

SHAPING THE FUTURE

A JOURNEY NOT TO CHASE BUT TO CREATE THE FUTURE OF OUR BUSINESS

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INTRODUCTION

Shaping the future was not the original name of this investigation. In fact, its name was something like “Latin America 2025”. Why did we change it? Basically because, throughout this process, we changed our starting point. At the beginning, our main question was: What’s going to happen in our region towards 2025? But after diving in the “sea of thousands of forecasted changes” we discovered that we would sink if we remained trying to predict the future. So we changed the question from ‘What’s going to happen?’ to ‘How do I make it happen?’ How do I shape the future of my business?

We knew that we were heading in the wrong direction if we only tried to forecast the future. The extraordinary expansion of human knowledge in recent years and its growing power of interconnection make it even more difficult today to imagine what’s coming.

Salim Ismail in his recent book *Exponential Organizations* (Ismail, 2014) highlights the difficulty that business organizations have in projecting the future. This difficulty will translate into a significant reduction in these enterprises’ life expectancy over the coming years.

On the other hand, Ray Kurzweil, Google’s Director of Engineering and founder of the Singularity University, flags in his book *The Singularity Is Near* (Kurzweil, 2005) just how close we are to the moment in which our future will be unforeseeable.

So we set our minds with one clear objective: **to shape and not to try to chase the future.**

Paradoxically, to get to the point of being able to shape the future, we needed to deeply understand some forecasted changes in order to know which are going to be the future innovations, trends and technologies that we could leverage as a company in order to reach our desired future.

So we started a long and complex process that took almost half a year and will have a long term impact in the strategic decisions of our client. Here is a mnemonic technique not to be lost while we drive you through this journey: 5x5x5x5. We started analyzing five *Exploration fields* to forecast trends towards 2025 (with focus in Argentina, Chile, Bolivia and Peru). Then the learnings from these five exploration fields were consolidated into five *Drivers of change*. These drivers of change were translated into implications for five *Key business topics*. And in order to address these implications and drive them to a successful and desired point, we created five *Core skills* to be developed inside the company in order to gain the ability of shaping the future of the business.

We are proud to share this knowledge with the business community because we firmly believe that future needs to be co-created. All the industries, institutions, organizations, private and public sectors need to cooperate in order to shape a future that brings more happiness and wellbeing to the world population. So let’s start the journey.

A NOTE ON THE METHODOLOGICAL APPROACH

Such an ambitious investigation objective needed a different approach. There were not big news on methodologies themselves (we mainly interviewed experts on each field and made an exhaustive reading on secondary sources from business and academia) but we gave great focus to the “way of working” and designed specialized teams to approach each challenge and a strong and real cooperation network with our client.

Here is a brief snapshot on how we did it:

1. *Co-creation workstreams.* As mentioned in the introduction, we started defining five exploration fields to analyze their evolution towards 2025. They were: urbanism, demographics, technology, channels and socio-cultural trends. The first task was to organize workstreams for each area integrated by people from BMC and people from Coca-Cola who were personally interested in them (no matter their job position). In these workstreams, we discussed hypothesis, shared existing knowledge and defined some questions that we wanted to answer with the project.
2. *Study groups:* Once the objectives of each exploration field were aligned, we designed one specialized team for each one of them. The study groups were composed by a specialist on each topic who did the interviews with regional and global experts and the main reading on recent papers and books, a trends director and an assistant. Each investigation team worked separately on analyzing the main trends on each field of exploration and produced a final document.
3. *Strategic consolidation:* The director of each study group worked together with the General Director of the Project, a team of trends specialists and a core team from the client to develop the five drivers of change and its impact on the business.
4. *Skills sessions:* Strategic sessions with the Senior Leader Team from the client's side to define the core skills to be developed in order to lead and shape the future of the business.
5. *Innovation sessions:* Creative sessions with different teams from client's side to develop innovation in key areas based on the learnings of this study.
6. *Sharing sessions:* Working sessions with teams from very different areas and countries inside the South Latin Business Unit in order to allow a real distribution and appropriation of knowledge.

LET'S START FROM THE BEGINNING: THE FIVE EXPLORATION FIELDS

In this section, we'd like to briefly share some of the leanings from each exploration field:

Demographics

Some of the most relevant findings in this area included:

- *An urbanized region:* By 2025, 96% of Argentinians and 90% of Chileans will live in cities. Even Bolivia and Peru, with a lower urbanization level, will reach 70% and 75% of urban population by 2025. Lima will be the new megalopolis of the region by that time.
- *An older region:* A lower fertility rate (two kids average by 2025) plus a longer life expectancy (77 years average by 2025) will lead to an older – but probably more active and healthy – population. Argentina and Chile are the most compromised countries and it is expected that for each senior there will be only one kid younger than 15 y.o.
- *Women will keep gaining protagonism:* Even if our region still faces really big challenges in terms of gender inequality, we will see more women in the market place (with great levels of informality, especially in Bolivia and Peru). Chile will be one of the countries that will experience the higher increase in working women (+9%). We will also see more women in charge of their homes (specially in Argentina and Chile)
- *More "home alones":* More unipersonal homes (in Argentina their level would reach 20.4%)

