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Technological, Methodological, Economic & Business Changes Impacting MR

IRI Invests in Intelligence Industry's New "Must Have": Analytics

Sunil Garga, President of Information Resource Inc.'s (Chicago, IL) Analytics Insights Group, is bullish about the analytic portion of the MR function. He says it's not just coming of age, but "red hot" and begging for the kind of corporate investment that can help deliver on its wealth of potential. The field's potentially vast contributions to client knowledge and fresh signs of client acceptance was recently highlighted by Garga as one of five critical changes that are about to engulf the research/intelligence industry. As such, analytics is now a core business-building strategy for IRI.

"We don't view analytics in the same way as many other companies," Garga explained. "It's not math or the mechanics of math. We're using analytics as the enabler that helps our clients upgrade their business and consumer insights, including the next generation of shopper insights. Our analytics function is at the intersection of consumer, product and store information."

Garga's Analytics Insights Group gathers retailer-based data and purchasing information, POS data, panels, store-level data, loyalty studies and frequent shopper information, and integrates them all with client shipments." A thriving, high profit sector, IRI's consulting and analytics business grew 20% globally last year; Europe alone was up 30% and the U.S. between 15% and 20%, reported Garga. "We're off to a good start in 2006 and expect to grow the business better than 20%. It's a pure reflection of increasing need," he said.

And, believes Garga, the impact of the need will best be reflected in marketing. "You won't recognize marketing three years from now, at least from what we recognize today," he stated. "Some changes I'm speaking of are already apparent. The underlying goal is reaching the right consumer, and look at what's happening this year: store reconfigurations by giant retailers, 80% of the public claiming it does online research prior to car buying, advertising

within video gaming as one answer to TiVO-enabled ad skipping, product placement on TV programs, even P&G target marketing a product to Israel's Orthodox Jews.

"CPG bought into analytics years ago, causing stickiness between data and the marketing mechanism and making the category one of the most over-analyzed industries," he continued. "However, the focus now is shifting analytics to help clients sort through and find their optimum options." More and more, analytics—applied to available oceans of available corporate data in other consumer and customer-driven organizations—is creating an explosion of interpretive opportunities in all industries.

"My view is that industries will be forced to move from an extreme of custom embroidered, handcrafted information dissemination to the opposite extreme, with 70% to 80% of analytic solutions automated and 20% to 30% of so-called mass customization," he commented. "Clients tell us they need certain analytics now, like pricing, and that it should be like electricity—always on and filling our minds with vital input."

IRI won't be caught flat-footed by analytics' grand emergence and, in fact, plans on showing the way for its clients by supporting their transition into its widespread use. IRI is currently focused

on six large solutions. "Once you bring all the key information inside a company together, the analytics goal becomes feasible, and the insights can flow," Garga assessed. "When it comes to client needs, we should and will do the heavy lifting. We're working on development of a lot of automated analytic solutions that will deliver important insights at very high speed and very close to the decision-making moment," he shared.

To underline industry "need," he referenced the future of marketing planning. "Be it new media planning, experiential marketing or digital marketing, the marketing plan of tomorrow will be much more complex, with 1,000 small pieces that must precisely come together in order to gain the correct response,



IRI President-Analytics Insights Group, Sunil Garga



the right consumers and buyers. The only solution would be a decision-support system or analytics that review hundreds of choices and decide which make the most sense so that they can be pulled together,” he explained. Garga believes advertiser spending is inexorably spiraling toward greater fragmentation as each media situation is analyzed for maximum consumer effect.

Management support that ingrains the skill set as part of corporate culture is an outright necessity in implementation of high-powered analytics. Corporate users (such as P&G, Kraft,

provisions that have enabled us to identify, hire, train and actuate a very smart group of people in India,” explained Garga.

In conjunction with the new personnel, Garga spotlighted IRI investments in “1) new solutions to bring disparate data sources together, 2) application of highly-advanced analytics to those information areas garnering high-performance, high-payout insights about clients’ businesses and 3) creating decisions solutions systems for client work in pricing, innovation, mix, consumer and assortment optimizations.”

