" defined as practitioners. "Line" defined as senior executives and business partners

Source: BCG, Yale CCI
and Cambiar 2015 Consumer Insights Benchmarking Study

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The more advanced CI organizations report ROI measurement



Source: BCG, Yale CCI,
and Cambiar 2015
Consumer Insights Benchmarking Study

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Business wants insights that translate into recommendations that are relevant for the strategy of the company

Insights groups strive to be strategic partners

*"Big thing is obviously **thinking strategic**. We have to think above the tactical and above the technical, broader and wider"*
Director, Strategy & Insights, CPG

*"Consumer Insights is now sought after to be a **part of those key strategic meetings** and decisions and that's not the role the organization has played in the past. It was more providing the reports and providing the data"*

- Marketing executive, Consumer Durables

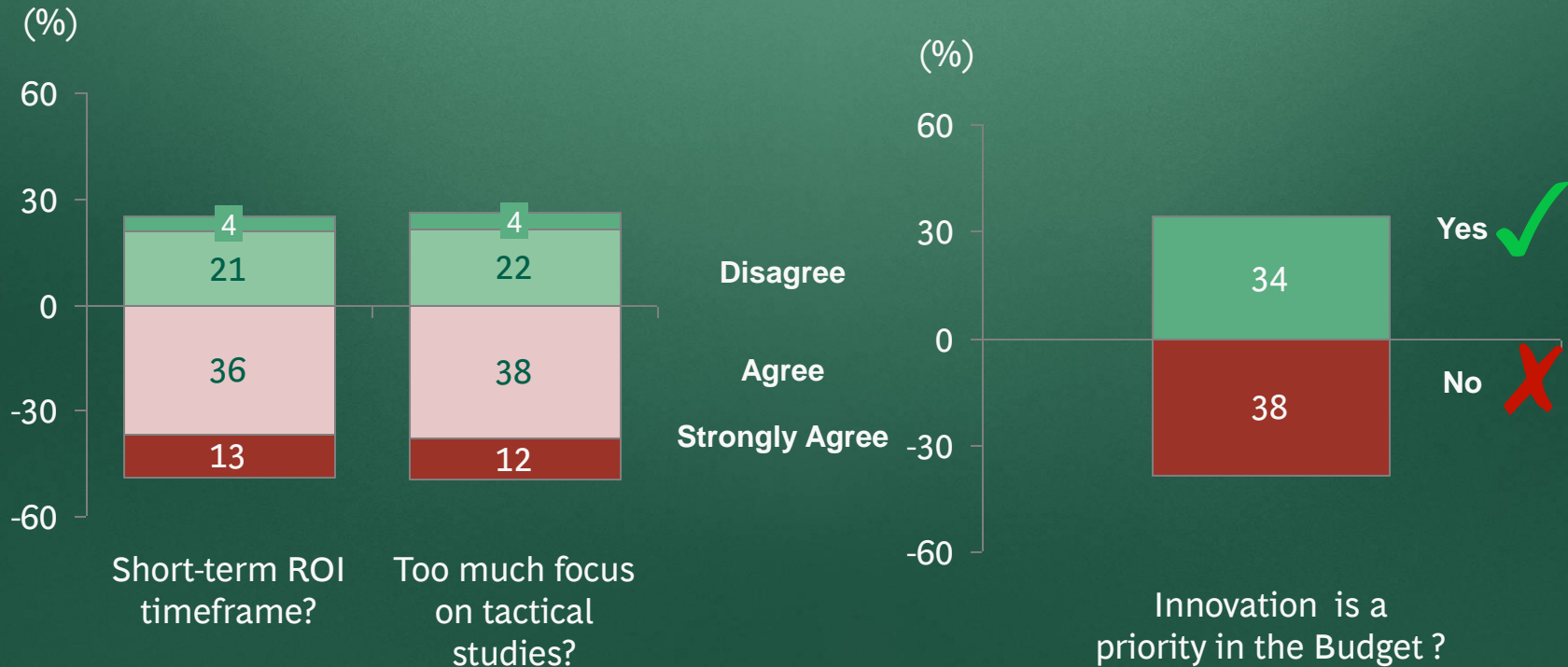
*"I'm really encouraging the team to really break out of traditional research methods and really **start experimenting** with all of the methods that technology has enabled us to do."*

- Marketing executive, CPG

*"We've made a lot of headway **in showing strategic value** of Consumer Insight ...People used to say, "Just go do this,"...and we would run off and do it...[Now,] people have seen the value beyond the tactical to more strategic"*

