WHAT'S NEXT STARTS NOW

TODAY'S CHANGE IS TOMORROW'S OPPORTUNITY

At Nielsen, data drives everything we do—even art. That's why we used real data to create this image.

As the pace of change accelerates and the challenges facing businesses become more complex, leaders need new strategies, approaches and tools to navigate successfully into the future. But there's much to navigate. Factors such as technology, investment and education are among a long list of change agents that are transforming markets, regions and consumers at a rate that's unlike anything we've ever seen before. But this is just the beginning. Disruptive change is the new normal, and it's likely to accelerate.

Multinational and international companies appear especially challenged by the various paces and trajectories that the countries they operate within are moving. It's a conversation that absorbs many financial markets, analysts and media commentators as they search for reasons why companies will or will not enjoy success with new products or investments. This has raised global interest in companies and industries that have been blindsided by disruption or change they couldn't anticipate or adapt to.

As a result of the modern pace of change, more companies seem to be talking about longer-term strategies and opportunities, and many industries and regions are seeking answers as they ask "what's next?" They want to know where and when the big opportunities will emerge, and how they can capitalise on them.

Obviously, no one can predict the future – but a set of evolving tools and approaches can guide better thinking and confidence about direction while enabling a more agile and forward-focused culture. Understanding macro *drivers of change* and how they may influence the consumer, retail and business landscapes can help guide focus and ideas about how companies should move forward.

Increasingly, organisations will use research and data to understand where the consumer and business environments might be heading so they can place bets on emerging pockets of opportunity and establish a strategic advantage.

HORIZON PLANNING: DIFFERENT INSIGHTS FOR DIFFERENT DECISIONS

Companies with strong organisational intelligence are those best positioned to forge a successful path into the future. Organisational intelligence is largely defined by how effectively a company leverages data, insights and measurement tools to understand market performance, trends and evolving consumer demands. Leaders of smart companies are better able to monitor and optimise their business performance, respond to change and manage their market offerings.

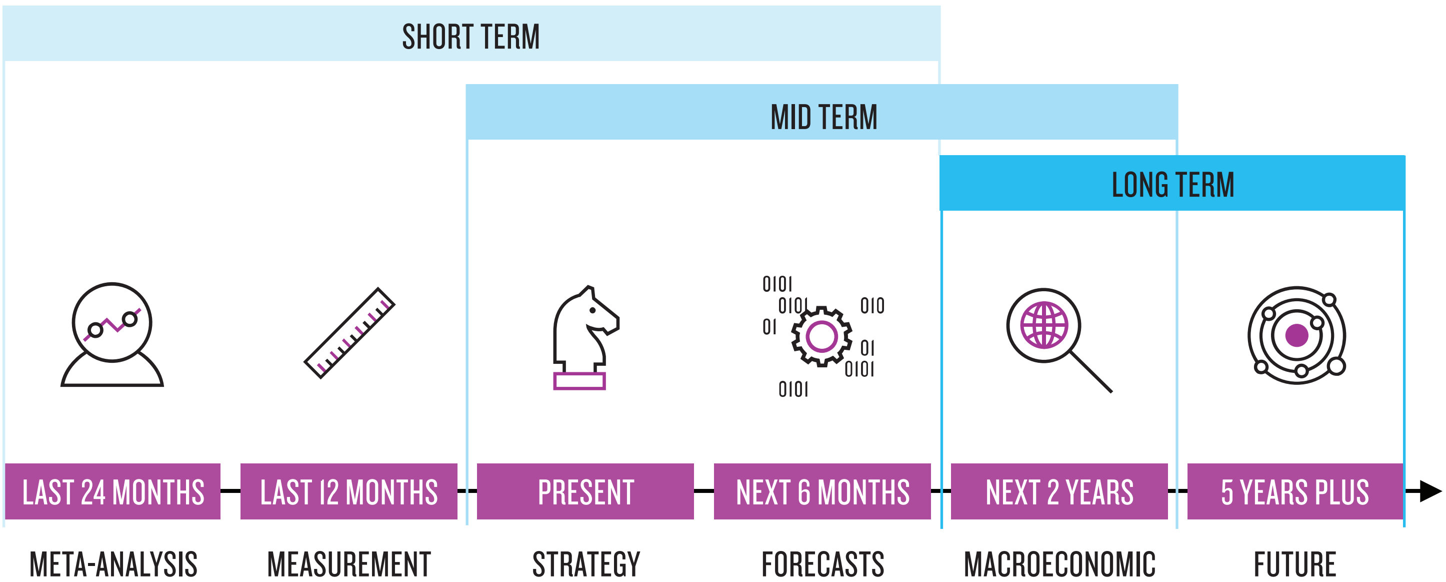
Traditionally, most companies focus on sales and production data and information based on historical trends. While this approach provides essential inputs for short-term horizon planning, it's less equipped to generate meaningful insights for mid- to long-term planning. As a result, their organisational intelligence is unable to keep pace with the rapidly evolving market landscape.

To develop effective strategies for a future (and often different) environment, business intelligence needs to be tailored to support decision making for multiple time horizons.

> **"THE PROBLEM IS THAT THE PACE OF CHANGE IS SO RAPID, BUSINESSES CAN'T REACT LIKE THEY HAVE IN THE PAST; THEY NEED NEW MODELS FOR INNOVATION AND GROWTH. WITHOUT THESE, THEY AREN'T LIKELY TO STICK AROUND LONG TERM."**
>
> **-VANESSA BATES RAMIREZ, SINGULARITYHUB[1]**

Source[1]: Vanessa Bates Ramirez, "How to Stay Innovative Amid the Fastest Pace of Change in History," SingularityHub, May 19 2017, https://singularityhub.com/2017/05/19/how-to-stay-innovative-amid-the-fastest-pace-of-change-in-history/.