Urbanism

Here are some interesting findings we found along the way:

- *Less need to move and more ways to move:* What does this mean? As experts state, due to many reasons (mainly ecological and economical), cities will tend to be more and more compact in the region. This means that the downtown area will gain importance and that we will assist the emergence of new "centralities" inside the cities. Most probably, our neighborhood will gain more relevance in our lives and we will be able to satisfy our cultural, working, educational and commercial needs in it. We will move less. But at the same time, we will experience the rise of new and more sustainable ways of transport: more bikes (and maybe rental cars you will grab from the street!), electric cars and buses, car pooling, cable cars and the increasing importance of "walking".

- *New citizens' habits:* Cities "contraction" will lead to smaller homes. And as homes get smaller, public spaces will gain an increasing importance for leisure and cultural activities. Citizens will demand quality spaces to enjoy and even to develop co-working areas! We will also experience the recovery of abandoned or dilapidated areas for cultural or sustainable projects in a process called gentrification. We will make the most of every space!
- *New spaces with less space:* Experts announce more public and private efforts to solve housing problems and to guarantee the access to quality living. We will probably even see the urbanization of some shanty towns. The increasing urban population will also lead to more housing projects. But, at the same time, the contraction of the cities will also bring an intensive occupation of space (smaller houses and higher buildings). Experts even talk about subterranean homes and modular buildings!
- *New demands on sustainability:* Air pollution will not be the only alert. Citizens are increasingly worried for sound and visual pollution. Brands will have to find the way not to saturate but to add value to the city life. There are also many interesting and green projects rising in some urban areas: urban farming, vertical gardens and the recovery of some dilapidated areas for sustainable projects.

Socio-cultural

We found that the four countries analyzed in the region used to have a very polarized cultural matrix and that they are now turning to a more pragmatic paradigm expressed in three key axes:

- *Identities: From individuality to singularity.* Developing and designing your singularity becomes a new must. People need to grab different elements from culture to manage their identity. Singularity means a great deal of indetermination but a deep connection with our essence and feelings, an ability to accept and even praise personal contradictions as new possibilities and "doing" and "being an entrepreneur" as a way to leave a personal and tangible mark of our singular identity.
- *Rights: From private vs. public to a publivate.* There are no clear limits between these two worlds anymore. The public sphere is learning and will keep on learning skills from the private sphere and vice versa. In our region, we have recently seen the emergence of leaderships that grab key concepts from the corporate world (as transparency, accountability, team co-creation, innovation, creativity). On the other side, companies keep learning from the public sphere in terms of social commitment and real time strategies.
- *Legitimacy: New leaderships.* We see the emergence of clear values that will set the agenda of the new leaders and that tend to be related to a more pragmatic paradigm rather than ideological one. Some of them are: conciliation, vulnerability, transparency, efficiency and having a singular point of view but without losing "a narrative" that gives sense and guides the leader's practice.

Technology

Of course this one was one of the most prolific fields of exploration but in order not to sink in the technology wave we did the following:

- We explored how technology will evolve taking in account "seven logics" which were: devices, communications, information, platforms, production, human body and bio sciences and then we projected what could happen if we started "converging" those lines of evolution. We got to real interesting scenarios like the concept of *hybrid thinking* (a not so crazy idea that is projected to become real in a few years: Our brain neocortex connected to the *cloud*, allowing us to acquire new skills, having virtual empathy and communicating through thoughts). To be honest with you, we had more questions than answers at the end of this stage: Who will be the winners and the losers in this process? Are we going to see the rise of new kinds of inequality once people start accessing self-optimization technologies? How are our products and benefits going to dialogue with the technologies that will allow optimizing the human body performance: be faster, smarter, healthier? Will there be less rituals and experiences once the *internet of things* and the automatization of certain tasks are settled? Will the customer value the brands that use personal data to customize their offers or the ones that don't do that and respect their privacy? How can we integrate a network of 3D printers instead of fighting against them? Will our jobs exist in a few years?
- In order to "surf" this technology wave, we decided to apply it simply to our business. So we designed a very easy to use matrix that included the four classic marketing P's to forecast the impact of what we learnt on technology on each one of them. For example, we analyzed the new benefits, usage experiences, occasions and channels that could arise thanks to the new possibilities.

Channels

Due to its importance for our client, we explored this field as deeply as the others, interviewing key specialists from the region and reading the latest publications on the topic. But we ended up mixing it with learnings from urbanism and demographics and considering it as a business implication. We will delve deeper on this topic in the following sections.

