THE CREATIVE CONSUMER BEACON PROJECT BASELINE REPORT

February 2011

Knowledge Transfer Network
Creative Industries

Golant Media Ventures
Creators of convergent media enterprises

transform
Strategy delivered.

Contents

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Introduction

The Creative Consumer Beacon project explores the new and emerging relationships between consumers and creative businesses engendered by both co-design approaches and large amounts of readily available data about consumers and their use of creative products and services.

We don't offer a comprehensive review but insights into the current landscape, a snapshot of where industries are today in their understanding and practice in the two linked beacon strands.

Strand 1 – Co-design as a driver to creative industries business innovation

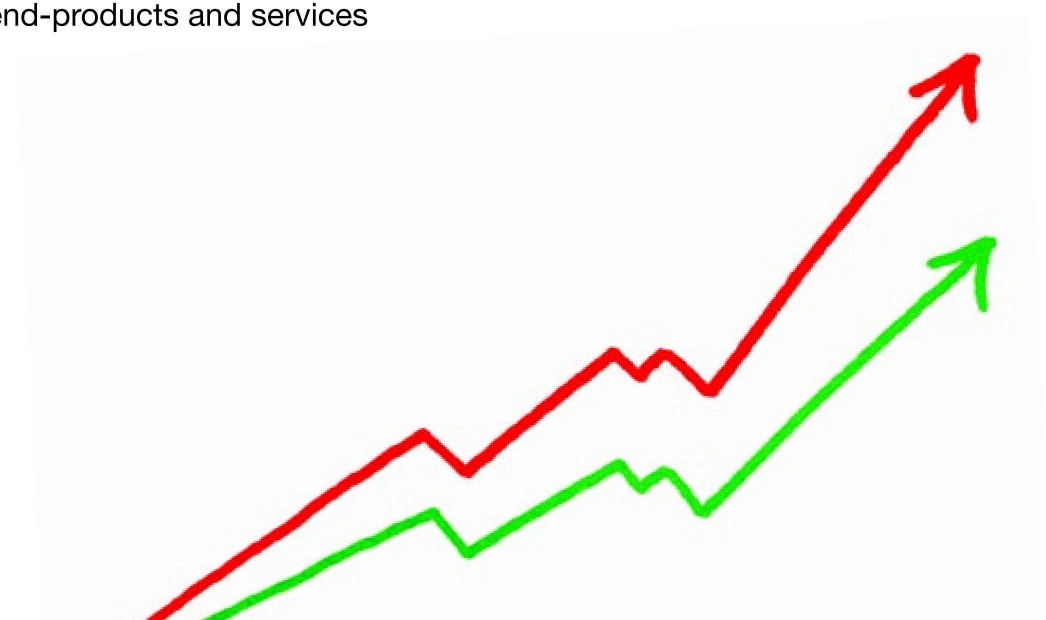
In this strand we will:

- set out a vision of the future role of user involvement in the creative process and how this will impact both businesses and consumers
- look at tools and methods that are increasingly used to engage users up-front and throughout the product development process
- identify technologies that support new ways for **end users** and **consumers** to become directly involved in generating and sharing end-products and services

Strand 2 – Data as a driver to creative industries business innovation

In this strand we will:

- explore how emerging technologies can drive innovation in the way **end user data** around creative industries products and services is collected and used
- look at how businesses can exploit data to build intelligent, adaptive and personalised services and products of the future
- identify best practice and new opportunities for the creative industries in using data to innovate



Executive summary

Innovation

Creative companies are very conscious of their processes around new idea generation and development. However, the concept of the user or customer being key to the creative process is not universally embedded in their thinking.

Data-driven innovation and co-design are not methods that many creative companies use. They use data and they consult with or observe users – but these are often not drivers of innovation, just ways of selecting pre-defined options or confirming assumptions.

There are a number of tensions that prevent more widespread innovation in the Creative Consumer arena – the concept of user involvement challenges ideas of authorship that are central to many creative people and practices. There is also often a resistance to change – some are not that keen to change established creative processes that have been seen to work over a period of time. In addition, particularly for smaller companies, there are the barriers such as a lack of resources and lack of skills.

Innovation methods are varied within and between the industry sectors that this baseline report addresses, ranging from the formal to the informal. For most companies, new ideas and innovation are derived from a variety of methods combining their own (a priori) knowledge, research into markets and users with testing and feedback. Iteration is a recurring theme – "research, create ideas, design, design again, create product".

Co-design

There is no commonly understood notion of co-design. The boundaries between this and co-creation, co-marketing – and with normal market research and testing – are ill defined across all the industry sectors.

However, there is something consistent in an understanding of a shift in power and voice from experts to the consumer or users – in line with consumer expectations of other products and services. Where this is accepted by creatives, it shifts their role from absolute author more to that of a facilitator or conductor of different creative activities including contributions from users.

Involving customers is not the norm across the sectors, but there is a significant minority who do as part of their planned work practices. Except for video games, it is a minority (40% or less) of organisations who engage customers in some phase of the development of new 'products'. Almost no one does nothing. And at the other extreme, very few (less than 20%) engage consumers in the definition of new products.

Companies hope that use of co-design methods could deliver better hit-rates, lower risk and more innovative ideas. The common barriers to its adoption are lack of executive sponsorship, concern over user input muddling product strategy, cost/time and the lack of access to people with the right skills.

Data-driven innovation

Data is highly valued across almost all sectors, with video games, publishing, architecture, and radio and TV having as close to 100% regarding data as either ‘business critical’, ‘very valuable’ or a ‘useful asset’. Creative business respondents to our survey who are not within the specified categories hit over 90% on this measure, and film and video score just over 85% on this measure.

Regarding the usage of data, the six main categories had a similar relevance: measuring campaign effectiveness, measuring customer feedback, developing new revenue streams, product development, marketing and coming up with new ideas.

The dominant concern about using data is the challenge of keeping it up-to-date (over 65%), followed by concern about ensuring compliance with data protection legislation (40+%). A significantly minority (30%) have worries about data security, data quality and costs.

As with co-design, key barriers are; lack of executive sponsorship and lack of access to people with the right skills.