DIFFERENT HORIZONS NEED DIFFERENT APPROACHES



Short-Term Horizon – This time frame typically involves in-market and execution decisions that sales and marketing teams make to drive tactical day-to-day decisions on things such as price, promotion and supply. Companies can leverage historical data to provide insights around seasonal fluctuations, competitive strategies, consumer uptake and other areas to guide executional parameters. Increasingly, organisations need faster and more connected data sets on tactical elements like digital engagement, viewership and sales to make timely and relevant adjustments that maximise effectiveness. Improved data sets can also provide new and richer insights into correlations between above-the-line spend and return on investment.

Mid-Term Horizon – This horizon can include strategic decisions for three months ahead to more than two years into the future. It includes strategic decisions on areas like marketing and communication programs, innovation initiatives and portfolio management. Business intelligence to shape these strategies can include macroeconomic and category forecasts to understand consumer confidence, changing consumer attitudes, growth in channels and evolving consumer behavior.

Long-Term Horizon – Decision making in this horizon includes strategic and top-level discussions that can range from anything from two years to more than 20 years into the future. These can include decisions on new geographic markets, major innovation, product lines or technological investments that need lead time. The further forward the timeframe, the more different the environment will likely be. Traditional extrapolation or forecasting is unable to anticipate disruptive future change; instead, big picture thinking and "joining the dots" approaches are needed so decision makers understand various scenarios of emerging change, macroeconomic factors and societal shifts. With that analysis, leaders can make their strategic big bets with much greater consideration and confidence.

Why is horizon planning important?

From a horizons perspective, the biggest gap in most companies' business intelligence is having the data and insights to make well informed mid- and long-term strategic decisions. More and more organisations recognise this issue and are looking to engage in longer-term thinking processes and to explain their decisions and strategies to shareholders in a more forward-looking context. Leading companies have invested in new analytical approaches and tools to support long-term strategic planning, and the benefits are already emerging for many early adopters. Apart from guiding the evolution of their businesses, the companies that embrace this approach are also better positioned to mitigate risks and avoid being blindsided by disruption and change.

In recent years, many companies have demonstrated an increased willingness to engage in public conversations on what they see as major shifts in society and the strategic opportunities and challenges these present. One result of this open dialogue is that investors are now increasingly looking for companies with business intelligence that is well equipped for future visioning and planning – in other words, companies with the capability to spot opportunities ahead of their competition.

47%

MORE REVENUE THAN OTHER FIRMS FROM 2001-2014

A 2017 McKinsey study[2] highlights the value of long-term thinking. It evaluated a range of 615 publicly listed companies in the U.S. from 2001 to 2015 on measurements differentiating them by those that strategised for the long term from those that suffer from "corporate short-termism." The study concluded that companies with a long-term view outperformed their peers in many areas. Most strikingly they generated 47% more revenue over the period than other firms.

Source[2]: Dominic Barton and others, "Where companies with a long-term view outperform their peers," *McKinsey Global Institute,* February 2017, www.mckinsey.com/global-themes/long-term-capitalism/where-companies-with-a-long-term-view-outperform-their-peers?cid=other-eml-alt-mgi-mgi-oth-1702.

Shareholders are rewarding companies that can demonstrate a strong future perspective and strategies to ensure prosperity over the long term. Companies such as Twitter, Facebook, Uber and Amazon have, during certain periods, seen their market valuations rise in the absence of profits. This is almost entirely due to the fact that these companies demonstrated a clear vision and plan to invest in the future.

> **"NOT ONLY HAS AMAZON CHANGED CONSUMER SHOPPING HABITS, IT HAS CHANGED THE RELATIONSHIP BETWEEN SHAREHOLDERS AND INVESTORS. INVESTORS ARE NO LONGER SATISFIED WITH STEADILY GROWING PROFITS; INSTEAD THEY SEEK FAST GROWTH AND STRONG VISION—EVEN AT THE EXPENSE OF PROFITABILITY."**

-SCOTT GALLOWAY, MARKETING PROFESSOR, NYU[3]

To maximise opportunities and mitigate risks well into the future, companies must complement their short-term planning with investment into their business intelligence for mid- and long-term horizons. With access to quality data, research and insights, they can develop a longer-term view of the changing business environment and chase opportunities in more focused and strategic ways.

Source[3]: Scott Galloway, "How Amazon is Dismantling Retail" (speech, New York, April 17, 2017).

UNDERSTANDING DRIVERS OF CHANGE GUIDES MID- TO LONG-TERM HORIZON PLANNING

Many organisations have a corporate view of the macroeconomic environment they operate in and how it will evolve. This is usually informed by economic forecasts of the financial market's well-being over the next few years based on gross domestic product (GDP) and consumer spending ability.

