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Information Resources, Inc

Reinventing CPG and Retail Summit

Las Vegas, NV

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## Transformational Insights Needed in Real-Time

**Main Point:** The traditional MR models serving CPG and retail are obsolete. Businesses and the world are changing at such breakneck speed that unless research adapts, it will become extinct. Why? How? Attendees heard an ambitious—and intimidating—blueprint.

RCR impressions of content: **Freshness: A+**  
**Relevance: A+**  
**Practicality: TBD**

“Our industry’s business processes, particularly concerning insights, are stuck in the Stone Age,” announced **Dr. Romesh Wadhvani**, Chairman, **Information Resources, Inc.**, (Chicago, IL). Wadhvani cited the global economic meltdown, seismic changes in consumer and shopper behavior, competitive tensions between retailers and manufacturers, and the disruptive socio-cultural influence of technology among a confluence of factors forcing insights stakeholders to adapt or die.

“It’s amazing given the current realities of our world that we even have ‘insights’ departments,” Wadhvani remarked. “It implies there are two or three ‘go-to’ experts in the company for generating insights, and that those insights are somehow going to be distributed to 10,000 decision-makers in time to actually mean something. Five years ago,” he continued, “that was an ‘OK’ model. One year ago, it was breaking up. Today, it is a broken model.”

For context, Wadhvani related five key largely unnoticed trends changing the face of CPG and retail:

1) Regarding P&G Chairman/CEO A.G.Lafley’s “moment of truth” theory (i.e., that purchase decisions are ultimately made in-store, in front of the shelf), Wadhvani broke “some bad news”: The moment of truth has now moved into the home. IRI’s consulting group concludes 65% of all shoppers make purchase decisions (and compile them on shopping lists) before ever entering the store. “If your brand and product are not on that list, you lose,” he stressed.

2) “Shopper loyalty is rapidly becoming an oxymoron... Even in the best of times it wasn’t great, and most loyalty card programs aren’t working the way they’re supposed to,” Wadhvani stated. Factor in price and affordability in the current economy and loyalty disappears altogether, leading to more fragmented shopping across different channels and stores as consumers hunt for bargains.

3) Private label goods are undermining manufacturers’

“pricing power.” Wadhvani noted retailers are “turning the screws...[and] promoting private labels.” He estimated the U.S. could soon mirror Europe, where private labels account for a staggering 30-35% of sales.

4) “We see retailers doing a phenomenal job of combining the right products, attributes, prices and shelf position at the right time,” Wadhvani pointed out. “If I was a manufacturer, I would pay extraordinary attention at a very granular level to what retailers are doing category-by-category.”

5) “There are big channel dislocations and big changes in channels underway,” he continued. Wal-Mart, for instance, is now practically in the health insurance business. “Wal-Mart is one of the few retailers with steady revenue increases and bottom-line improvements,” he observed. Its pharmacy department—featuring a program that reduces co-pays on prescription drugs—is a key contributor to that success.

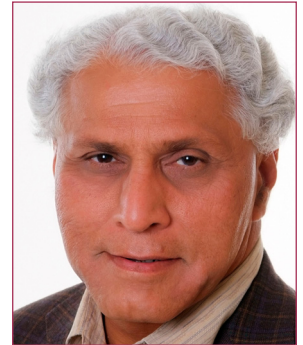
What do these five factors mean to insights purveyors?

“For the first time, we are really in a real-time world,” Wadhvani announced, asserting that within the last 12 months, “the world has changed...We need to think about insights in a completely different way.” Twitter, Facebook, Web 2.0 or even Web 3.0 may sound cliché, but they are real and their implications are obvious: Everything is moving faster.

Wadhvani dissected the current insights-delivery model. “A decision maker has an issue. You, the researcher, take four weeks to think about it, write up a project and field an RFP. Whoever wins the project takes four weeks to deliver the results. They are put into PowerPoint over another two weeks. So, 12-14 weeks after you started, you deliver the results to the decision maker, who doesn’t even remember the project, the problem or why he spent \$100,000 on it.

“In today’s real-time world, you need real-time insights—and they need to be ‘transformational’ because if they don’t fundamentally change the outcomes of your business and allow you to produce superior results, then what is the point?” he argued. “So, how do you go from insights to producing superior results for your company? This is probably the least understood concept in CPG.”

Wadhvani proposed five criteria to define transformational insights: First, it must produce a positive business



Dr. Romesh Wadhvani

result. Second, it must be fast. “The world economy back-flipped in six months—and most of it happened in the last three,” he declared. “When the world can change that dramatically in 12 weeks and it takes you 12 weeks to produce an insight, the model is broken.”

Factor #3: insights must be immediately actionable for our real-time world. “CPG actions taken 90 days from now can’t have transformational impact on your business; it is all about the ability to go granular—to the store level, store cluster level, neighborhood level, product level—by day and by week.”

Insights must also be iterative, he added. “In the real-time world, you need an iterative process for getting to the best decision quickly. The ability to work fast at a granular level is a critical requirement for transformational insight,” he said.

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Criteria #4 is easy access to insights for every decision-maker. “This is imperative. If the ability to access, create or develop an insight is limited to a very small number of people—and that group of people is shrinking as the budget squeeze goes on—how can you possibly support a large CPG or retailer in a meaningful way?” Wadhvani posited.

Lastly, the IRI Chairman stressed the need for holistic and predictive insights. “We have mountains of data from many disparate data sources—and only nuggets of wisdom. If we are going to generate little silo insights—one per data set—we will never have a comprehensive view of a business problem.

“Insights need to be prescriptive and proactive,” he insisted. “Researchers must deliver insights *in anticipation of business needs*. Avert a crisis; don’t respond to one. This applies to marketers as much as research providers,” he emphasized.

Wadhvani closed with an overview of “dramatic” changes IRI is undertaking, starting with refocusing its client services organization and leadership to provide transformational insights via dedicated teams for its largest clients, in particular.

IRI, he remarked, intends to transition from “the world

of project analytics to continuous predictive analytics,” including investing in new analytic tools for price, promotion, “or whatever level of granularity you want.”

Third, IRI is investing in technology, a signature attribute of the company throughout its history. “Rather than support a massive ‘big bang’ platform, we have developed multiple solutions, each of which leverages the same technology components but can be individually implemented at the right time for the right value proposition for your company, by division,” he explained.

Finally, IRI is investing in its consulting organization—formerly a small piece of its business—to “really help clients connect the dots,” he elaborated.

Before leaving the stage, Wadhvani declared a war of

sorts. He said IRI’s year-old Liquid Data™ system (which has been tested by five different client organizations) and “Advantage Series” are being retooled to accommodate rival ACNielsen’s data structures, so that a Nielsen client will be able to easily and seamlessly transition to IRI’s platforms. By overcoming the technological impediments that have always made switching between the two suppliers untenable, IRI believes ACNielsen clients could be genuinely up for grabs. If that becomes a reality, Wadhvani’s IRI will have adapted to—if not changed—the game. ☉

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