

Low-Cost Methods For Spotting Customer Trends

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The dot-com bubble may have burst, and the economy slowed down, but the future continues to rush at us full force—with threats that can overwhelm or opportunities that might deliver The Next Big Thing. Now's not the time to cut back on trendspotting, the discipline of articulating what your customers need, long before they do.

Consider this: In 1934, Parker Brothers rejected a real-estate trading game because of its flawed design. Undaunted by this rejection, and unemployed like everyone else during the Depression, Charles B.

Darrow of Germantown, PA, went ahead and produced 5,000 sets of the board game he'd created—Monopoly—and sold them through a

Philadelphia department store. The game was a huge hit, transforming down-on-their-luck players into money moguls and real-estate tycoons. In a time of great change, with no clear rules of success, no level playing field, and no means of participation, Monopoly filled a real need, one that Parker Brothers initially missed. Today, Hasbro licenses or sells Monopoly in eighty countries and in twenty-six languages.

Will you recognize *your* Monopoly—an opportunity with both immediate payoff and dividends over time—when it comes knocking? Not if your company lacks a forward-looking mindset and a clear-cut infrastructure for scouring the horizon. Trendspotting is a prerequisite to practically all forms of forecasting and strategic planning. When time is scarce and budgets are tight, here are some economical ways to keep your organization's eye on the future.

1. "Take a neuroscientist to lunch," advises [Rohit Deshpandé](#), Sebastian S. Kresge Professor of Marketing at Harvard Business School. "Folklore, poetry, sociobiology, and theatre are all fields that can provide new ways to understand how markets develop, how consumers experience retail settings, and how the Internet stitches together communities of customers." Such an interdisciplinary approach, adds Ian Pearson, the resident futurologist at British Telecommunications (BT) in Ipswich, England, helps prevent you from making a bad forecast because of professional or functional blind spots. "I'm always amazed when people predict things that obviously would never catch on, like everyone traveling to work in hovercraft or helicopters," he says. "They don't take account of the logistics, and so they get it wrong."

2. Tap into your community. "When the economy sputters, clients look to the law firm to keep abreast of trends," says Barry D. Burgdorf, partner in the Austin law offices of Vinson & Elkins. That's why Vinson & Elkins recently hosted its first trendspotting conference for nearby clientele. It invited analysts who covered local industries (computers, software, semiconductors, telecommunications) to put a down-home spin on a mishmash of phenomena. Local visionaries like Gary Chapman, director of The 21st Century Project at the University of Texas provided a community-based context for the broader issues discussed. The conference opened a dialogue on the future among the region's business leaders, who left with a shared set of priorities and questions. For example: If the PC is on its way out, then does the Austin economy have a migration path to new platforms such as wireless?

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— Edie Weiner

3. Organize to integrate knowledge, not isolate it. Burgdorf describes Vinson & Elkins's organization as a matrix of *functional* expertise—corporate securities law, contract law, antitrust law—and *practice* expertise in sectors like bioscience, energy, and aerospace. Since "trends occur in industries," he says, all lawyers meet regularly with the others in their practice area to

compare notes. As a result, "the best business developments occur in the practice groups." If you've no formal structure to cross-pollinate ideas, then move your office or your meetings. Rearrange office space to situate yourself closer to thinkers in very different parts of the business whom you'd otherwise rarely encounter. Hold routine department meetings in conference rooms located in other parts of the building.

4. Choose forward-thinking partners and customers. Joseph C. Dilg, partner in the Houston headquarters of Vinson & Elkins, looks for repeat business that's by no means repetitive. He relishes assignments from clients that continually seek creative solutions to non-routine problems. One such example is the beleaguered Houston-based Enron Corp., which began as a natural gas pipeline company but overextended itself into commodity-trading, broadband services, and entertainment-on-demand. Working with forward-thinking clients, says Dilg, helps his group expand its knowledge base; and they've undoubtedly learned a lot in recent months, thanks to Enron.

Mark V. Hughes, sector vice president of Science Applications International Corporation (SAIC), a technology company based in McLean, VA, agrees. SAIC maintains affiliations with researchers in the science and engineering programs of more than 100 universities; nearly half of SAIC's business involves the U.S. government, one of the nation's largest investors in technology research and development. This broad exposure to the latest discoveries in biotechnology, nuclear science, and chemistry, as well as its work in policy analysis and treaty language, allows SAIC to see consensus forming around the most economically viable opportunities, and so to decide what to pursue and when to launch.