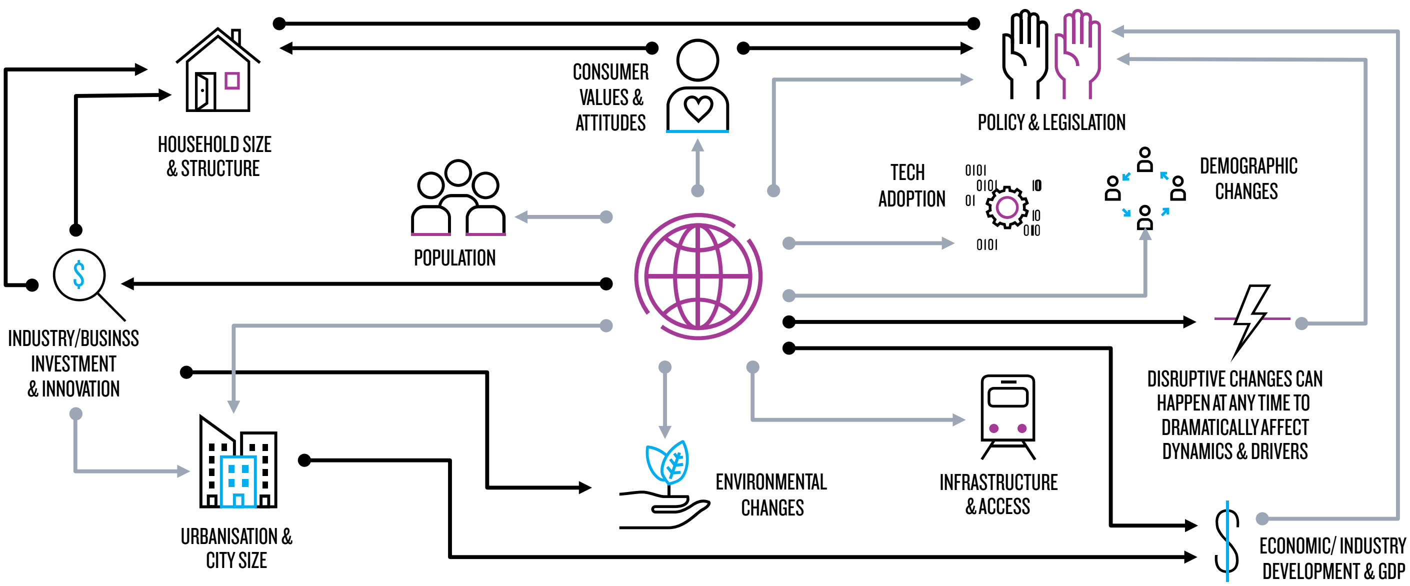
Increasingly though, companies are engaging in broader and deeper analyses to join the dots of various change drivers that can be both connected and (seemingly) unconnected to their business. This gives a richer understanding of how drivers of change may connect to shape the future operating environment. Done well, it can identify the likely specific elements of change, including those that are potentially disruptive. It can help organisations develop unique and informed perspectives to assess their strategic direction, question assumptions and develop agile, forward-focused cultures.

Central to this process is understanding what the drivers of change are and how they might impact the future business environment.

Some key questions companies need to consider are: How might each driver of change influence the consumer and retail environments?
How will a combination of drivers play out? What will be the impact for competitors? What might happen to your business partners? How should your business respond?

Although they vary by country and region, Nielsen has identified 12 key drivers of change that companies can use as solid foundation from which to improve their big-picture thinking and foresight – and ultimately their decision making.

