



**Stan Sthanunathan, Vice President,
Marketing Strategy & Insights,
The Coca-Cola Company**

When we spoke earlier, you had suggested that the market research industry needs to place less emphasis on best practices and start focusing on what we'll call: "next practices". Please tell us a little about what this means and why you feel it's important for the research industry at this stage in the game.

I think there needs to be a balance between best practices and next practices. That's the first comment I would like to make. Best practices, in my view, have got an incremental mindset built into it, which is making whatever is working work even better whereas the world around us is changing very, very rapidly. We need to reinvent as a function quite fast. Therefore, what we need to be doing a lot more going forward is to really think about what are the next practices that are going to give us insights that will enable transformation business decisions within organizations. That's the reason why I think focusing on next practices is quite critical.

It sounds, the way you've framed it, to be an urgent situation. In terms of having the capabilities to provide insights that do provoke and inspire, how far along would you estimate the industry is given the current circumstances in a world that is changing around us? And how far are we from where you believe we need to be?

I think over the past few years, especially the recent few years, tremendous progress has been made. I see a lot of innovative approaches coming into the marketplace. I see a sense of urgency among both big and boutique agencies to come up with innovative approaches. What I'm not seeing right now is scaling of those next practices. That's where, I think, we will be seeing a lot of action going forward in the next couple of years. But having said that, are we as an industry keeping pace with the kind of pace of

change that is going on around us? Probably no. Do we need to? Absolutely yes. And what do we need to do and what is stopping us from doing what we need to do?

There are a couple of dimensions where I think we need to really do some serious introspection. Dimension one is are we stuck to our Legacy business models? Dimension two is how do we see ourselves as an insights' community, whether it is an agency or whether it's on the client side? Do we see ourselves as risk mitigators or do we see ourselves as people who provoke and inspire transformational decisions? If we can get clarity around that, the extent to which we would step on the gas to make these things happen would be very different.

If we could look at the current situation, we obviously have a lot of different things that have contributed to where you believe we are and where you believe we need to go. What factors would you say have caused or contributed to the current situation?

Current situation as the progress or lack of progress?

I would say the lack of progress. And also, you mentioned how we think about ourselves, our own self-concept as researchers, etc.

Ok. One big thing that is actually driving rapid change is all the technology changes. Therefore, it is also to innovate, redefining what insight is and where we get it from, right? If you look at social media as an area, people spend incredible amounts of time on social media and they not only spend time, but they also share some really personal insights on social media with their friends. That, to me, is probably one of the most fertile grounds for generating insights because here is one place where we can get good, solid understanding of human condition, which can really be used for transformational business decisions. I know it is not focused on a brand or a research challenge that we have, but if you focus on consumer insights, you will develop consumerist strategies. But, if you focus on understanding human condition, then you will understand people's lives in its totality and,

therefore, probably have a much better chance of coming up with breakthrough ideas. That's number one.

Number two is you are talking about the lack of progress and how we see our own internal role. Historically, the function spent a fair amount of time on generating report cards, providing understanding of the state of the business, providing understanding how well are the marketing programs working and so on and so forth. If you look at all those areas that it talked about, there is an element of subservience built into it, which is underpinned by the word "providing". There is a difference between provider and the provocateur. If you are the provider, you are in service of somebody who is asking you to provide something. But, if you are a provocateur, then you would be somebody who does things proactively and go and tell your internal clients: "Did you know?" kind of things. That is where you are actually having a conversation at a different level. You are having a conversation among equals as opposed to a conversation between a provider and a recipient. And if that change doesn't happen, the need to really transform the quality of service that you provide would not really be felt in a big way.

It also sounds to me like some of the areas that you mentioned that have traditionally been the domain of research, for instance score-carding or understanding where we are in the marketplace; understanding how our marketing has performed. These are sort of rearview mirror perspectives, wouldn't you agree?

Absolutely. In fact, I've spoken about this in quite a few forums and I strongly believe that a very, very sizable portion of the research budget is spent on what I would classify as rearview researches. Nobody has reached their destination by looking at a rearview mirror in a car.

Right. Right. At least not the right destination, that's for sure.

The right destination.

There is a great deal of history in Legacy. There are fiefdoms, there is a lot of equity in norms and doing things a certain way. Certainly, I think you would probably agree (and correct me if I'm wrong) that research has historically been (and for good reason, in many cases) a rather conservative discipline and industry. We are faced with a great deal of upheaval right now that is kind of being foisted upon us. Some people are embracing it and many, many people are having a difficult time navigating that. How do you feel or what do you think it will take to really catalyze the kind of change that you've been talking about?

I think we all have to accept one truth in life and the truth in life is that change is not an option. But, acting or not is a choice that we have to make. My submission is that we either act or we will become irrelevant and maybe even perish. Therefore, there is almost a sense of urgency in terms of reinventing who we are, what we stand for and how we add value to business because I almost look at this as short of fiduciary responsibility. I think businesses deserve and businesses expect breakthrough insights and breakthrough ideas from the function. That's the only way companies can get back into growth trajectory.

I wanted to circle back to something that you had mentioned to me in a previous conversation we had and that was that a lot of what we are essentially talking about here is change and it's not insignificant change. It's pretty big change, which can be painful. Certainly, people by nature tend to resist change. We have organizations like yours and other major corporations with very large consumer research and insights' functions that they've really invested quite a bit in, both in terms of talent and methodologies, etc., as well as a number of very, very large research companies. In fact the industry, as you well know, has been on a very heavy consolidation trajectory for a very long time now. You mentioned to me that these are the kinds of companies that are going to have a more difficult time adapting to change. What's it going to take to turn those giant ships?