Project methodology

The two strands, co-design and data-driven innovation, have the user and consumer at the core and have been linked together to form one Beacon Project – The Creative Consumer. Understanding the consumption and behaviour of users through the collection and interpretation of data, and the ability to use this directly to inform the creation of content, products and services distribution and commercialisation there of, will drive the success of the creative industries. Understanding the users and consumers is essential to the engagement of them as co-designers.

The project key components

The key components of the creative Consumer Beacon are:

1. A baseline or snapshot of the current state of play
2. A series of Future Scenario events that will help participants:
   - to see the **value in** data
   - **understand how** to use data to drive innovation
   - engage the user in product and service design
   - give participants tools and methodologies to take away and use in their companies
3. A Final Report making public the findings and learnings from the Creative Consumer Beacon.

Baseline methodology

The industry focus for the Baseline stage is on the following sectors:

- Film and video
- Video games
- Fashion
- Architecture
- Publishing
- Radio and TV

Design is addressed as a cross-cutting theme.

We established a profile of baseline stakeholders and then gathered insights through semi-structured interviews, surveys and small, informal workshops. We particularly looked at what the industry sectors do and don't know. We recognised that innovators are often not yet perceived to be experts and consequently identified a wide range of emergent practice.

A theory of innovation

A feature of innovative companies is that they focus carefully on those parts of customer experiences or business processes that require most attention. In contrast, continual tinkering is unlikely to result in success.

Designing an innovation strategy could be seen as a matter of making a set of choices that relate to the company's learning lifecycle. Early development companies are fluid, risky environments where learning systems are essential: performance stage companies need to play to competitive advantage; segmentation stages are concerned with identifying markets; efficiency stages are focused on economics; synergy stages are thinking about partnerships.

Successful innovation systems are directed and measured. They are aimed at identifying gaps and making holes visible, while keeping in mind the core competencies of an organisation and not simply its primary business sector. They are measured on idea flow, peer insight, funding and partner contacts, as well as subjective measures such as information quality and depth of communication.

Innovation practices in the creative industries

Creative companies are very conscious of their processes for new idea generation and development and in many cases have their own established methods which are varied and range from the very informal to the planned and measured. Most involve some kind of research and some observation of users or testing of ideas.

The concept of the user or customer being key to the creative idea process is not universally embedded in their thinking. The two strands in this Creative Consumer Beacon project of data-driven innovation (data that helps people understand their users) and co-design (involving users in the design of the product or service) are not methods that many creative companies use.

However, they could add huge value to their existing innovation approaches if they can be embedded within appropriate parts of the creative process and product development lifecycle.

Justifying investment in innovation

Making the business case for investing in developing new ideas is very important. For many organisations, this has to be established at the outset.

Even where the importance of innovation is accepted, the resourcing underpinning research and development activities are difficult for some and many need funding to underwrite their own investment.

"New ideas are difficult to develop due to lack of access to technology, expertise, time and financial investment."

"We are reliant on grant funding for all major improvements. So fund-raising is key."

Where do new ideas come from and how do they become real products and services?

A mixed knowledge economy

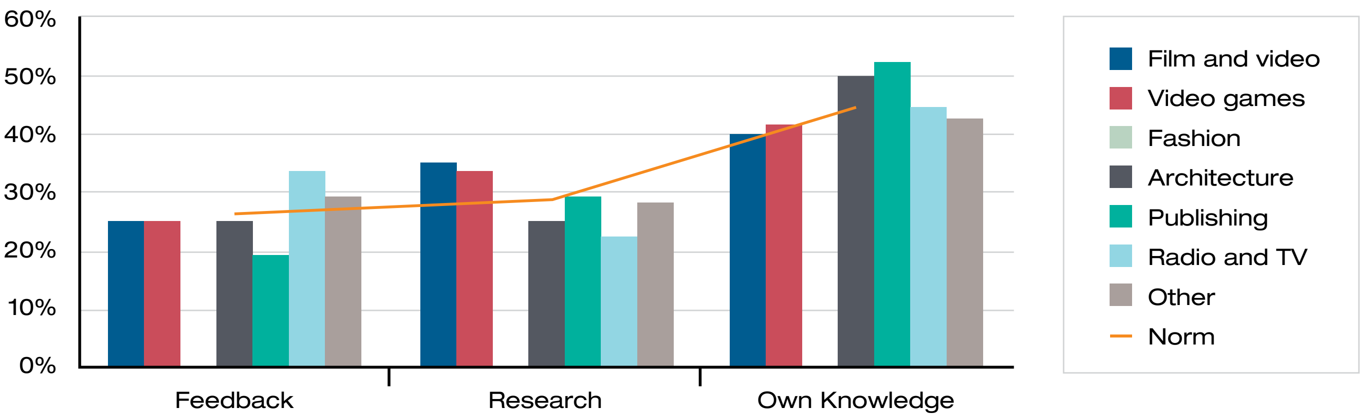
Rarely do new ideas or innovation in products or services stem from just one source.

For most companies, new ideas and innovation are derived from a variety of methods combining their *own* (a priori) *knowledge*, *research* into markets and users with testing and *feedback*.

"Firstly, from trends in other markets and within our own… Secondly, from ethnographic research and looking at human behaviours within the situation and contexts of product use. Other areas that generate ideas also come from consumer feedback through our sales team."

"Ideas can come from research, be prototyped in-house, peer tested and then developed through user feedback."

Where new ideas come from



Own knowledge

Using the company's own knowledgebase is the most common way of developing new ideas. For some this is an organic method with brief informal discussions in the workplace or very individual processes.

"I walk to the garage or sit down at my laptop"

For others it is structured and planned into the company's working practices – or there is a dedicated Research and Development team or department.

"We have regular brainstorming sessions and keep notes of ideas for products "

Research

Research methods are various and can range from working in partnerships and collaborative research, being involved in networks, observations of trends and policy making, to specific directed research in-house or with experts.

"We're currently running a major 2 year KTP (Knowledge Transfer Project) to develop a suite of services using extensive market and quality field research. The KTP associate is in charge of managing quality checks and liaising with staff to fill gaps in our service offerings."