UNDERSTAND CHANGE DRIVERS & IDENTIFY DISRUPTIVE CHANGES

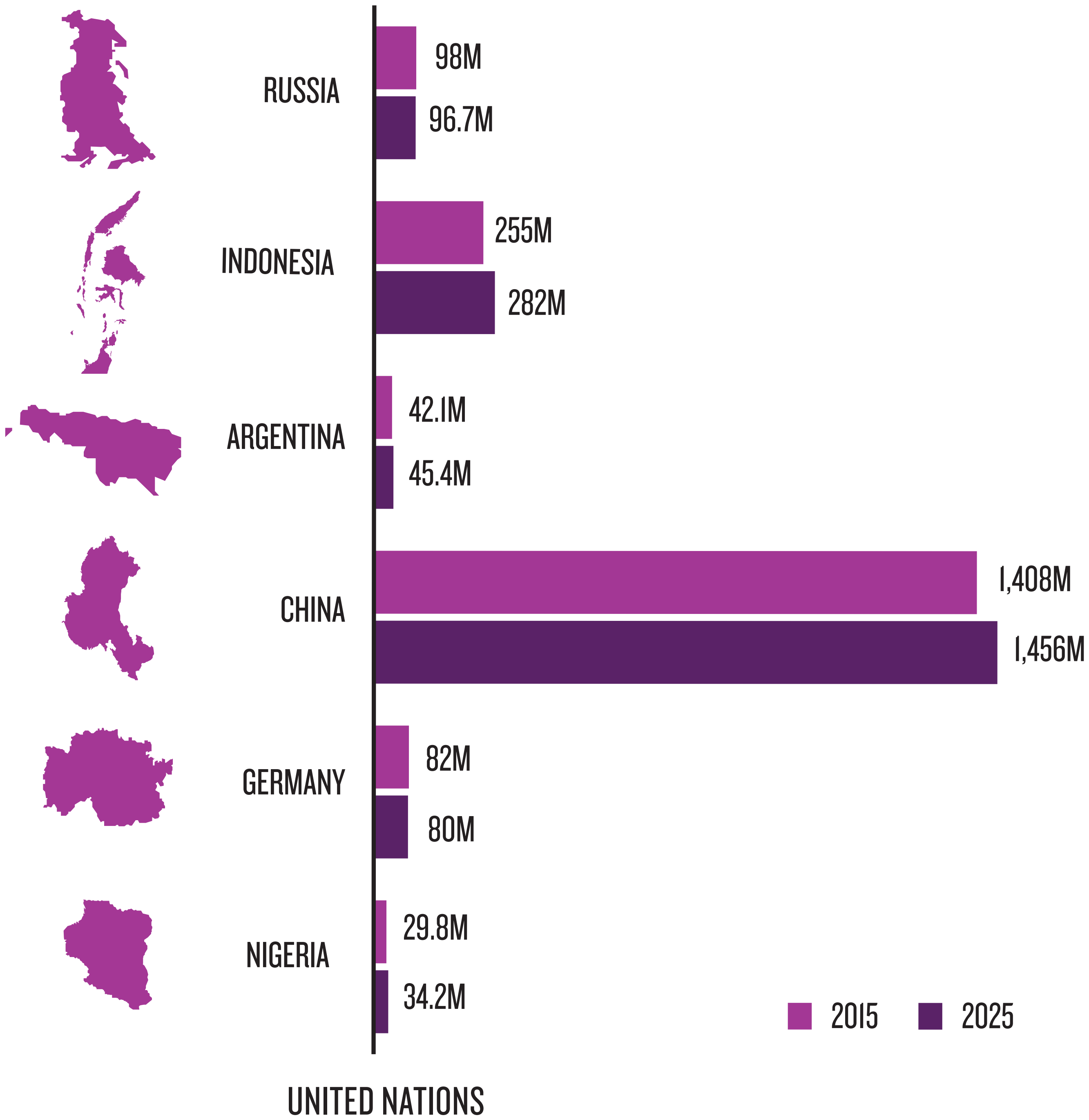


N.B: THESE DRIVERS OF CHANGE ARE NOT EXHAUSTIVE & USED AS EXAMPLES OFTEN THESE DRIVERS OF CHANGE ARE LINKED & SYMBAIOTIC

Population Size: The global population has exploded over the past 50 years due to high birthrates in developing countries, lower mortality rates and extended life expectancy largely because of improved health care. Population forecasts vary, but the United Nations projects that the global population will grow from around 7.2 billion in 2013 to 8.1 billion in 2025. The rate of growth will of course vary from country to country, and notably, a number of mature countries will continue to see their populations decline.

From an economic and business perspective, a bigger population means a larger workforce and more consumers. Population growth is a key driver of business investment, positive GDP performance and market growth. In contrast, countries with declining populations can find it a challenge to attain economic growth.

Looking ahead, most of the world's population growth will occur in Asia and Africa; and although there are questions around immigration, some of the wider impacts of global population change will be centered on these regions and shifting focus on longer-term resource and consumption opportunities. As the short list of various country forecasts below demonstrates, there are quite different population scenarios moving forward, and these ought to be considered in evaluations.



Urbanisation: In addition to population growth, other major demographic changes are afoot. Importantly, urban centers are rapidly increasing their share of the national population in many countries. People in rural areas are increasingly moving to cities and towns to seek out better employment prospects and different lifestyle opportunities.

The impacts of urbanisation will not be consistent around the world or even in different areas of the same country. Size, infrastructure, congestion, retail development and many other factors come into play. Companies that can effectively analyse these factors can develop rich ideas for business strategies and focus. Take for example China and India – nearly half of the urban population in those two countries are in cities of 1 million people plus, and both countries already have a number of megacities of 10 million or more people. While these high-density cities face infrastructure challenges, rising congestion and an array of social issues, they're also are home to large populations of comparatively affluent consumers and represent a concentrated opportunity for many businesses.

In Southeast Asia, populations in smaller urban centers of fewer than 500,000 are forecast to balloon to 231.8 million and represent 33% of the SEA total population in 2025 – the biggest segment of the urban spread. Consumers in these centers have different lifestyles than those found in higher-density cities, including job prospects, income, education and access to amenities. Many believe that this economic development will transform the consumer prospects in these places but represent different consumer needs, and companies should consider these differences in their offerings.

Many of the big cities in Europe and North America are investing in infrastructure and technology to become more efficient and hospitable places to live. With visions of being "cities of the future," these urban centers offer rapidly changing consumer lifestyles that are increasingly dependent on technology. As a result, there are many important new touch points for companies to consider.

Companies that invest in big data and analyse urbanisation in a forward-thinking context can gain valuable insights and strategic advantages over their competitors, especially by understanding how different urban environments will influence the needs and wants of consumers.

Age Demographics: Consumers are living longer, and in many countries, the proportion of people aged 65 and older is increasing. In these markets, factors like retirement and age-related health issues affect the entire society, not just the aged segment.

Projections show that by 2025, more than 30% of Japan's population will be 65 or older. Well aware that age-related sickness is a big issue, the country is responding by investing in health care technologies such as wearables and robotics. There is also a great deal of discussion around policies and plans to ensure aged people are active, engaged and contributing members in the community and workforce. In Japan as well as other countries with ageing populations, opportunities abound for manufacturers, media, retailers and service providers that can address the needs of this growing population segment. Australia, China, Italy, Germany and Greece are examples of other countries that will have rising proportions of aged population.

Other countries, such as the Philippines, Niger, Uganda and Mali, have notably youthful compositions. With effective analysis, companies can gain important clues to tap into market opportunities early as the youthful cohort move from being dependents to significant contributors to the workforce, capable of powering a strong business environment and economy. In many markets, population shifts between age segments can dramatically change the focus and spending patterns of consumers within a decade or less.

