

# Adopting an Entrepreneur

How investing in a start-up solved real problems

*Hisae Endo • Makoto Moriguchi • Roxan Toll*

## **ESOMAR**

Office address:

Atlas Arena, Azië Gebouw

Hoogoorddreef 5

1101 BA Amsterdam

Phone: +31 20 664 21 41

Fax: +31 20 664 29 22

Email: [customerservice@esomar.org](mailto:customerservice@esomar.org)

Website: [www.esomar.org](http://www.esomar.org)

Publication Date: September 2017

ESOMAR Publication Series Volume Congress 2017

ISBN 92-831-0296-7

# Copyright

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system of any nature, or transmitted or made available in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of ESOMAR. ESOMAR will pursue copyright infringements.

In spite of careful preparation and editing, this publication may contain errors and imperfections. Authors, editors and ESOMAR do not accept any responsibility for the consequences that may arise as a result thereof. The views expressed by the authors in this publication do not necessarily represent the views of ESOMAR.

By the mere offering of any material to ESOMAR in order to be published, the author thereby guarantees:

- that the author - in line with the ICC/ESOMAR International Code of Marketing and Social Research– has obtained permission from clients and/ or third parties to present and publish the information contained in the material offered to ESOMAR;
- that the material offered to ESOMAR does not infringe on any right of any third party; and
- that the author shall defend ESOMAR and hold ESOMAR harmless from any claim of any third party based upon the publication by ESOMAR of the offered material.

Published by ESOMAR, Amsterdam,  
The Netherlands  
Edited by: Deborah S. Fellows

# About ESOMAR

ESOMAR is the global voice of the data research and insights community, representing a network of 35,000 data professionals.

With more than 4,900 members from over 130 countries, ESOMAR's aim is to promote the value of market and opinion research in illuminating real issues and bringing about effective decision-making.

To facilitate this ongoing dialogue, ESOMAR creates and manages a comprehensive programme of industry specific and thematic events, publications and communications, as well as actively advocating self-regulation and the worldwide code of practice.

ESOMAR was founded in 1948.

## About ESOMAR Membership

ESOMAR is open to everyone, all over the world, who believes that high quality research improves the way businesses make decisions. Our members are active in a wide range of industries and come from a variety of professional backgrounds, including research, marketing, advertising and media.

Membership benefits include the right to be listed in the ESOMAR Directories of Research Organisations and to use the ESOMAR Membership mark, plus access to a range of publications (either free of charge or with discount) and registration to all standard events, including the Annual Congress, at preferential Members' rates.

Members have the opportunity to attend and speak at conferences or take part in workshops. At all events the emphasis is on exchanging ideas, learning about latest developments and best practice and networking with other professionals in marketing, advertising and research. CONGRESS is our flagship event, attracting over 1,000 people, with a full programme of original papers and keynote speakers, plus a highly successful trade exhibition. Full details on latest membership are available online at [www.esomar.org](http://www.esomar.org).

[Contact us](#)

### ESOMAR

ESOMAR Office:  
Atlas Arena, Azië Gebouw  
Hoogoorddreef 5  
1101 BA Amsterdam  
The Netherlands  
Tel.: +31 20 589 7800

Email: [customerservice@esomar.org](mailto:customerservice@esomar.org)

Website: [www.esomar.org](http://www.esomar.org)

# Adopting an Entrepreneur

## How investing in a start-up solved real problems

*Hisae Endo • Makoto Moriguchi • Roxan Toll*

### Introduction: Common problems, an uncommon solution

More impact with smaller budgets, fewer people and less time. This is a common story across client-side research teams, particularly for those testing TV advertising creative. According to the Japanese Market Research Association, in 2013 the Japanese market research industry grew by only 0.8%, down from a huge increase of 8.4% in the previous year, since then the industry has grown in Japan, but has yet to reach the levels of growth seen back in 2012. This arrest in growth in the local industry was accompanied by a severe tightening of budgets across the marketing and insights functions.