"[We work by] scanning the market for new ideas and looking at our competitors; developing ideas of how new products/services/processes could benefit us and then weighing up their impact on our business in relation to the cost of implementing them."

"[We take] ideas from current research and industry [and then] work on them as prototypes in our R&D department."

"[We] seek out funding opportunities then match [them] with our own research."

Feedback

Just as research takes many forms so does feedback on new ideas. For some it is about working with users, testing and observing their behaviours and needs.

"Customer driven – what service does the customer need?"

"Customer feedback drives new products."

Feedback from users comes through surveys, mail shots and from focus groups.

"We conduct regular client evaluation, client surveys and feedback, keep a view on what's going on in the industry."

For others it is about peer and internal feedback and perhaps particularly so in the film industry.

"We develop a format, storyboard it, sometimes film a pilot, then promote it at trade shows etc. We then have conversations with skilled professionals: script writers, producers, post-production houses..."

Managing innovation

Internal development, testing and evaluation can sometimes be done in a very structured fashion within creative SMEs.

"[We] have regular product progression meetings. In these meetings we tease out the best ideas and specify them more fully."

"We use an in-house innovation management pipeline."

"Ideas are tested out amongst employees within company policies - e.g. a small proportion of time each week set aside for testing. The findings are brought to the partners [of the business]. Then for those with potential, a company-wide discussion is held to determine costs versus benefits and the potential roll-out strategy for a trial."

Iterative processes

Apparent throughout most of the responses was the implementation of an iterative development process with an emphasis on the need to constantly refine the product or service.

"Design work starts and is continuously improved both during and after the build as a continuous process."

"When we find something that we think is really good, we start making demos and iterating."

In other words:

"research, create ideas, design, design again, create product"

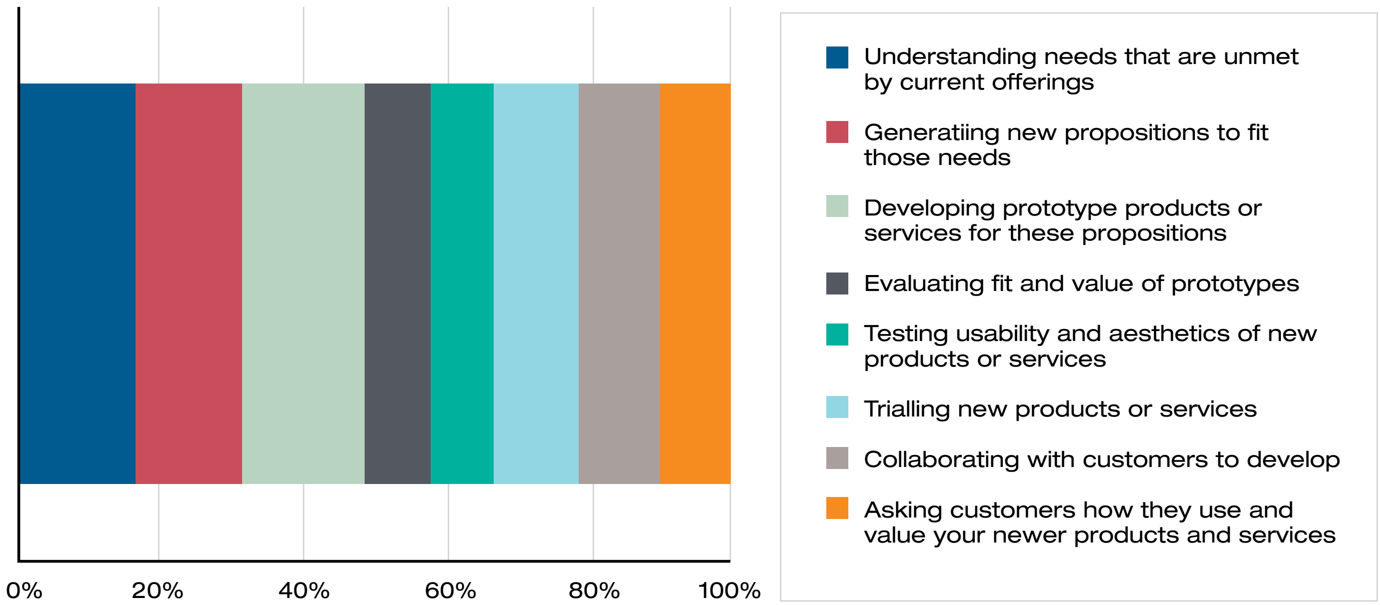
Time spent on the development of new products and services

Effort committed to the development process appears to be split into two fairly equal portions:

- identifying market gaps or opportunities and the product/service ideas to exploit those gaps
- evaluating, testing and garnering customer feedback to get the product or service right and prepare it for market

More time is allocated to understanding unmet needs, generating new propositions and developing prototypes for them than any of the testing, evaluation, trialling, co-development of marketing with customers or sourcing of customer feedback.

How do you divide your company's time in the development of new products and services



Co-design

Towards a definition

Our working definition

Why co-design?

Co-design is emerging as a management approach which accommodates shifts in our expectations as consumers and users, agile processes, complexity of products and services and the speed and ubiquity of digital technologies.

Co-design can be applied by creative businesses through tools and methods supported by changes in culture and leadership.

What is co-design?

Co-design is the involvement of users and other stakeholders in the design of a product or service – valuing their views alongside those of design and technical specialists and clients.

Design is seen here as an (often iterative) process through which a product or service is created to achieve certain goals and to be fit for a purpose, in a specified environment and within certain constraints.

This is taken to span everything from needs analysis through requirements identification, proposition development, prototyping, pre-launch and user testing to post-launch evolution.

How is co-design different to other consumer research and engagement?