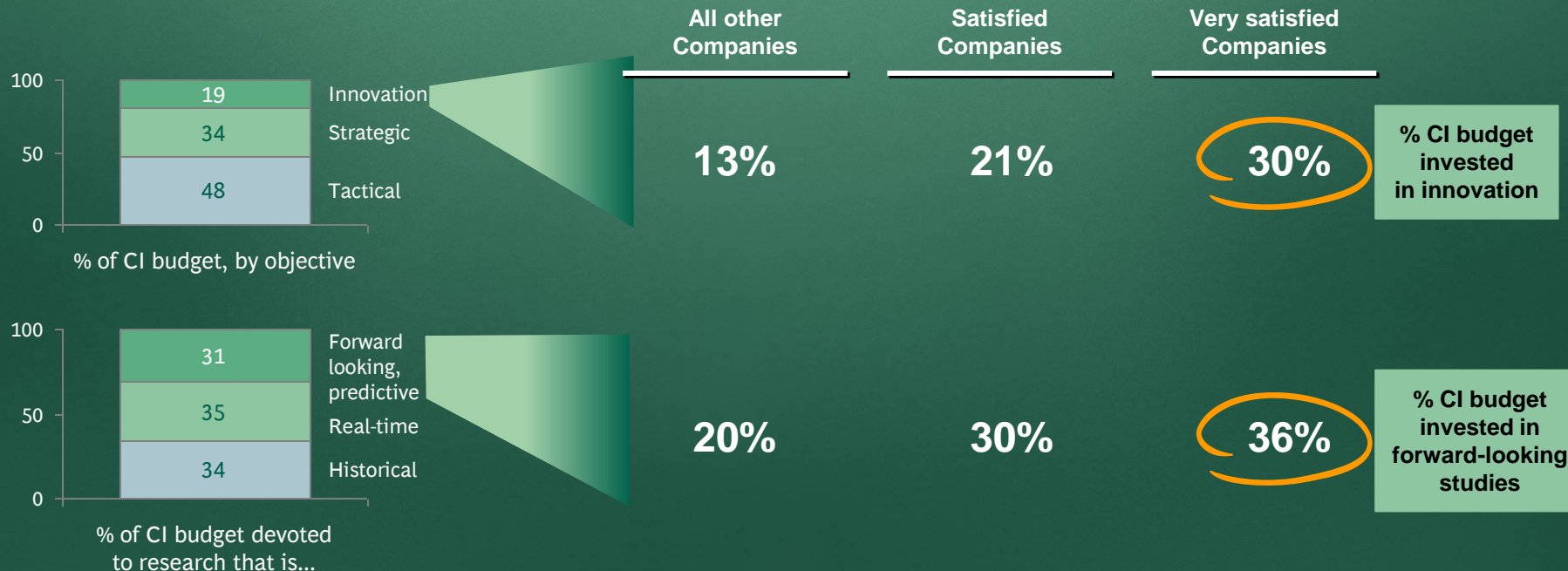
- Head of Insights, Restaurant

Consumer insight projects: often tactical, and not a priority for more than 50% of Companies