Advertising research methodologies can take weeks to run and cost a significant amount of money, for many insight teams this means it is simply impossible to test all creative work before it is released. This has a potentially huge impact on the effectiveness of brand advertising campaigns.

Within this environment, however, research agencies were not moving quickly enough to tailor their offerings to fit this new research paradigm.

In 2013 Coca-Cola Japan aired 80+ new TV commercials in the local market, of those only 33 were tested through LINK tested before being aired. These were usually critical advertisements; a brand new product launch, advertisements for key brands, or the first advertisements for new campaigns. However, for some subsequent, adjusted advertisements for continuous campaigns, the insight team did not have the budget or time to fully test all sequential ads. Because of these issues Coca-Cola Japan had a very loose “on air” protocol. This meant we were airing untested advertisements that could potentially have failed to reach internal benchmarks and could negatively impact the return on investment.

Then in 2014 the strategy and insights team across all markets at Coca-Cola were given a mandate by Coca-Cola senior leadership; 100% of brand building advertising creative was to be tested and each would need to exceed a certain one-number-score (ONS), a proprietary composite score created from key testing metrics (and explained in more detail later in this paper), in order to be given the green light for public release. The ONS was introduced to bridge the partnership with internal stakeholders to leverage research and make decisions based on data. Internal buy-in was encouraged by marketing-based modelling, which showed that in-market effectiveness was rising by a significant amount due to the ONS.

This change from the top meant that in order to meet the 100% testing of TV advertisements, the number of incremental LINK tests in the first half of 2014 increased to 69, more than doubling the total amount for the whole of 2013. This mandate also imposed a heavy burden of ‘rework & retest’. When a piece of creative did not meet the ONS benchmark score, it would go back to the creative team to be reworked and afterwards retested to see if it now met the required ONS. Each ‘failed’ test did not only entail a very significant cost of retesting but also significant non-research costs in reworking creative in an effort to achieve that one-number-score. Last but not least it is important to point to the cost in time, with this process claiming an extra two weeks.

At Coca-Cola we understood that better preparation and earlier input was the way to tackle the challenges this new mandate brought along. Existing solutions we could access via our research partners did not meet our need for an agile solution to support our creative development process towards a successful ONS validation. We needed to find a solution that was fast, cost effective and still maintain the quality of the research.

## D.I.G. and ONS

At Coca-Cola Japan we have identified three stages of research when it comes to product development and advertising: Discovery, Ideate/innovate and Go to Market.

Discovery is about identifying opportunities for growth. Here, Coca-Cola uses a number of research processes such as trend analysis, deep dive social media research, Neuro Research and brand equity research to better understand and explore consumer needs, and identify opportunities.

When it comes to Ideate/Innovate, we use creative ideation workshops, idea development tools and preliminary idea screenings to create creative strategies.

The final Go-to-market (GTM) stage includes concept screening and retesting of creative concepts. Typically we use LINK testing to ascertain the one-number-score. The one-number-score was developed in partnership with Kantar Millward Brown as a clear standard for Coca-Cola's advertising on a global level. As a proprietary formula, we cannot provide too much detail in this paper, but we can share that it is an index created from a number of key metrics that include Awareness, Equity, and Competitive Advantage, combined to create the magic number. When the ONS reaches 105 the creative is cleared for public distribution.

## Enter ZappiStore

It was thanks to the research community at a recent ESOMAR conference that Coca-Cola stumbled across a tiny three person start up from the UK, ZappiStore, which connected with Lynette Davis, Head of Insights, Coca-Cola South Pacific, and who in turn passed on the details to her colleague Vanessa Oshima, who at the time was VP of Knowledge & Insights in Japan. Vanessa dealt with the new testing mandate.