Marketing professionals and designers often disagree about this. The view we are putting forward and testing is:

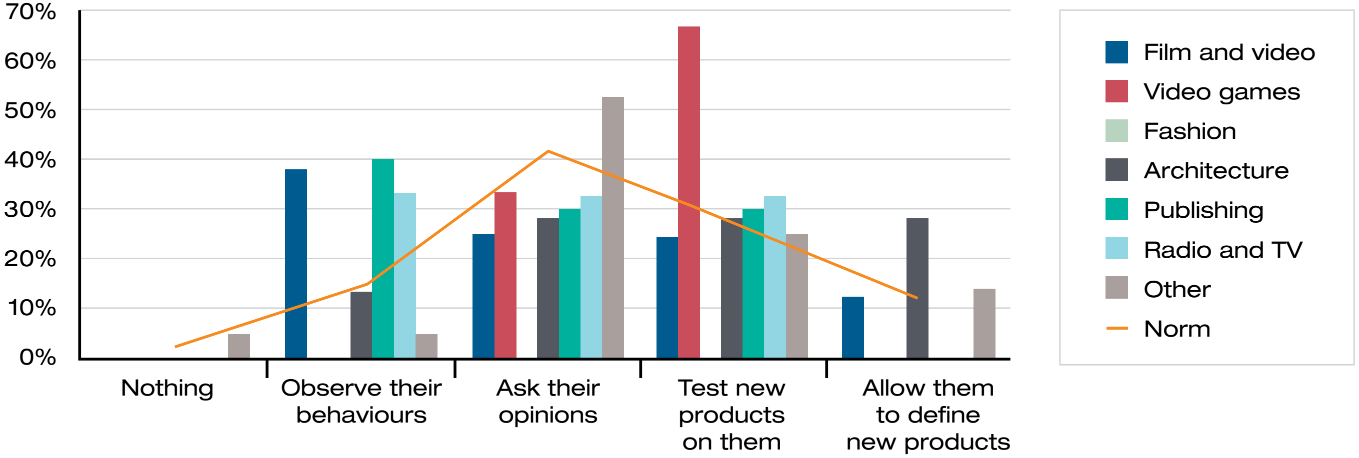
- co-design tends to treat consumers and other users as co-authors within the creative process (in terms of acknowledgement, level of commitment and the authority and respect accorded them) – it is done 'with' not done 'to'
- co-design uses different research and facilitation techniques to normal marketing research and testing, focusing on what people do and how they behave rather than their conscious opinions or preferences
- co-design is about engaging users and beneficiaries of potential new products and services across the whole design process, and engages them with requirements analysis and brief setting, not just prototypes or near-market products

How do the UK's creative industries use co-design?

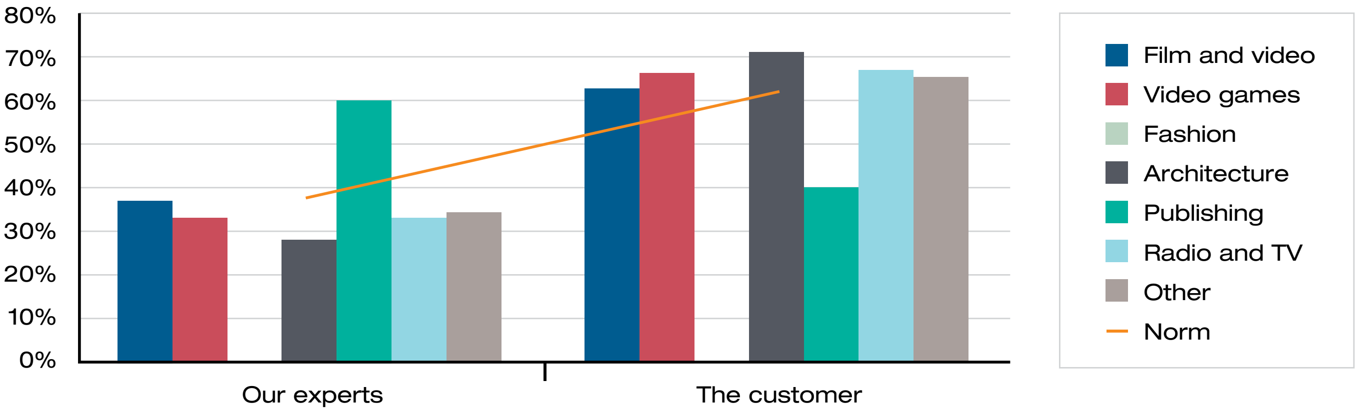
It should be noted that the following statistics derive from a limited survey and number of stakeholders. Fashion industry stakeholders did not engage in the survey.

Across the creative industries

How are customers involved?



Who's views count?



Common to the creative industries as a whole is that – with the exception of the testing of new video games products – it is a minority (40% or less) of organisations who engage customers in some phase of the development of new products. Involving customers is not the norm across the sector, but there is a significant minority (ranged around 25-30%) for whom this is a normal way of working.

Almost no one does nothing. And at the other extreme, very few (less than 20%) engage consumers in the definition of new products. The exception to this is architects, of whom close to 30% do have some kind of user engagement in the development of new products.

Of the 25-30% of organisations that do involve users and customers, there is a general pattern of asking their opinions and testing new products on them as being the common phases of engagement.

In terms of observing their behaviours, publishing leads (at 40%), with radio and TV next and some architectural practices using this method as well.

There could be a big gap between actual behaviours by companies and their intentions and attitudes towards customers. Few organisations would say they were not customer or client-focused.

Many respondents have emphasised this in interviews, with more than 60% of survey respondents agreeing that the customer's views count versus less than 40% agreeing that the expert view counts. Publishing is the exception in this respect with exactly the reverse prioritisation.

So what are we to think?

That most organisations say they are customer focused but actually trust their own opinions and judgement first? In part, yes, because many stakeholders – especially from the film, video, TV and radio sectors – have indicated through interviews that, in terms of creativity and authorship, they are the creative leads and the experts and are uncomfortable with giving that control away to users or coping with the uncertainty of quality that they perceive this to bring.

"Brands can have problems in collaborative conversations with customers because companies tend to be 'gobby' (opinionated)."

But maybe there is a genuine desire and intention to engage with and seek the input of consumers and users more, but a lack of skills, resource, budget and time to do so. The extent to which this is the case – and whether there are ways of overcoming resistance to the sharing of creative vision or authorship – are part of what will be explored in the scenario planning events occurring next within this Beacon project.

