Innovation Kate Anderson, RS Consulting

AMID THE ECONOMIC GLOOM, LET INNOVATION SHINE A LIGHT

Kate Anderson
RS Consulting

I t’s been a gloomy few weeks, what with Standard & Poor’s downgrading the US and Italian economies; the threat of a debt default by Greece causing a domino effect throughout the euro zone and the IMF’s warning of a “dangerous new phase” in which slower-than-expected growth makes a double-dip recession a real prospect if drastic action is not taken.

By the time this is published, we may well know whether the shape of the recession is a U, a V or a W – but it’s likely that the jury will still be out.

Whatever its shape, the recession has taken the wind out of many a sail – consumer confidence across the US and Europe is worn to the quick, credit is tighter than ever and businesses are watching every penny.

For the market research industry, the economic downturn has translated into reduced budgets and the need to make every research pound work harder than ever.

Repair, reform, rebalance, rebuild

So how do we fight our way out of this dark corner? Clearly, doing what we’ve always done got us into this mess, so it’s unlikely that doing what we’ve always done is going to get us out of it. Tightening our belts and battening down the hatches just won’t cut it either. We’d emerge from our hiding place to find that the world around us has changed and we’ve been left behind.

The IMF’s Christine Lagarde has outlined the need for nations to join forces to pull us out of this crisis through the “repair, reform, rebalance and rebuild” of the world’s financial markets. Her recommendations focus in no small part on the need for innovation – indeed, she’s looking for a sea-change in the global economy.

Innovating our way out of the crisis

Inasmuch as innovation is the route out of recession on a macro level, we strongly believe that innovation is the key to securing your brand’s survival and success through a recession. Just look at the success of companies such as Apple, P&G and Sony, and the value they place on innovation.

Faced with those success stories, it’s easy to think that innovation means new categories, new products and investing in leading-edge technology. Furthermore, the R&D budgets even of these super innovators have been cut, so how can we afford this?

It’s important not to fall into the trap of believing that successful innovation is all about mega bucks and breakthrough inventions. Really, it’s about understanding customer needs, understanding what is technically feasible and financially practical and developing or even tweaking a product or service to hit the spot. Indeed, innovations focused on streamlining and reducing costs have true appeal, fitting neatly with the spirit of austerity that arises in a recession.

The impact on research needs

In a recession, it’s more important than ever to ensure that innovation is based on a sound understanding of customer needs and market understanding. No one is going to make a critical business decision on a wing and a prayer. As a research consultancy, we find ourselves in the paradoxical position of needing to support innovation with robust information so that our clients can act with confidence, while research budgets are under extreme pressure.

As the recession struck, we rapidly found that two key areas of qualitative research were being hit hard: global face-to-face research programmes and comms tests.

Global qualitative research programmes were hit with a double whammy – not only were research budgets being cut but client travel budgets were axed too. No longer would clients be able to travel the globe attending the focus groups, in-home interviews, accompanied shops and customer visits, which provide them with such vital first-hand experience of their customers, their lives and environments.

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We also saw a greater inclination to develop communications based on existing knowledge of the market, but projects were being held up at the 11th hour because clients did not have the confidence to push through to final execution without some form of validation.

Walking the walk

We were conscious of the need to adapt our services to meet our clients’ changing needs and continue to deliver great value in terms of the quality of insight provided. Our solution was to develop our own, online qualitative tools – one involving investment and one requiring...
tweaking of existing capabilities to better meet customer needs:

- **E-luminate.** We tasked our in-house development team with creating an online qualitative profiling portal that would enable us to deliver ethnographic insight into customers’ lives, product usage and purchase processes at a fraction of the cost of traditional ethnographic methods.

  By providing customers with a user-friendly portal, available in any language, with the ability for them to upload photos and videos, access the portal from their PC or smartphone, respond to stimuli and create moodboards, e-luminate has enabled us to continue to bring customers to life for our clients and provide them with the in-depth understanding of customer priorities and behaviours that are so critical to supporting their NPD programmes.

- **Squeeze.** To address our clients’ need for final validation of comms programmes, the answer was far more simple. Here we took our existing expertise in comms testing and combined this with our capability in conducting online focus groups to deliver robust tests in a fraction of the time and cost of traditional focus group research.

  Two years later, we can safely say that focusing on innovation is one of the best things we’ve ever done, such that this continues to be a core element of our future strategy. Choosing to invest in innovation in a time of economic turmoil has brought us new customers in the shape of leading brands in FMCG, financial services and the fashion industry.

  We couldn’t have done it without sound research: talking to our customers, understanding their needs, studying the market and alternative solutions available and understanding the potential return on investment. Armed with this research the decision to take the plunge became a whole lot easier.

  So go on, give it a try, you won’t regret it.

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