5. Develop a shared framework to sort the trends from the trendy. "People are often too distracted by noise, the media, and their own work, to look for signs of the basic underlying trends that drive big change in modern society, in our institutions," observes professor William E. Halal, developer of the George Washington University Forecast of Technology and Strategy, a knowledge-creating system in Washington D.C. To distinguish a real trend from something that's just trendy, he says, you need a "guiding conceptual framework." Joan Magretta's *Managing in the New Economy* (Harvard Business School Press, 1999) works well for his class, says Halal, because its synthesis of the effects of three long-term forces—the rise of networks, the growth of knowledge work, and the globalization of trade—on competition, strategy, leadership, and management provides a "coherent approach" to thinking about the future.

6. Form a posse on the future. "Create a small scanning function comprising people with credibility throughout the organization," who can commit to scanning certain print and electronic information sources regularly for clues about the future, Halal advises. This group should take half an hour up front to identify what it should track, divide up the responsibility for tracking, and then agree on what constitutes news "of salient importance" to the organization. Once they do that, members can "cull the most strategic facts and meet periodically to consolidate, consider, and frame these findings into key trends." The posse should be integrated into company's knowledge management function so that its efforts sensitize the organization as a whole and translate into new products, services, or other capabilities.

7. Diversify your teams, not just your workforce in general. Organizations usually think of diversity only when hiring new employees, and so they tend to diversify the workforce as a whole—that is, in terms of gender, age, and race. But that's not enough, says Edie Weiner, president of Weiner, Edrich, Brown, a trend-analysis and consulting firm in New York City. Companies must leverage not just *what* employees think—their belief systems, their worldviews, their special interests—but also *how* they think, their distinct cognitive processes. For instance, the left hemisphere of the brain deals with language, and the right hemisphere involves the visual/spatial. Studies have shown that to solve verbal problems, men use only a front part of the left side of the brain, whereas women appear to use both sides, benefiting from a fuller range of interpretations and possible solutions to the problem. Unfortunately, managers often forget these vital differences when staffing teams and end up assigning projects to the usual cast of characters. This lack of diversity only exacerbates "group-think," the tendency for group members to filter data the same

way, so that they misinterpret new information, miss an emerging trend, and avoid any real debate over the most important themes.

8. Get off the beaten trail. Once inside an organization, employees tend to gravitate toward the same professional publications and the same experiences day in and day out. Consequently, managers must advocate a diversity of action as well as a diversity of thought. "Read outside your area of expertise, outside your comfort level," advises Weiner. "Explore alternative lifestyles, points of view, political leanings, and new areas of need" beyond your immediate community. Pick up a magazine aimed at the opposite sex, the greatest generation, or the least common denominator. Listen to a different talk radio or alternative music station on the drive to work. Put down the golf bag and go to a girl's soccer game. Surf Web sites for kids.

9. Beware traditional research. Alvin Toffler, the author of the best-seller *Future Shock*, once confessed in an interview to reading "with a degree of skepticism" the results of mathematical models designed to help us anticipate the future, because those who apply them "totally ignored non-economic realities, the social, political, cultural, and religious realities." Likewise, managers rely too heavily on competitive and market analysis when looking for trends. Says Weiner: "The convergence of technologies, information, and infrastructures renders conventional methods obsolete because they don't tell the whole story." For example, she says, the latest U.S. Census missed the "multinational household," an emerging type of home in which the primary wage earner is supporting family members in other parts of the world.

10. Watch the games people play, and the people watching games. The Monopoly story illustrates how games can reveal the Zeitgeist of the times by providing relief—albeit temporary and fanciful—from the deep-seated problems of the day. Pay attention to new and popular games, including game shows, online contests, and sporting events in all their iterations. Ask yourself, *Who's playing and why? What's the object of the game? What are the rules? What new roles do people get to play? What do they learn by playing, or what do they gain by watching? Can our company address these needs in some more durable way?*

Entrepreneurs succeed not because of beginner's luck but because they have an unimpeded view of the future. If you depend solely on data gleaned from your own customer base or industry, you'll miss opportunities to serve profitable consumers outside your circle—and blind yourself to threats from other sectors in the economy. But remember: Anyone can spout off about the future, and those who shout the loudest often get the most attention, whether their ideas are well founded or not. Trendspotters need a healthy dose of skepticism and a regular reminder that information gathering is not enough. After all, if information were power, then librarians would rule the world. It's your ability to act quickly upon what you learn that matters most.

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