The example of the car industry bringing in designers from other sectors was given as an example where other expertise has been accepted and been shown to be successful.

Within specific creative industries sectors

Architecture

Architecture consistently scores close to 30% across opinion testing, new product testing and new product definition. It is in this last area that architecture would appear to be ahead of the other sectors.

This is not surprising, given the history of participatory methods in urban design. The Creative Cities[1] programme run by the British Council provides toolkits[2] to enable non-designers their Future City Game[3] format to engage residents in a co-design process.

There is the potential for other sectors to learn from the ways that users are engaged in such projects that are as complex and interdisciplinary as any other creative undertakings.

"In the UK in particular, more than elsewhere in Europe, more young architect and urban design groups are getting inputs from users and other stakeholders. Sometimes it can be too much when everyone's opinion has to be heard, but people are used to having an input and want to feel that they have had their say."

As an example of how this architecturally inspired model of participatory design can transfer to other sectors, the Office for Subversive Architecture osa/MERZEN exhibition at the CUBE gallery in Manchester encourages local people to collect materials and bring them to the gallery.

Film and video

A significant minority (about 25%) of film and video respondents indicated that they would engage users to observe their behaviours, ask their opinions and test new products.

There is some, but limited engagement to, input into new product definition.

Guardian Films, the film and documentary unit of the Guardian and Observer newspapers, was set up to focus on extending international and domestic investigative journalism to use film and video. Since Guardian Films inception, its international work in some of the world's most dangerous places, has focused on training talented journalists within the afflicted country to bring their journalistic and filmmaking skills up to an international standard. This mutualisation model differs from the more common user generated content (UGC) approaches where users contribute without any significant editorial or production guidance or support.

Radio and TV

Television programmes are using online as a parallel channel through which viewers can proactively debate the material within the programmes as broadcast. Channel 4's Embarrassing Bodies was given as an example, having a larger online audience than on TV.

"Generating programme ideas in TV is all secret. This is in comparison to MoFilms where there is a kind of open innovation process for creatives round the world coming up with ideas for brands."

1 http://creativecities.britishcouncil.org/
2 http://www.britishcouncil.org/futurecitygame-old.htm
3 http://creativecities.britishcouncil.org/future_city_game/game/future_city_game_in_cornwall

Publishing

Publishing respondents exhibit a similar pattern of behaviours.

There is no recorded involvement via the survey in new product definition and this is mirrored by discussion with other stakeholders in that sector who indicate how a book is authorially driven by an author/editor pairing and where periodicals are authorially driven by editor(s). Consequently, there hasn't been a culture of engaging the readers in product development beyond focus testing and seeking post launch feedback.

"Editorial direction is really important to a newspaper and a good editor should know his readers intuitively."

However, the barriers drop slightly as you balance regional press against the nationals.

"At a national level, not listening is something you can get away with because you can afford to disenfranchise half the audience. Local news can't afford to do that."

In the b2c publishing stakeholders interviewed, the Guardian comes closest in its positioning to co-creation of content with readers and co-development of new platform propositions with them. In b2b publishing, this culture is more common.

"The consumer has to win, otherwise we're dead in the water commercially. In [business-to-business publishing] people vote with their feet. So you have to go out and ask them."

Geo-located content is given as an example of how users can be involved in creating – or at least linking – content so that others can find it (in a way that is relevant to them, their locality or a place of interest). Geo-tagging within social media platforms such as Facebook and image-sharing services such as Flickr provide new publishing models for traditional media and new entrants.

As an example of co-curation and geo-association, the Making Future Magic project from London-based agency, Dentsu, includes the idea of Incidental Media[4].

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4 http://www.dentsulondon.com/blog/2010/11/03/mediasurfaces/

Video games

The majority (more than 60%) of video game respondents test new products with customers and a significant minority (more than 30%) ask customers their opinions, for example through focus groups.

However, there is no user or customer involvement in the definition of new products in the survey response. This is borne out by stakeholder interviews where games developers and publishers consider their in-house experts the best creators of new gameplay and there is general suspicion of users being engaged in the game conception and design phases.

"The game is developed, and then it goes into play testing. Changes at this stage are made to make the game more enjoyable. The game will go into a cycle of beta and launch but most of the development is usually done by the time it gets to testing. There's not much that can be changed at that stage."

There is some anecdotal evidence that social and browser-based games developers are more open to a collaborative approach but this is an immature area where processes are less well formed and perhaps driven by developers who are coming from the more user-centred design world of app and web development. In social/casual gaming, products such as Zinger and Playfish started out as relatively small games at the start and then expanded as users drove them forward, with their developers dropping options that were not popular and developing new ones to be evaluated live by the playing community.

Finally, there is a zero response to observation of user/customer behaviours recorded in this survey. This result has to be qualified because, on the data-driven innovation side, there is considerable evidence to support the video games industry's observation of user behaviour in their enjoyment and use of the product through data gathered.

Also, one area where traditional console games do feature highly in co-creation is where users can design or populate their own levels or environments within games. Little Big Planet is often cited as an exemplar of this whilst the release of the level designer tool for Doom as a 'meta-product' (a product that can create products) is also given. The games industry is adept at using non-monetary rewards as incentives for users who contribute.

Fashion

Fashion industry stakeholders did not engage in this survey despite CIKTN's relationship via the University of the Arts London, which is a significant finding in its own right.

However, stakeholder interviews indicated that there is a split in attitude to customer engagement between the design-led haute couture part of the market (with star designers) and the sales-led retail sector, which is continually responding to consumer demand in a highly competitive market.

Whilst we do not have data to indicate how common these approaches are, we have anecdotal evidence of ethnographic approaches to behavioural observation in retail spaces, frequent testing of the more functional aspects of clothing (colour fastness, resistance to wear etc) and common market research to test consumer opinion and attitude to brand and product.

Other creative and technology sectors

In music, some bands use their online fan communities to get feedback on tracks via Facebook and Myspace. Sony use their closed customer community platform, Backstage, to proactively garner comment from users on both product and marketing approaches as well as taking ideas that 'bubble up' from un-facilitated discussions.