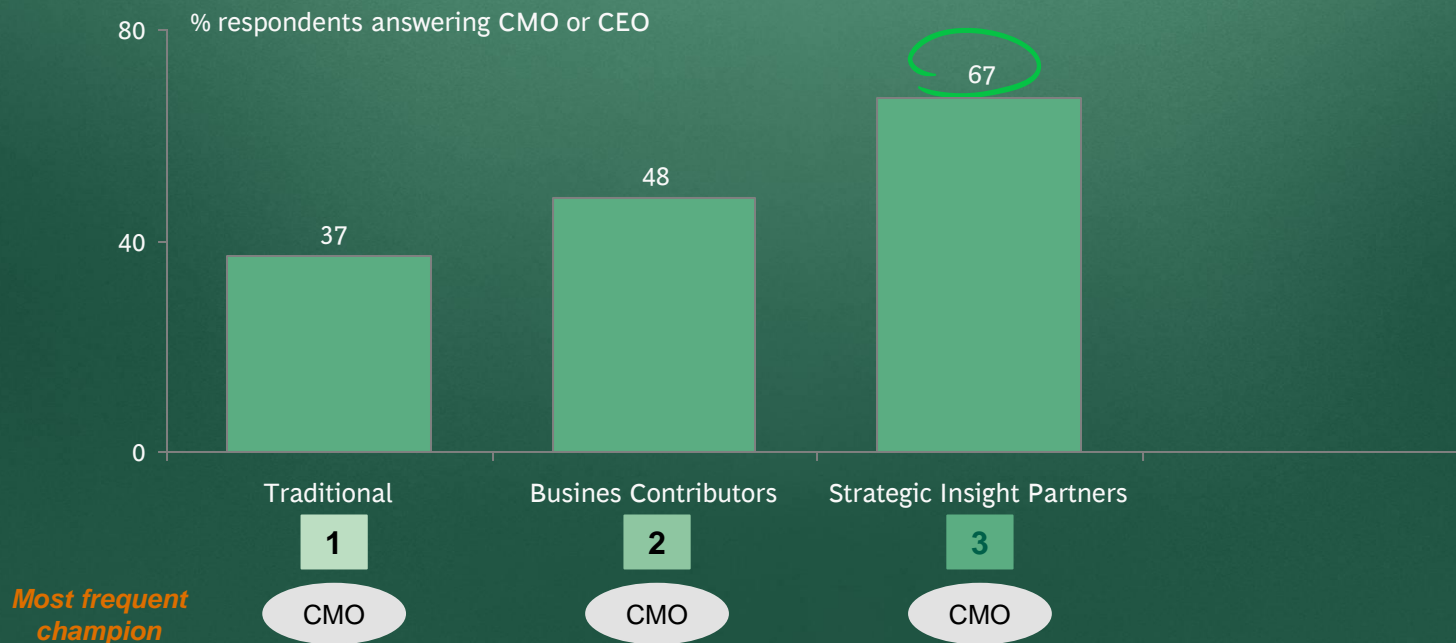
More effective and satisfied consumer insights organizations spend more in innovation and forward-looking purposes

Satisfaction with effectiveness of CI on business decisions



High performing Consumer Insight organizations more likely to have CEO-suite champions ...

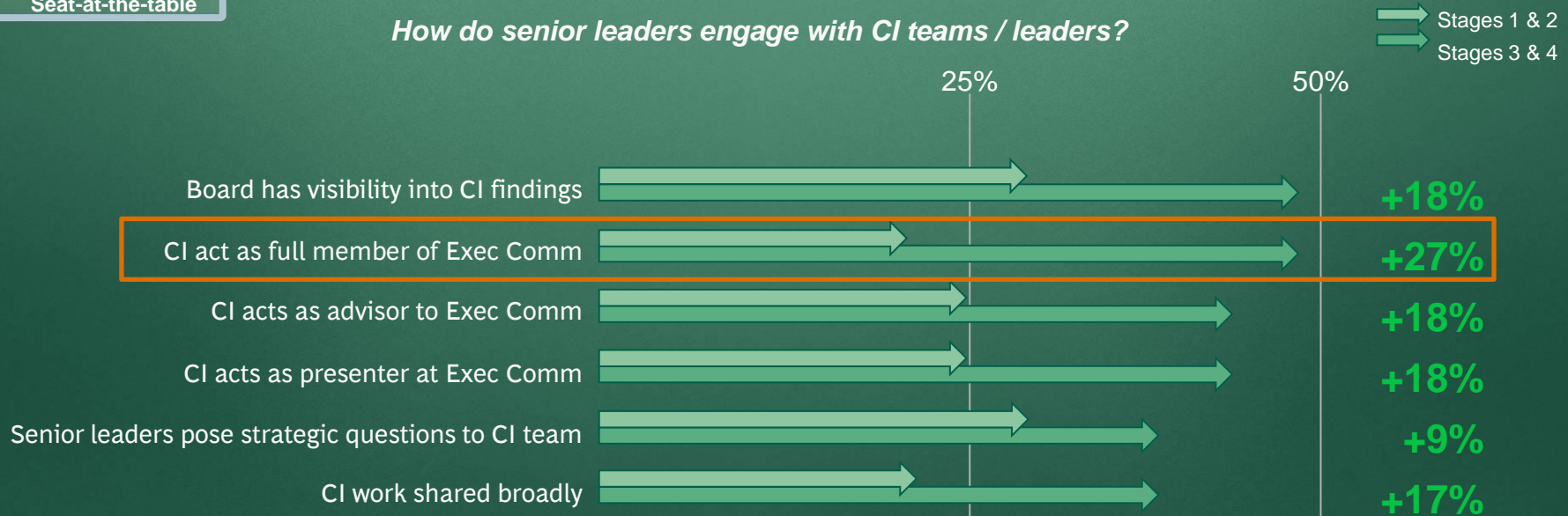
Consumer Insight is actively championed in the CEO -suite by...