ZappiStore isn't a research agency, but rather a tech company developing a suite of automated research solutions specifically tailored to testing advertising creatives. Through a live demo on a video conference call, a solution was demonstrated that could provide same day analysis of a creative, at a fee of around \$2,000, compared to a significantly higher cost eight day protocol test.

The Coca-Cola team wanted to pilot a test immediately, but there were some huge hurdles. ZappiStore products were only available in three English language markets and there was no capability or presence in Japan. Additionally this was, at the time, a four person tech start-up with limited cash flow, so they were unable to develop their tool for the Japanese market. But we thought the tool was potentially the answer to our prayers, and we couldn't wait for an opportunity to use it in the local market. We came to an arrangement where Coca-Cola provided a pre-payment for 10 pilot projects, Zappi would build and beta test the tools in Japan, and at the same time the Coca-Cola team was made available to work in partnership to build these tools for the Japanese market.

Over the course of three months Coca-Cola and ZappiStore worked in collaboration to build and translate their tools for use in a Japanese market. As previously the tool had only been working in three English language markets, it was a huge change to adjust technically to a new market, culture, language and complex pictographic alphabet.

It was at this point in the partnership that tight collaboration became a real key to success. Rather than ship the translation tasks to a translation company, or leave ZappiStore to deal with the translation in isolation, the Coca-Cola insights team took on all of the work. This meant not only translating the language into Japanese, but also ensuring that question types were suitable for market and stress-testing their systems to correctly code & process Japanese characters. Additionally, the tool came with very generic target groups and demographic segmentation. It was necessary to work closely to align those target groups with Coca-Cola standards, and ensure that these could be actioned by panel providers.

Luckily for the Coca-Cola team, working with a tech start-up provided significant benefits in a collaborative process. With larger, traditional agencies the pace of making changes can be very slow; processes need to be adhered to before change can be actioned. But this is the same for any large organisation, and although it can be an important part of ensuring protocols are correctly followed it can sometimes hold up changes. However, with the start-up culture we were able to work in an agile way making the required changes in hours, rather than days or weeks. This start-up culture lends itself beautifully to the Japanese concept of *Kaizen*, which means 'change for the better', a business

philosophy that looks to imbue processes with continuous improvement and elimination of waste, a concept that fits beautifully with a start-up philosophy.

All this was a unique project for Coca-Cola, something we had never done before - but at a cost equal to one full quant study in Japan we felt that from a financial stand point, the actual risk involved was relatively low.

## Validation

Validation of the new tool was a second key hurdle in securing continued use for Coca-Cola. Once the beta test tool had been finalised for use in the local market, the teams set out to ensure that the results of the advertisements run through the automated tool would provide an accurate projection for the final creative LINK testing.

In order to validate the tool, the team tested creatives in parallel with beta tests in the tool. Creatives that had just been tested through traditional protocols were uploaded to the new tool; within 24 hours results were returned. These results were then mapped out to see if they could correlate. This was run on a balanced sample of studies that scored well for ONS, at mean, and studies that scored poorly for ONS. Through further testing we found a high relationship between the tool and the traditional results.

This validation process also allowed the new tool to build up a local norm for future benchmarking purposes, as the existing English language market benchmarking processes was not fit for purpose in the local market.

## The Tool in Action

Since 2014 Coca-Cola has been using the tool as an important tool in early stage screening, both for ad testing and also in the product development research process.

The value in the methodology is that creatives, whether that be ad testing, storyboards or early stage screening for concept and package testing, can be tested in three easy steps, at any time, by the team at Coca-Cola, without a significant cost in time and money. Within the tool the insights team can choose the sample size, location and demographic make-up of respondents. The insights team can easily set the panel to reflect Coca-Cola LINK demographic guidelines, and the cost of the survey is updated live within the tool. Once all that has been set, the researcher only needs to hit the 'go' button and wait for the results.