In the arts world, FACT, one of the Cross Arts Venues (CAVs), uses co-design in its work, including the healthy spaces programme. One of the recommendations out of the Art of Digital North West initiative[5] was for different arts and cultural organisations to stop competing and to co-design products and services jointly, which could be shared across the sector. This recommendation recognised the need for the Arts Council (or others) to fund their Regularly Funded Organisations to develop this competency.

Another of the CAVs, Cornerhouse, in Manchester, is at the forefront of co-design across its activities[6]. They talk about 'watch, talk and do experiences' in which the public participate and have opportunities to be involved in the 'production' of the experience rather than just being a passive audience. Its 3 year micro-commissions project with the Hamlyn Foundation stimulates emerging artists and amateurs to develop new artistic endeavours with follow up development funding for the most promising[7]. In the programming of its cinema, taking and occupancy have rocketed since it has suspended its normal programming over the Christmas holiday period, replacing it with classic and seasonal films selected by audiences.

In the digital consumer products sector, Kodak's CMO Jeff Hayslett uses Twitter to engage with customers around the features and naming of new camera products[8].

The business case for co-design

- Better hit rate of successful products in the marketplace, fewer product mistakes
- Creation of better-defined products with more defined markets
- Lower up front initial investment through ability to evolve and grow product once launched
- Better management of risk on product development
- Better identification of actual customer needs and wants
- Sourcing ideas which are innovative

"working closer [sic] with end consumers should reduce concerns, as you are getting closer to the truth"

"I am not an advocate of 'design by committee', but happy to give the client guidance on what makes sense, from experience, but also be open to new ideas from them, especially cross-disciplinary ideas."

5 http://artofdigital.co.uk/
6 www.cornerhouse.org/theartofwith
7 http://artsfunding.ning.com/profiles/blogs/art-of-with-update-how-the
8 http://www.examiner.com/social-media-marketing-in-rochester/kodak-s-using-social-media-to-name-it-s-next-video-camera

Barriers to using co-design

The main barriers to adopting co-design perceived by survey respondents and consultees are:

Potential negative impact on product strategy

- Diversity of views from different people will not support the creation of a coherent product or service
- Consumers can't see totally new solutions that are not derived from existing products and services – they are not creative and are more likely to create derivative products
- Consumers are not willing to pay an economic price for all the features they want
- Inability or unwillingness to meet all users' needs
- Intellectual property rights – issues relating to people taking part encumbering the rights in product/service designs and innovations
- Strategic vision or editorial voice of product is lost in a mass of detail

"One risk is that if you spend too much time going through detail you lose sight of the bigger picture. There can be too much time on finessing in the earlier stages, and you need a resource commitment for several years after the product launch."

"The risk is one of atomisation. If you say to people 'tell us what you want and we'll give it to you', you atomise your product. If you're no longer pulling an audience together it leads to an entirely different business model. Aggregation and editing is what magazines have always been about. You're a proxy so if you remove that proxy you remove the reason for a magazine to exist."

"Developers only make games because they enjoy making them, and that's about having a vision. The worry (with involving the end user) is that it becomes a mish-mash. The key question is, how can you bring focus testing in earlier in the process, and protect the vision."

Lack of sponsorship

Senior executives can override findings from user research and often prefer to follow their own opinions or instincts:

- Clients commissioning design and development work prioritise managing risk over innovation
- Co-design activities are perceived as taking resource away from core research and development activities
- The perception of 'too much time' (or just any time) engaging with users/ stakeholders being a waste of time
- Agencies and consultancies need to please their clients first and their client's customers second

"An issue that may emerge is that clients may struggle to deal with what their customers tell them (particularly if they criticise a recent initiative or something the company holds close to its heart) - but this highlights how crucial it is for organisations to listen."

"We are client-driven: our processes and systems are specifically set up to service client needs, so end-consumers are relevant only in relation to specific clients."

Impact on new product/service launch

- Time to market – the perception that involving users or other stakeholders extends new product/service development timelines
- Scope management issues – especially if new requirements come later in the process
- Unrealistic expectations – the process generates requirements that can't be met or that can only be met with considerable bespoke effort and/or resources not available to the project

Additional resourcing and cost

- Resource requirement – in manpower and money to do the user/stakeholder engagement work required
- Costs associated with putting extra requirements in – especially if they are later in the process. Clients are unwilling to pay for this
- Inability to estimate costs with any certainty

Doubts about validity of method

- Participants' experience of a product or service does not qualify them to contribute to its creation
- Participants often have negative reactions to change including new technologies
- Participants are not able to articulate their or others' needs well
- You have to educate participants as to the what is possible and what constraints there are
- Different stakeholders – audiences, gatekeepers, end-users, purchasers, other beneficiaries – have different needs
- It is difficult to pick the right customers

Doubts about the feasibility of method

- Participants are confused by what they are being asked
- Participants are tired of being consulted
- Participants do not have the time
- Communications challenges

"The willingness of the customer to collaborate is the main obstacle."

"This country is dogged by a lack of the technological infrastructure to communicate effectively – the cost of a high speed data line outside of a city centre is just ridiculous."

Enabling co-design in organisations

The main enablers to embedding co-design in either their or other organisations perceived by survey respondents and consultees are:

Organisational culture

- Leadership – executives engage in the process and trust end users more
- Desire to collect and review feedback and be more responsive to customers
- Recognition of value of research
- Long-term thinking

“This is mainly about culture and education in our company, business leaders do not fully understand the benefits of working more closely with the end consumer”

“We have an unrelenting focus on the customer; it is one of the four central planks of the business.”

“To get the balance right you need a culture of listening. That’s harder for people who’ve been in a unicasting environment.”

Capacity

- Budget – willingness of client to pay, sufficient research budgets
- Cashflow – access to capital

“We advocate co-creation and working as closely [as possible] with all stakeholders of the product or service, which includes customers, service staff and managers. The challenge is how much we can convince clients of the value of doing more of this.”