High performing Consumer Insight organizations more likely to be much more integrated into Exec. Committee

Seat-at-the-table

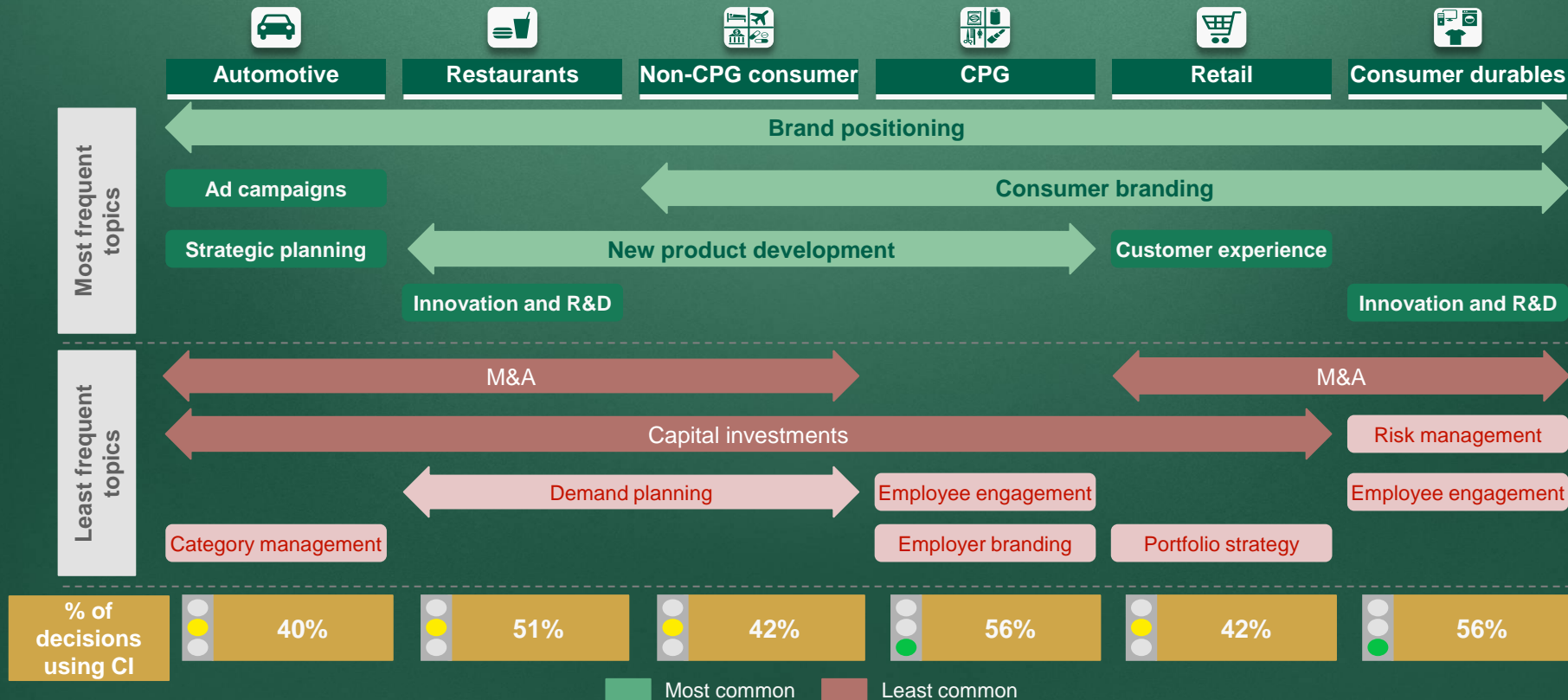
How do senior leaders engage with CI teams / leaders?