Economic change: The economic vision, development and growth of regions and markets will have a profound bearing on societal evolution and development in different geographies over the next decade. Economic change for a country often provides the industrial and business environment that enables social change through better infrastructure, better jobs and enhanced consumer purchasing power.

During the past 10 years, there have been enormous changes in economic structures and performance in many countries due to combinations of policy, investment, demographics and other factors.

These change factors can be modeled and forecast with reasonable accuracy to provide long-term indicators of what GDP and consumer spending will look like. Such analyses can help build scenarios on the future business environment in five-10-year timeframes. This provides useful insights for decision-makers on investment strategies by shedding light on what new markets will emerge as realistic areas for expansion and those more likely to fade in relevance.

Infrastructure and Access: There is huge demand around the globe for both basic and enhanced infrastructure. Some of the biggest impacts will be in developing countries where better infrastructure will dramatically improve market and social connectivity for people, businesses and government. New highways, railways and ports will enable business to be more efficient and have greater access to new consumer markets. Consumers, meanwhile, will benefit from better access to modern amenities, products, education, health care and services.

The presence of more advanced infrastructure in certain markets may allow for the adoption of cutting-edge technology that could completely change the consumer environment. Internet infrastructure and the rapid adoption of associated technologies and products have transformed developed countries over the last 10 years in areas such as business, consumer behavior, entertainment, social connection and economic development. The uptake of internet infrastructure in developing countries is rapidly occurring and will transform consumer markets, informal economies and industries. This will present huge opportunities for many businesses and threats to others.

A recent study The Demand Institute, a non-profit think tank operated by Nielsen and the Conference Board, concluded that over the next 10 years, people connected and empowered by the internet will have increased consumer confidence and be more willing to spend. Globally, “connected spenders” will number 2.97 billion by 2025 globally and have US$31.9 trillion in spending power per year. This insight reiterates how essential it is for companies to understand the factors that will facilitate and drive consumer spending and behavior.

Many countries will not follow traditional paths as they develop their infrastructures. “Leapfrogging” is a phrase used when a country or industry bypasses a stage of development seen historically elsewhere. Leapfrogging can occur through the use of new technology or knowledge in developing markets and accentuate impact. For example, some countries will bypass investing in telephone lines and jump directly into broadband and mobile. Others will bypass coal-generated power and invest heavily in renewables or non-grid energy solutions. An understanding of infrastructure options and plans can give key insights into how a market will evolve.

Technology Adoption: The adoption and utility of technology at personal, business and societal levels is one of the biggest factors influencing socioeconomic development across the globe. The spread of the internet and smartphones has been a massive driver of consumer change in recent years. Surprisingly, however, 50% of the global population does not yet have access to the internet. From a geographical perspective, the adoption of technologies will likely be highly influenced by local factors and far from homogenous.

Nielsen experts from around the globe recently discussed and ranked the technologies they believe will have biggest impact over the next five years in their regions for consumers, retailers and suppliers. The results support the assertion that population, demographics, societal challenges and market maturity will influence how technology will develop among regions.

Many of the experts shared the viewpoint that some technologies may be more hype than substance noting that they don't fill a societal need or want). Organisations would do well in assessing the current and emerging technologies that could have a bearing on the way they operate moving forward.

Household Size and Structure: Changing household sizes, family relationships and living arrangements will also be significant drivers of change over the next 10 years. Global forecasts show that in many mature markets, households will decline in size and single adults will increase in prominence, while a number of emerging markets will maintain consistently large family sizes.

These personal lifestyle choices and changes greatly influence the consumer behavior of people and societal groups. For example, partners without dependents often have more discretionary funds and regularly seek out travel and entertainment options. In contrast, people in larger family units are more likely to prioritise spending on essential consumer items, health care and education. The evolving size and structure of households in various markets can drastically change the psyche, motivation and mindset of consumers and influence everything from the pack sizes they need to where they shop.

Changing Values and Attitudes: Changing consumer attitudes and behaviors permeate throughout society affecting how people vote, the lifestyles they pursue, and what they spend money on.

Changing values and attitudes over the past 10 years have stimulated fast growth in high-value industries such as renewable energy, environmental and social responsibility, and health and fitness. Values and attitudes are also influencing national policies, setting agendas for social movements, and creating a massive shift toward digital lifestyles to fulfill immediacy and convenience. These changes often give us deeper insight into what is emerging in society and provide important considerations for organisations to integrate into their business intelligence.

Consumer sentiment toward social responsibility is becoming increasingly strong, creating both challenges and opportunities for companies. Attitudes toward health, equity, nationalism and the natural environment are also evolving. Meanwhile, younger generations are displaying differing views than others: For example, younger generations have a greater sense of social and environmental responsibility than older ones. Generalising values and attitudes by age groups can be misleading, but shared experiences can be useful as a starting point for deeper analysis.

Environmental Change: Nature is under increasing pressure from rapid economic development and climate change. More frequent and extreme weather events are predicted, and food production and food security will likely be issues of increasing concern in the coming years. The impacts are expected to be most severe in developing countries.