Capability

- Dedicated and/or specialist personnel to do co-design
- Greater in-house skills (including in marketing, product management) through training or otherwise
- Specialist outsourcing
- Ability to implement open source models to handle intellectual property ownership and contribution from a range of stakeholders

“Greater capacity in-house to set up group sessions / surveys with end users.”

“an intermediary body that understand what customers want / need and can communicate these realistically”

Ways of working

- More and better communication – listening
- People spend more time in the field
- More formal project management methodology (e.g. combination of agile and PRINCE2)

“It’s… the responsibility of the designer or researcher to be a conduit for this information - to summarise but not distort it towards their preconceptions.”

Relationships with users and other stakeholders

- Continued or improved interaction with and access to end customers and collaborators – via focus groups, panel surveys or otherwise
- Contacts with new groups of potential or existing customers
- Ensuring co-design participants understand the organisational context in which their ideas will be instantiated

"in collaborative research a broad spread of end users is essential to maintain scope for innovation and diversity"

"[we need] more time to educate [users] in 'good' design. There is too much 'green-wash' out there and it can take ages to unravel [users'] preconceptions of what defines good/green design, and that's absolutely critical to our ecominimalist approach."

"[customers] need more understanding of what the organisation actually provides for consumers behind the scenes, not just 'front end' things they see everyday"

Tools and resources

- Resources to support and share new ways of working
- Tools for the management of project and design processes
- Better use of the Internet and mobile technologies

People want to know more about…

Better business case

- Co-design's role within customer retention and CRM strategy
- Evidence to prove ROI to secure budget
- How to use co-design to get to breakthrough products, rather than incremental products

How to do it

- Legal issues – including IP ownership and protection
- Case studies – how others do this well
- Common issues that arise
- Information on how to make this work

"I'm always interested in understanding new techniques and particularly when co-creation fails or runs into problems through management, constraints or even obstructive stakeholders."

Finding people who can help make this happen

- What kinds of people are collaboration associates, co-design partners or co-creators? And where to find them?
- How better to find, and engage with, potential collaborators in the applied research-to-prototype product space
- Having the right negotiation and facilitation skills

"Your question about who wins between expert or customer is not a binary question. Both win because it is not a contest but a discussion and negotiation and it would depend on the balance of knowledge about a particular issue and if one had a greater need."

"How do you define expertise in co-design? Surely it is more about client driven product development than anything?"

Data-driven innovation

What is data-driven innovation?

Our working definition

In this project we consider two kinds of data: data describing end users' profiles and behaviour, and data relating to creative content.

Having a good understanding of users is an important asset to any creative service. We can offer content that is relevant to them and use the right tone of voice. We know how to reach them in a consistent way – through digital and physical touchpoints; how they influence and are influenced by their friends; their attitude in sharing information about themselves and their network; and their geo-location and geo-movements. This is in addition to traditional data about buying habits and demographic analysis of their spending, preferred ways of paying, most valued modes of consumption, age and gender – all of which continue to be very important.

Key challenges for the effective use of user data are:

- how to collect it in light of concerns over privacy, multiple platforms and trust
- how creative businesses that are not used to data analytics can understand the data and its implications for their kind of content and services

The second category, data about creative content (metadata), can enrich users' experiences tremendously. This data can be generated by content producers, publishers and distributors or specialised metadata aggregators. End users can also create metadata through passive consumption and collaborative filtering platforms, pro-active linking and tagging of content within social media platforms and applications.

The combination of these two kinds of user and content data reaches beyond their capacity to increase the revenue streams of individual products or services through effective personalisation. When combined and applied to combinations of content and services, they can boost the effectiveness of cross-selling significantly and generate spin-off revenues. When a user is engaged by a movie, they can be offered other content and services – creative and non-creative – that are related to the movie. This generates a virtuous circle, since the more we know about the end user, the more we can satisfy their needs, and the more they are happy, the more they want to share their universe of taste, content and friends with us.

Armed with this knowledge we can create the next generation of products and services.

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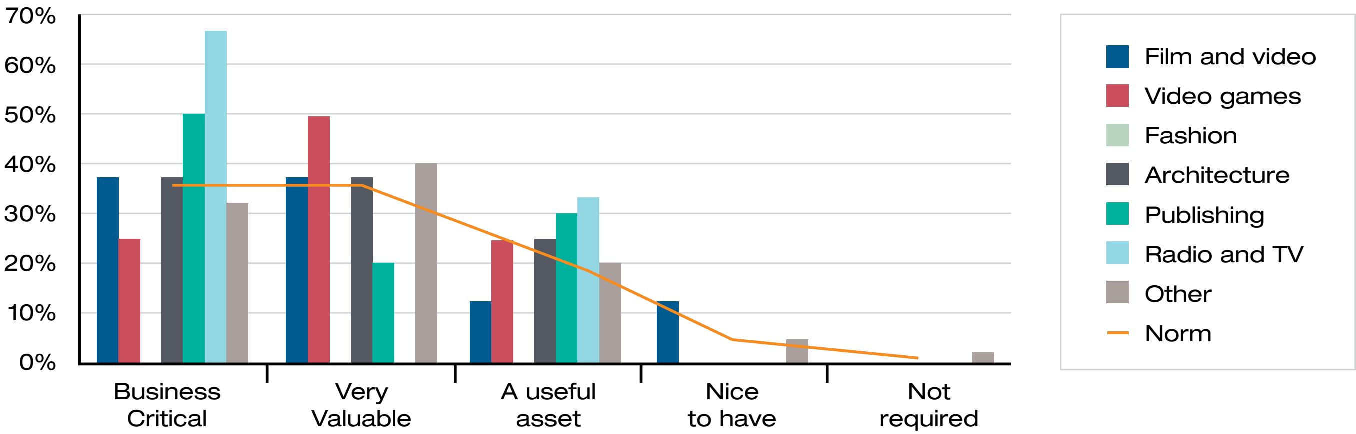
Data-driven innovation in the UK's creative industries

It should be noted that the following statistics derive from a limited survey and number of stakeholders. Fashion industry stakeholders did not engage in the survey.