THE FIVE DRIVERS OF CHANGE

In the last paragraphs, we shared just a few highlights from a really long and deep research. At the end of the exploration of the five fields, we ended up with a lot of innovations, trends, projections and scenarios in our hands. So it was a real challenge to consolidate all we learnt into workable and relevant “drivers of change”. But, at the end, we did it and they were, again, five:

- *Identity*: From who I am and what I have to how I feel and what do I do. The old paradigm punishes those who don't have. The new one, those who don't do. And this applies not only to personal identities but also to corporate ones.
- *Communication*: From a hyper-symbolized communication to a tangible communication that needs concrete evidences, experiences and consistence between the symbolic, the emotional and functional level. B brands are a clear example of this movement: It's not longer enough to claim your corporate values; you need to official certify them!¹⁾
- *Bonds*: At all levels of life, we see a change from more stable bonds (more focus on defending, maintaining and reproducing success formulas) to a more dynamic ones (more focus in renewing, optimizing). A clear example from this is Aerosmith (yes, Aerosmith), who understood that the bond between fans and music had changed and released its Guitar Hero version (a Playstation game with which many musicians refused to participate) with sales beating its album sales.
- *Institutions*: From public vs. private (different targets and purposes) to *publivate* (convergence of strategies and targets between the two worlds). A clear example from this is Google Loon, a project from Google that is trying to connect to internet the remaining world population. Here we have a company that is taking a responsibility that could perfectly be in the hands of the governments.²⁾ One more example? Ben and Jerry's, the Unilever ice cream brand, that is taking serious action and making *positive lobby* in their fight for what they call “climate justice”.³⁾
- *Leadership*: From leadership based on authority and hierarchies to new leadership based on effectiveness, empathy, innovation and singular points of view.

THE LAST STEP: BUSINESS LANDING AND CORE SKILLS DEVELOPMENT

We are almost getting to the end of the process.

From the initial analysis on the five exploration fields to the five drivers of change, we got many learnings on what the future could be like. Now we had to process such vast information and turn it into concrete implications for the business.

We worked on implications in (guess what) *five* key areas for our client: Brand management, Innovation management, Channels management, Leadership management and Corporate management.

And after working on those implications, we set the challenges of each area under the future circumstances. Here is a quick recap:

Brands management main challenges:

- Not forcing the reproduction of old success formulas to develop tangible proposals that deliver utility for the consumer or that add value to the increasing challenges of urban life.
- Increasing agility: Following the market times, not the corporation ones

Innovation management main challenges:

- Less break-through and more smart optimization. Not always focusing in “discovering gunpowder”
- Not innovating only in product
- Be willing to optimize, learn, capitalize mistakes/learnings.

Corporate management:

- Learn to operate the blurred boundaries between public and private worlds
- Create transparent corporations
- Design concrete support for corporate values

Leadership management challenges:

- No more hierarchical and depersonalized leadership who do not dialogue with the public agenda
- Earn authority by embodying new leadership values
- Seeing leadership as a key for competitive differentiation

Channels management main challenges:

Not waiting for the “next big channel” but reading channel evolution from the logic of optimization. The evolution of channels would be probably more related to the optimization of the existing channels based on social, demographic and urban changes rather than the emergence of a disruptive channel. We think that optimization will be centered in two key variables: efficiency (in time, money expenditure and ubiquity) and experience (maximizing enjoyment, *gourmetization*, ethic purchase – leveraging values as sustainability and transparency - and aesthetics relevance).

As we mentioned at the beginning of this paper, the central objective of this study was not to overwhelm our client or readers with changes, trends and potential impacts on the business but to present a set of possible scenarios and challenges that could be seen as opportunities to create a desired future. To address them or not do it, to bring to life these opportunities or to just let them go depends on our conviction, strategic determination and ability to co-create.

In order to be able to shape and not to chase the future, we defined along with our client - and helped to develop inside the company - five core skills that will be essential to face the times that are coming:

- *Agility* to read the reality and react in real time
- *Connection and interconnection* inside the company, with customers and partners
- *Simplicity* in strategy and execution
- *Service*: Bearing in mind that technology brings new ways to add-value to our customers’ lives. Brands need to think themselves as services (as Nike + did).
- *Disruptive optimization*: Less breakthrough and more sensitive optimization

CONCLUSION

We have reached the end of this long process and, as a big conclusion of the same, we would only like to leave you our *key mantra* as a present: **Real time to interpret, react and shape is more important than forecasting what’s coming.**

Or in fewer words: Agility is more important than anticipation.

We hope this will allow us to consider what lies ahead not as an inherited destiny – but as something that can be co-created.

ENDNOTES

1. More on B corps: <https://www.bcorporation.net/>
2. More on Google Loon: <https://www.google.com/loon/>
3. More on Ben & Jerry’s Climate Justice: <http://www.benjerry.com/values/issues-we-care-about/climate-justice/>

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