“Certain kinds of analytics (for instance, pricing) should be like electricity—always on and filling our minds with vital input”

General Electric, eBay and Amazon) have reaped benefits, reported Garga, but only after two to three years. “It’s never easy. I think about it as a reforestation,” he said. “We’re trying to help clients focus on one consumer at a time—but the right consumer. Earlier one-to-one marketing was stuck using mass media and mass promotions. We’re moving clients closer and closer to what P&G calls the ‘moment of truth’—influencing consumers at whatever point they make their actual buying decision.”

Complicating analytic’s adoption is a severe shortage of industry analytic expertise. “Finding unique people who can do analytics and discuss its implications and insights with clients is the hardest part of this push,” conceded Garga. That legitimate issue, coupled with cost, can distract senior management from focusing on analytics’ business value proposition. “Frankly, the analytics industry has done a poor job of proving its value to senior management,” remarked Garga. “We’ve tended to conduct and present ad hoc projects, and leave. MR and analytics are not on the governance board of many companies, and we must develop an ongoing decision-making process that continuously proves positive ROI, something IRI is committed to doing.”

The brain and manpower shortage, combined with the business opportunity, are the drivers behind IRI’s huge personnel add-ons to Garga’s group in the last year. The hiring of over 200 new analytics professionals (primarily in India) elevated total head count to just under 500 and effects IRI’s preparation for radical changes in its business. “Our clients will have to deal with a fundamentally different environment in the next two to three years. Traditional marketing is broken and marketing is fundamentally transforming,” Garga opined.

He believes scalable technology platforms provided by IRI corporate owner, Symphony Technology Corp., are difference-makers. “Symphony brings together technology, people and

Garga disclosed to *RBR* five key changes (with broad-based analytics the nucleus) he recently presented in prediction form to IRI’s management. The first emphasized major corporations’ requirement to “integrate all the information about their consumers. I can’t name them, but there are progressive companies investing heavily with IRI to harness all their key, complete, full-angled consumer views in one place,” he related. “They include retailer-based data and purchase information, POS data, panels, store-level data, loyalty and frequent shopper knowledge. And that’s just a starting point.”

The second prediction foresees “clients increasingly relying on consumer-centric marketing to take them from purchase to usage. Consumer centricity—understanding consumers in a fundamentally deeper, more granular way—has been an industry buzzword, but it will become a reality. It has to! It’s essential to retail and marketing mastery. Most clients’ younger marketing executives are already accustomed to and will demand analytics, to augment their experiences and judgement,” he noted.”

The third encompassed the necessity for marketing analytics as retail and media landscapes barrel ahead in their ever-more-fragmented evolutions. “Everything impacting retail, companies and consumers will change—some of it dramatically—in the next 24 to 36 months,” specified Garga.

The fourth prediction emphasized the importance of “more quickly and accurately foreseeing future initiatives and their direct effects on sales. It’s not a new idea, but it will mushroom because of the enormous dollars at stake in so many products and marketing plans. Anything that can tighten up the predictability of these things will become coveted and essential, in short order. Daily tracking will really catch on!” he stated.

Garga’s fifth prediction focused on “the confluence of technology analytics in combination with marketing. Marketing will be more

closely aligned with technology. For example, best practice templates for new product rollouts will be created across industries.”

According to Garga, his services group contributes the highest margins of any IRI business unit, making it easier for the company to put the necessary dollars behind the initiative. “One of the reasons I joined IRI [from MMA] was because [IRI Chairman Romesh Wadhvani and CEO Scott Klein] and I completely agreed that analytics will become central to the success of any enterprise of the future,” Garga explained. “My job is to help IRI reinvent the industry by increasing the value proposition. Romesh, Scott and I agree analytics is the central point of that task.”

IRI hopes its massive investments in personnel and systems will separate it from the analytics competition. “We’re attracting business everywhere—ACNielsen clients, the pharmaceutical industry, five different industries in Europe and, of course, IRI clients, who make the most use of our offerings,” summarized Garga. **RBR**

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