I think one of the reasons why consolidation and acquisition is happening is because a lot of people, whether it is on the client side or the agency side

(the client side for a different business reason and the agency side for their business reasons) are going around acquiring and merging with various companies. The reason why they do that is because they all came to a conclusion quite a few years ago that there is a need to change. This is one direction in which they are trying to drive the change, which is let us consolidate, let us go and have bolt-on acquisitions that brings transformational approaches that are stable. I see a clear pattern happening in that right now. And that is one way in which the big agencies are trying to change because very often, a lot of large companies have a certain business model and have a certain approach to doing things that they really have to break that and break free from that and do something dramatically different. It will require a fair amount of convincing internally and that is not always very easy to do. That is true for any large company in any industry. Therefore, acquisition is also not an option. They have to do it and they are doing it in a big way to really make sure that they not only offer the traditional norms-based research, but they also offer new, innovative practices which, increasingly, clients are demanding.

If you had to point to an area that you're seeing the kind of change that you're talking about, is there an area in research or a sector, if you will, that you could point to that we might want to look to as an example for those of us who are considering trying to affect these sorts of changes, but really aren't sure where to start?

I am not saying that this is the only one or this is the biggest one, but it happens to be something that I keep thinking about quite a bit. I think more and more you are going to find that this whole world of asking questions and getting answers is going to become more and more difficult and probably irrelevant in the next decade. Therefore, passive listening and sympathizing to come up with insights is going to become proportionately bigger as the importance of asking and getting answers becomes less and less.

That's, I think, a very difficult thing for a lot of people who have been in research for a very long time to accept because you are really relinquishing quite a bit of control there, no?

You are relinquishing control, but you can't control what you can't control.

Well said.

The reality is in the good old days of communication is to be one-way communication. Manufacturers used to talk to consumers and consumers listened. But today, that has become a two-way communication. I would be stupid if I stuck my head in the sand and said: "Listen, I want to not have a dialogue. I want to have a monologue." That world is changing and that same kind of change is going to hit us in the insight industry sooner than later. It is already affecting us. If I ask you a simple question -- I have a 90-minute long questionnaire and I have you on the phone and I ask you: "Would you mind spending 90 minutes with me answering a bunch of questions?" How would you react?

At the risk of sounding like a naughty respondent, I would have to say: "I'm sorry. I can't."

And more and more people are going to say that. So, how are you going to get insights? That is going to become more and more difficult. A lot of interviews happening online. Even online there are some classic quality challenges that the industry is trying to solve for in terms of finding out who the actual respondent is. Is he or she the person who he or she is claiming to be is the big question. There are a lot of controls and checks that are being put in place to make sure that the quality of data is good, but these are all the kinds of challenges. And these challenges are going to become bigger and bigger and they will evolve much faster. Therefore, listening to people when they do and behave and think in their natural environment is going to become bigger and bigger. If I have to be really controversial, I would say that some of the social media services could potentially become the biggest insights' generator in the industry.

You are speaking of the Google's and the ---

The Google's and the Facebook's of the world.

That's an interesting observation. I think that is something that we've heard murmured before, but I don't know how seriously people have taken it. I happen to know (as I'm sure you do as well) that both of those particular companies (as well as many others in this space) have already started to think about how to commercialize things beyond just selling advertising, for example, in those spaces.

Yes.

How far off do you think it is before that becomes a serious competitive issue for the industry to deal with?

There are a couple of dimensions to this. One is the ability of companies like the ones you just talked about to attract really good talent, which is incredibly high, yes? They attract probably some of the best brains in the business, so to say, yes?

Yes.

If you attract the best brains and provide them with the right environment (which they do) and give them the freedom and liberty and enable them (which they do), their ability to accelerate and become really solid insight providers is, in my opinion, incredibly high.

So, in a sense, by unleashing that creativity -- and I think that you would agree with me that research has always been a creative discipline despite the rigor that is involved, despite the science that is involved. It requires a great bit of creativity to ask the right questions and get in the right places at the right time and yet the creatives of the new generation, if you will, are going to be attracted, as you just pointed out, to these companies that are allowing them the freedom and liberty to turn loose. So, it sounds to me like you are almost saying that we really need to start re-thinking, in fact, when we have entry level people, when we are recruiting people into our organizations as research providers and as internal research functions, we need to re-think how we are acclimating them,

how we are indoctrinating them, what we are offering them. Is that safe to say?

Yes, that is absolutely and what quality of people we get and what do we have to offer them when they come on board.

Any thoughts for a person who was thinking about recruiting or thinking about the way they are training? Any thoughts on what kind of direction they should start to look towards?

I think we all should get more and more comfortable with acquiring fairly diverse talent. Increasingly, we would have to start paying a premium for what I would classify as “dot connectors.” Increasingly, we would have to start paying a premium for people who can tell great stories. Doing analysis is one thing. By converting that into compelling and simple stories that sticks into the minds of recipients is going to become a very valuable trait.

And connecting those dots, that could be unconventional. Or disciplines and areas that we would normally consider outside of research.

Absolutely.

That we need to bring into the tent is ---

I think people who have a right balance between the left side of the brain and the right side of the brain are the ones who are going to really make it big in this function going forward. Of course, you need a bunch of experts in certain technical areas. And I’m not discounting that at all because they actually bring some incredible value to the table. But, you also need integrators.

Stan, you’ve given us quite a bit to think about. Circling back to your point about asking somebody if they’ll submit to 90 minutes of questions, I think you’ve been more than generous in the time you’ve given me today.

On that note, I want to conclude this episode of “The Research Insider” and I want to thank you very much Stan Sthanunathan for joining us today.

For those of you who might be interested in meeting Stan in person, you will find him at the Market Research Event 2011 taking place November 7th through the 9th in Orlando, Florida. For information or to register, please visit us online at www.themarketresearchevent.com