Over the next decade, organisations may have to reshape their supply chains and resource models to ensure that plans are in place for resource shortages and disruptions. Some companies are actively planning for future disruption within their operations and seeking collaboration with suppliers. In 2014, José Lopez, the VP of Nestlé, one of the world's largest food and beverage companies, said[4]

> "CLIMATE CHANGE HAS MANY IMPACTS ON THE VALUE CHAIN. WE SOURCE A TREMENDOUS AMOUNT OF RAW MATERIALS, AS YOU CAN IMAGINE. WE ARE THE BIGGEST BUYER OF COCOA IN THE WORLD, AND ONE OF THE BIGGEST BUYERS OF COFFEE IN THE WORLD. BOTH OF THOSE COMMODITIES HAVE GOTTEN MORE EXPENSIVE AS A RESULT OF CLIMATE CHANGE."

Supply chain challenges will need to be incorporated increasingly into organisational planning and development.

More visible signs of environmental degradation, such as air and water pollution, may strengthen consumer support for environmental stewardship and sustainability. This should be on the radar for businesses that rely on natural resources and companies that are already engaged in "self-reporting," and processes to self-regulate may be establishing an advantage that puts them well ahead of the competition when and if this approach is regulated more broadly.

Source[4]: Roberto A. Ferdman, "How climate change is affecting the world's biggest food company," *The Washington Post,* September 5 2014, www.washingtonpost.com/news/wonk/wp/2014/09/05/how-climate-change-is-affecting-the-worlds-biggest-food-company/?utm_term=.39fbc5a9cdd2.

Industrial Investment and Innovation: Businesses and industries influence the direction and impact of societal change. The recent investment and attention of some major companies into new retail formats and renewable energy clearly highlights this symbiotic relationship of investment and the broader attention and conversations seen in the media and industry forums.

Where businesses and industries focus their attention and innovation capability can signal emerging change at local, regional and global levels. Often the initiatives of leading companies can set the tone for others to follow and this can be a powerful agent of change. Currently, big tech companies are visibly leading a charge on investment into white spaces, such as renewable energy, flex work space and artificial intelligence, and it's worth keeping an eye on how these big bets pan out. Companies that can monitor and understand how rapid development in any of these areas may influence their business options will be well-placed to address challenges and leverage opportunities.

Policy and Legislation: Recently, there has been a great deal of public focus and conversation around political doctrine and philosophy – in part influenced by increasing accessibility and transparency of internet access. Elections and referendums aside, understanding new policy, legislation and how governance is evolving is essential to assess the likely impacts on the social and business environment. This includes how countries adopt initiatives that are started elsewhere. Fat and sugar taxes are a good example. These fees originated in mature markets, but are now being adopted in other countries. Regulations that require organisations to fulfill certain criteria in the future or encourage certain behaviors may provide roadmaps that other countries can follow. Examples include sustainability reporting for the Singapore and Hong Kong stock exchanges and company sustainability reporting requirements in Europe.

Disruptive Change: It's important for companies to watch for rapid and unexpected changes, such as new and unexpected technology launches, major changes in legislation and natural disasters. Wildcard events and disruptive change can have a huge impact on particular industries, especially in this increasingly interconnected world. Being aware of, and prepared for, disruptive change not only helps expand an organisation's understanding of potential outcomes, but it can also give an insight into how agile and adaptive a company is to a major change in the operating environment. This insight alone can give leadership an early warning to address rigidity or have prepared courses of action that can make a marked difference when a disruptive change occurs.

FORESIGHT EXERCISES AND PRACTICES:

SCANNING FOR SIGNALS OF CHANGE:

Desk-based research to highlight emergence of new behaviors, trends and outcomes with additional analysis on which factors will continue to spread and become mainstream and which might fade.

DELPHI METHOD:

Leverages a panel of experts to gain insights into how they believe the future may unfold in their area of specialty.

SCENARIO PLANNING:

Developing a rich understanding of a number of alternative outcomes and mapping what would likely be successful strategies in each eventuality.

BACKCASTING:

This is a planning method that starts with defining an outcome, event or state in the future and then works backwards to identify milestones, policies and programs that will connect that specified future to the present. This process helps identify outcomes that may not have a logical sequence.

A DAY IN THE LIFE; CONSUMER VISIONING:

Storytelling in a future environment where an understanding of how a person’s day to day lives may change could uncover insights and opportunities.

USING DRIVERS OF CHANGE AS AN INPUT TO DEVELOP A STRATEGIC DIRECTION

There are a range of processes and tools that can be used to assess drivers of change and identity potential challenges and opportunities for mid- and long-term strategic planning horizons. These can be quite easily incorporated into an organisation's existing strategic planning processes or as part of a new process. Either way, the use of external experts to facilitate strategic planning can be of immense value, not only in applying best practice tools and helping join the dots, but also by ensuring all perspectives within the organisation are heard and valued. They also add value by bringing in new thinking and casting a light on "blind spots" – the areas where organisations lack skill sets. For example, a business may have plenty of technical expertise, but it may not clearly understand user preferences.

Considering drivers of change and incorporating them into conversations, reporting and strategies will add considerably to an organisation's business intelligence. Questions worth investigating could include: What changes may arise from declining household size coupled with the growing adoption of technology such as artificial intelligence? What changes could stem from steady GDP growth and a slightly declining population? Through such a process, a business can generate insights to shape their future focus in many areas, including innovations, product portfolios, pricing decisions, new market entry opportunities, mergers and acquisitions, supply chain and sourcing. It will often highlight aspects to further investigate that were not previously on the radar due to the more traditional and limited research and analytics approaches used.

Drilling Down: Tools to Test and Refine the Strategic Direction

Although the process discussed above will provide useful strategic insights and ideas, these will still be fairly broad and not detailed enough to guide future planning and implementation.