The insights team can then explore the results from the ZappiStore site directly within 8-12 hours. This has represented a big opportunity for the insights team. It has provided a way for earlier, cost effective testing in the concept stages that provide an indication of a possibility that the advertisement will pass the one-number-score test.

The tool allows our insights team to test multiple ideas for the same cost of one idea in the traditional models. Automated testing has increased the speed with which we can finalise creatives for the market, and improved the accuracy and costs of the GTM testing. More specifically it has allowed Coca-Cola to reduce retesting which can be both resource and cost intensive. One of the most vital elements of being able to reduce cost in the retesting phase of the GTM stage is that the money we saved from this could be then redirected into the discovery phase, which in turn made the full three stage process far more efficient, and impacted costs further by ensuring better identified growth areas at the outset in the discovery phase. Thus the benefits of using automated tools was not just advantageous to the single task in question, but had a profound knock on effect on all stages of the process and in the efficiency of the insights team as a whole.

The impact of these tools has had far reaching internal impact at Coca-Cola. It has helped the insights team in Japan win the company's internal marketing effectiveness award (which it has won for four years running), and today a tailor-made variation of LINK Now on the ZappiStore is used in the official validation toolkit. This felt like the natural culmination of the partnership, where we were able to bring our protocol partner into the conversation and bring together the strengths and expertise of all sides in a single process.

However, the process of using these tools still continues in 2017. Zappi LINK is being promoted, not only as an early stage screening tool, but a tool to deliver on ONS.

## Co-Creation and Co-Investment

The insights team at Coca-Cola takes the subject of innovation very seriously. We have a specific innovation budget put aside to use for experiments in improving research processes through new methodologies and technologies. However this approach of investing time and resource in a brand new technology start-up was a unique endeavour, not just for us as a company but for the industry as a whole. Normally, an agency or start-up needs to fully package and polish its offering and proposition to reassure clients that methodologies have been proven enough for them to try. Some might say this is a sensible option, and it is the way the industry has worked for some time, but think about the opportunities that can be missed by working this way. There is potentially a loss of time and innovation. The insights team at Coca-Cola were driven by necessity, which we all know is the mother of invention. Our approach of co-creation & co-investment brought an entrepreneurial spirit to the process of innovation, but like any entrepreneurial venture it had its challenges and required staunch commitment from both sides.

For ZappiStore the benefits were immense. Having a huge multi-national brand investing in their start-up allowed them to grow and create a valuable partnership that is still important today. It meant Zappi could impress other, new clients and proved they could apply their technology in many different markets and in different languages. If the collaborative process had not been part of the project, it is likely that Coca-Cola would have ended up with a product that was not fit for market. The co-creation aspect meant that ZappiStore not only had monetary investment, but also a business mentor and a coach.

## Considerations for collaborations

For both Coca-Cola and Zappi the impact of the collaboration has been significant. The ZappiStore testing solution was never a perfect tool, parallel testing showed some discrepancies with the final ONS on tested creative. However the tool did give us a platform in which to build and address the vital mandate of 100% testing that came from senior management. The process of using these tools still continues in 2017. Zappi LINK is being promoted, not only as an early stage screening tool, but a tool to deliver on ONS. This means that there is a requirement to tighten the accuracy of correlation compared to the full services Millward Brown Kantar LINK tool. Global level validation has been carried out, but there is a requirement from internal clients to confirm it with a local level of data. As mentioned previously, within large organisations there is an expectation of a certain level of procedure and protocol, which we are still working on at a global level with the Zappi tool.

From the start up perspective, the knowledge and support provided by Coca-Cola to Zappi has been invaluable in allowing the company to grow rapidly, navigate conversations with big corporate buyers, and continue to improve its offering. The idea of partnering with a start-up in this way will be a new concept to many clients in the industry, but if you are considering a similar project there are three aspects you need to consider: the companies concerned must have similar mind sets, they must believe in having total transparency on the project, and they must be willing to get on with the project.