"Our mantra is to ensure that the voice of the Consumer is heard in every decision... we really do get invited to have a seat at the table and have these conversations"²

1. "How do senior leaders engage with CI team / leaders" able to select as many that apply. 2. Head of Insights, Non-CPG consumer company
Source: BCG, 2016

Across industries Consumer insights is used only in 40-55% of business decisions



Note. For "Other", top 3 topics are "Strategic planning", "Customer experience", and "Product enhancements", whereas bottom three are "M&A", "Store real estate", and "Category management".
 Source: BCG, Yale CCI, and Cambiar 2015 Consumer Insights Benchmarking Study

Best-in-class CI leaders are data-driven, insightful, flexible visionaries, with a strong strategic and business orientation



"There's an **insatiable curiosity** which I think is **absolutely vital** for this role: Curiosity of the **technology** and **changes to the industry** and trends, not just **consumer trends**, but **ways we can do things better.**"

CMO , CPG Leading Company

CI value is in looking ahead vs. backwards, being strategic vs. tactical, proactive vs. reactive, and driving insight vs. reports

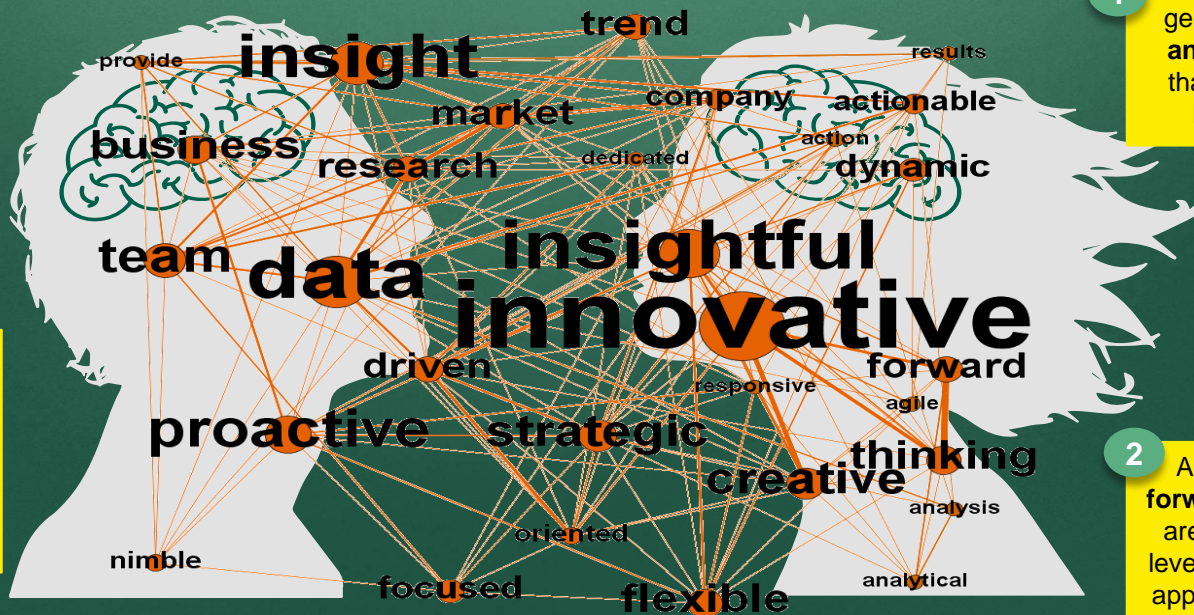
4 Leverage **data** and **research**, to understand **trends** in the **market** and to **provide insight**

In respondents' words, best Consumer Insight teams ...

size indicates frequency
thickness indicates co-occurrence

1 Are **action-oriented**, generating **actionable** and **dynamic** insight that can actually drive business **results**.

3 Are **proactive** and **focused**, but also **flexible** as they adapt to the needs of the business, and to external volatility / change



2 Are **innovative** and **forward-thinking**. They are **strategic** thinkers leveraging an **analytical** approach, not just order takers or number crunchers

How do companies can get to Consumer Insight excellence?

| | |
|---|---|
| Start with a strategic plan | <ul style="list-style-type: none">• At least Two years, to focus on priorities• Upfront alignment and transparency |
| Reach out for executive championship | <ul style="list-style-type: none">• Go beyond the CMO—reach for CEO/CSO/CFO |
| HR as a strategic, transformation partner | <ul style="list-style-type: none">• Match top talent needs to ideal Consumer Insight profile• Recruit, develop/train, and retain differently |
| Earn greater control of your budget | <ul style="list-style-type: none">• Ring-fence strategic research and innovation budget |
| Measure return on Consumer Insight investment | <ul style="list-style-type: none">• And market it internally |
| Build a Proprietary learning agenda | <ul style="list-style-type: none">• And market it externally |



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Thank you

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