Specific analysis is often needed to test scenarios, assumptions and ideas to provide a roadmap of how a company should execute its plans. This is particularly important for the big bets that companies increasingly need to make.

To gain more granular insights, leading organisations are leveraging innovative methods and tools, many of which are grounded in data and consumer feedback. These may validate the strategy or uncover previously unconsidered aspects and can provide excellent guidance on how, where and when a company should make its moves.

Nielsen has a range of tools it uses to test, validate and add value to mid- and long-term strategic plans, which can be tailored for specific companies operating in specific markets.

Macroeconomic and Market Analysis and Insight: Analysis that joins the dots between elements such as GDP, social developments, consumer sentiment and consumer packaged goods (CPG) performance can help companies better understand the prevailing winds in their markets and regions. Organisations can use these insights to understand their own performance but also to gauge the broader business landscape. Reports such as Nielsen's *Quarter by Numbers* give insights into how some of the factors mentioned above are changing and how this is not only influencing the past and current business environments, but also the mid-term horizon moving forward.

Meta-analysis and Innovation Factors of Success: The launch of new products and marketing, sales and distribution campaigns to support innovation are critical for company success. However, they can require significant resources and investment, and companies often feel like they are taking a gamble if it involves an untested product in a potentially rapidly changing market. Meta-analyses of recent launches are an effective way to isolate factors of success that are required for that market or markets. One aspect of this is evaluating consumer feedback on the product or innovation and combining it with inputs on marketing, sales and distribution support for the launch. This can enable a company to have a much greater understanding of the launch support combinations needed to meet a specific sales revenue target over the next six-12 months. This is invaluable for organisations that increasingly need to rationalise investment and to focus only on the most important levers to pull.

Meta-analysis takes the guess work out of an organisation's mid-term horizon planning in one of the most crucial areas of business to get right – future product and service offerings.

Market and Category Forecasting: This type of forecasting incorporates factors such as seasonality, distribution, range, pricing and promotional volumes to help generate an actionable demand outlook. It enables organisations to better coordinate supply chain and production with distribution and demand, which in turn leads to cost savings and cash flow benefits. A lack of knowledge in this area can lead to serious operating challenges and issues. It is extremely important for companies to have a 12-18 month forward view on product demand so they can manage anything from supply chain to in-market activities in the mid-term horizon.

Big Data and Advanced Analytics: Big data and related analytical tools are a game changer in unlocking new insights based on computer analysis of huge and varied data sets to reveal patterns, trends and correlations. It can apply to nearly every aspect of society, including consumer behavior, infrastructure development, agricultural production and transport systems, to name just a few.

A 2015 Nielsen paper, *The Age of ASEAN Cities*, highlighted that smaller urban centers in Southeast Asia will be home to majority of the region's urban populations through to 2025 and beyond and will attract major infrastructure and business investment. This led to a theory that these secondary cities would be an increasingly important market for many categories as consumers enjoy increased spending capability. Recent modeling from Nielsen and partner Alpha Beta used big data to explore how different consumer category opportunities appear and grow in conjunction with external factors like population, income, infrastructure, education and so forth. This innovative approach highlighted that in Southeast Asia some of the biggest opportunities for many categories will be in many secondary cities that organisations may not yet have on their radar. The big data analytics calculates where and when various categories will take off across 700 urban centers. The exercise demonstrated that understanding the expanding consumer fragmentation happening across various regions will be a critical element of corporate knowledge moving forward. Such insights will be a strategic advantage to organisations that invest ahead of the curve in big data and ask questions that give solid insights on where and when to invest in new consumer opportunities.

Super Consumers and Early Adopters: Recently, a client asked Nielsen to help them understand which new technologies would likely become mainstream in a particular market. Following discussions, Nielsen leveraged a segmentation of consumers called "superconsumers" – those who are highly involved, knowledgeable and passionate about a specific product, category or area – for insight. Although this group represents a relatively small proportion of the consumer market, these consumers are consistently early adopters of new products and behaviors, and they often signal the future behavior of the wider consumer population.

Through questionnaires, interviews and diaries, Nielsen developed insights about technology adoption, use and behavior of the superconsumers and identified emerging behaviors. This enabled the client to validate theories, identify new opportunities and increase its focus on how to execute.

Previous work with superconsumers in the beer category in the U.S. showed this group as an early signal of the steady growth in craft beer six years before mainstream adoption.

> **"SUPERCONSUMERS ARE THE CANARY IN THE COAL MINE AND THE TIP OF THE SPEAR WHEN IT COMES TO EITHER ANTICIPATING OR BETTER YET CREATING DISRUPTIVE INNOVATION."**
>
> **-AUTHOR EDDIE YOON[5]**

Qualitative Feedback and Crowdsourcing: Often companies will identify a new investment but are uncertain about how to proceed and whether there will be consumer interest in the new opportunity. Qualitative feedback is a great way to understand consumer sentiment for investment and innovation strategies, and provides an important indicator and checkpoint for companies considering their future path in emerging areas.

Companies can effectively obtain consumer feedback on various situations, preferences, products and services through facilitated sessions, scenario feedback and questionnaires. Customised qualitative research can directly ask consumers their views and inputs focused on organisation's mid- and long-term strategies.

Companies can also solicit information from "the crowd." Crowdsourcing can involve asking the public to submit ideas based on a future scenario, including innovations identified by a company's long-term thinking. Apart from feedback on what the company is considering, crowdsourcing can also generate a range of creative consumer-centric ideas not previously considered.