In our case, we found we both had similar views about taking risks and seeking new approaches, something Coca-Cola Japan has a long tradition of. This mind set was reflected in ZappiStore, a company that was set up to take a risk and seek a new approach in the way research was conducted and sold. Over the course of our initial meetings it was clear we had the same ambitions and goals.

Transparency was a key element in the success of the project. We had to be open about our current research processes, such as DIG and our existing validation tools. This can sometimes be a roadblock for organisations with big legacy systems, but we felt it was vital to ensure a reliable understanding of how and where the Zappi solution should be implemented and incorporated in current processes. As such the team at Zappi were not treated as a supplier or a research consultant, but as an extension and part of the Coca-Cola Knowledge and Insights team. Having ZappiStore work on the same level as the rest of the Coke team during the project was incredibly important for both teams. Honesty between both partners is essential in managing expectations on both sides and ensuring the best possible outcome. Throughout the process with ZappiStore we were very honest and transparent with our expectations, and the criteria for success of the project.

Finally, innovation is an overused word within the market research industry. There's a lot of talk without much action. The only way to ensure true innovation is to take calculated risks, and invest time and money into development. This requires a strong commitment to get on with the project from both parties, one which we were both keen to make. This commitment manifested itself in many ways, not only did both sides need to work hard with a view to success,

the Coca-Cola Japan team also needed to commit to transferring our knowledge about the Japan beverage market and Japanese consumer research fundamentals, so that Zappi could focus on the solution development for Japan and minimize the considerable effort it would be for them to explore a brand new market and environment from scratch. This may sound obvious, but many researchers will know the amount of knowledge involved in a full market and category in any country is considerable, and required significant commitment and buy-in from the Coca-Cola team.

## Summary

In 2014 Coca-Cola Japan was faced with a significant dilemma in how to optimize the testing of creative TV advertising. At the time it threw the brand into chaos, and left us all with many sleepless nights. But our problem was not an uncommon one within the industry. Like many client side teams across the world we were faced with the same problem; more for less. The Coca-Cola Knowledge and Insights team was lucky in the sense that as a team, we have a culture that thinks outside of the box, looks to experiment, and backs innovation. But those forward looking concepts would not provide a solution on their own. We had to find a like-minded company that shared those ideals, and we needed to nurture that company, to help them develop and move forward in a spirit of collaboration and partnership.

At Coca-Cola Japan 100% of Brand building TV advertising creative is tested, and aiming 100% reaches the desired one-number-score before release. The impact of these new tools have expanded beyond the local Japanese market and are now used globally by Coca-Cola, and all it took was some time, a small amount of financial investment. Since establishing the Zappi tool within the Coca-Cola Japan tool kit in 2014, we were able to increase the number of concept screening and package screening testing from 51 in 2014 to 77 in 2015 and 82 in 2016. What's more, the average unit price of a Zappi test runs on average at 26% of the cost of both traditional concept screening and traditional package screening tests. The tool has had been a significant enabler within the insights team here at Coca-Cola to test more, test earlier and test iteratively and has had a huge positive impact not only in Japan, but on a global level. However, the process of Kaizen by its very definition never ends.

Kaizen is a fitting philosophy for an insight industry that is constantly changing, that is facing new challenges on a daily basis. That is why we never stop improving at Coca-Cola, and automation is providing the insights team the tools to address these challenges. As a leading global brand the responsibility to look at address these challenges rests partly with ourselves, and that is why we are choosing to share our story. It was a project and process filled with challenges, and it's important to understand that it is not a one way street, there was difficulty on both sides, but through a process of continuous improvement the output was beneficial for everyone involved.

## The Authors

Hisae Endo is Group Manager Hydration Category, Knowledge & Insights, Coca-Cola, Japan

Makoto Moriguchi is Group Manager, Innovation and Measurement, Knowledge & Insights, Coca-Cola, Japan

Roxan Toll, ZappiStore, United Kingdom.