Source[5]: Eddie Yoon, *Superconsumers: A Simple, Speedy, and Sustainable Path to Superior Growth* (Boston: Harvard Business Review Press, 2016).

Using qualitative feedback and crowdsourcing tools, Nielsen recently conducted a global study on e-commerce and its growing importance. Through an online survey, a representative global sample of people were asked about the likelihood that they would use e-commerce in the future. Thirty percent said they would consider moving to online purchasing in the near future.

Thought Leadership Materials: Thought leadership and expert opinions are a great source of stimulus and input into long-term thinking processes. For example, Nielsen produces a range of products that draw on analyses of emerging topics of interest and explore the potential challenges and opportunities for partners and clients.

Summary: By joining the dots on change drivers, we can consider a more holistic approach on how these things will affect the way our business and brands connect with consumers, retailers and media owners.

ASK WHAT'S NEXT

How are today's environment & "currents of change" influencing consumption?

Where will consumer demand be in the future?

What are the factors driving innovation success?

What behaviours & attitudes can we expect?

What is the future of sales growth?

What thoughts and ideas do consumers have about this?

What do they want to see in the future?

USE FUTURES THINKING TO DEVELOP, TEST AND REFINE TO CREATE TOMORROW'S BUSINESS STRATEGY

1. DETERMINE FUTURE BUSINESS LANDSCAPE BASED ON CHANGE DRIVERS & POTENTIAL DISTRUPTERS

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2. REFINE & TEST WITH FUTURES TOOLS

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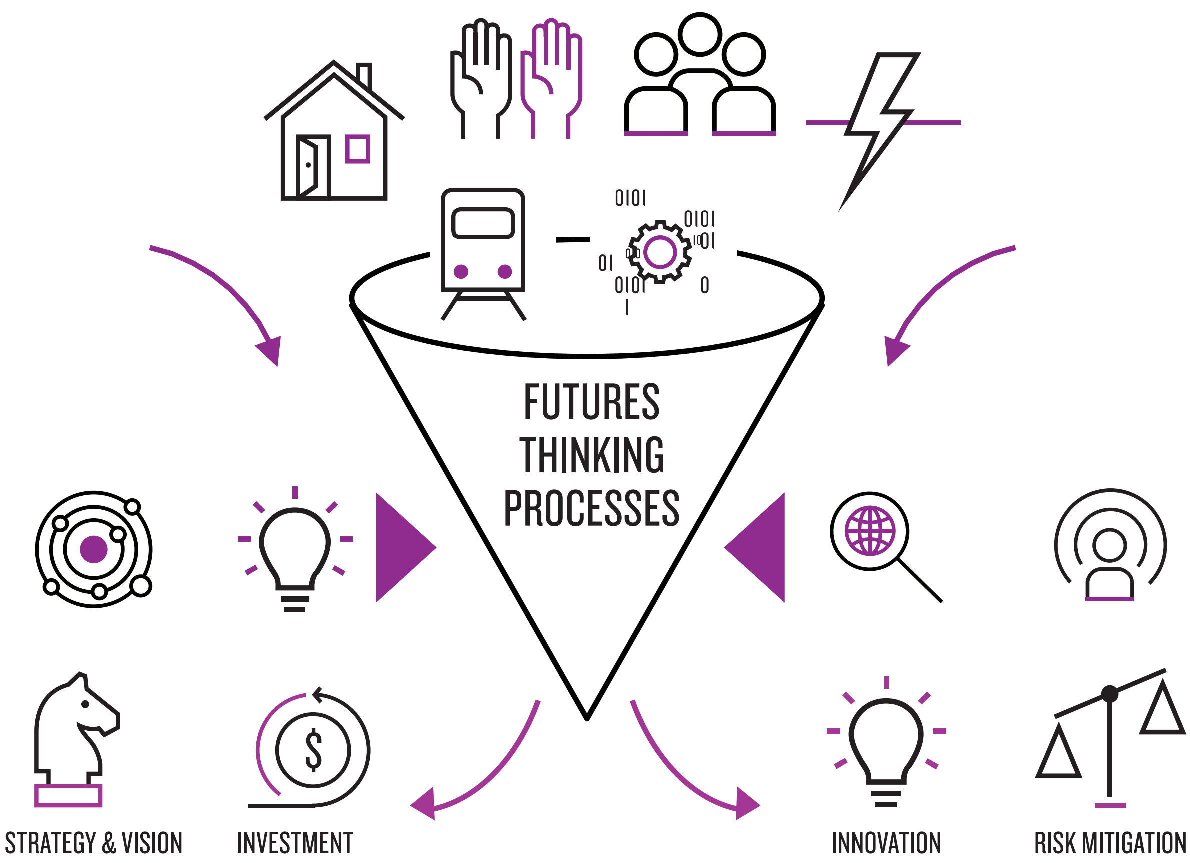
3. TO SET FUTURE CORPORATE STRATEGY



Engaging in processes that generate more forward thinking and strategising can add immensely to an organisation's business intelligence. The approaches vary from regular in-house conversations to formal facilitated processes that leverage data, research and exercises to explore and test areas of interest.

Whatever these combinations of foresight thinking, research and inputs are, they are not without risk. That risk notwithstanding, however, they will lead to a more considered, forward-focused company and a more nimble and adaptive culture that will be able to navigate its way through uncertainty and rapid change.

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