How much value data



Data is highly valued across almost all sectors, with video games, publishing, architecture and radio and TV having as close to 100% as to be statistically insignificant regarding data as one of '*business critical*', '*very valuable*' or a '*useful asset*'. Creative business respondents not within the specified categories hit over 90% on this measure.

Film and video score just over 85% on this measure with the remainder regarding it as a '*nice to have*' indicating perhaps a different attitude to data or less data-intensive or – data aware ways of working.

More than 65% across all sectors regard it as 'business critical' or '*very valuable*'.

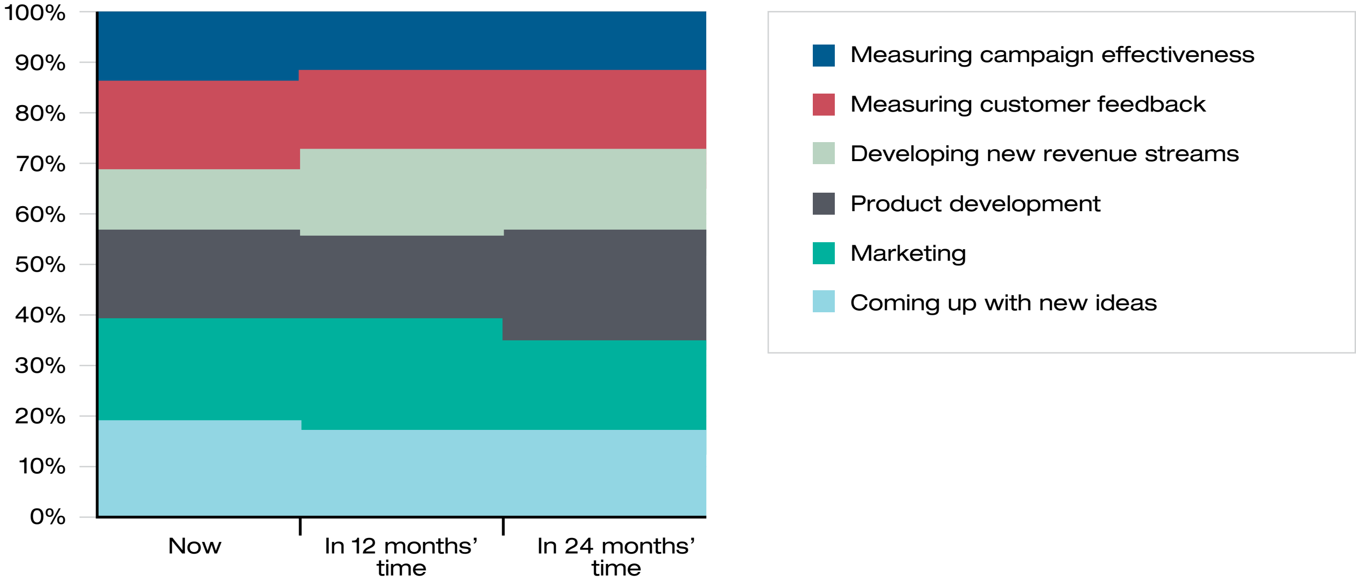
The exception is fashion for which the zero result is rendered insignificant because of its small sample size. This attitude is not borne out by interviews with stakeholders – see below.

"Data is the electricity that helps enliven art and practitioners"

"Data mining is only now being used in the games industry. Every move a player makes has been recorded. Terabyte upon terabyte of information. But they've never been sure what to do with it. Only now are they terrified of losing customers and want to make the most of it."

Regarding the usage of data, the six main categories had a similar relevance: *measuring campaign effectiveness*, *measuring customer feedback*, *developing new revenues streams*, *product development*, *marketing*, *coming up with new ideas*.

How do you use data?

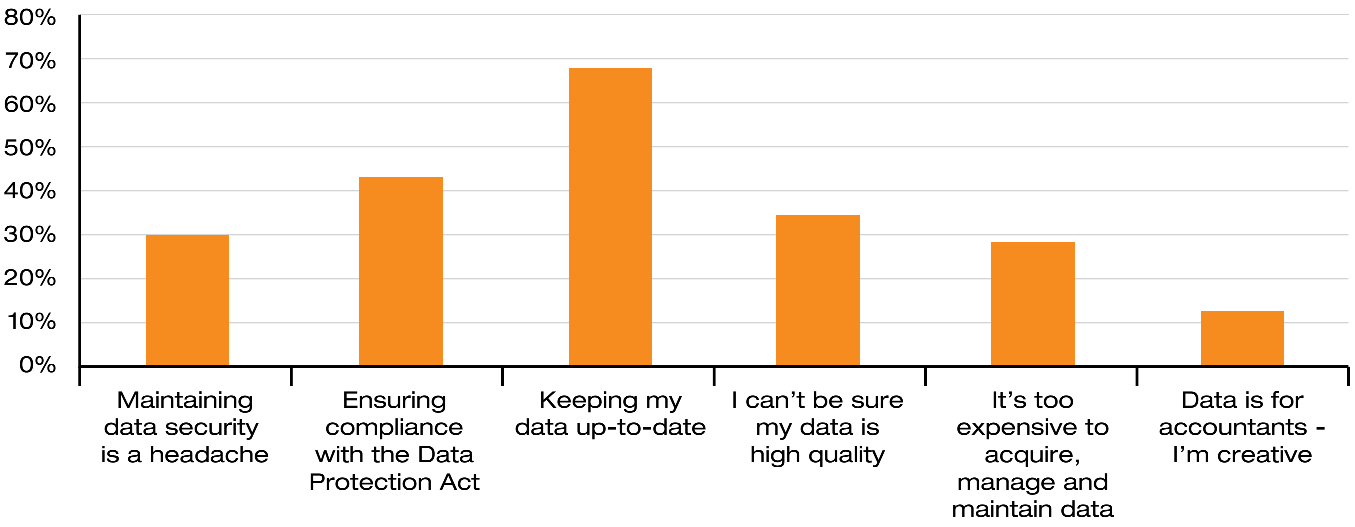


Proportionately, developing new revenue streams and product development appear to become a slightly greater proportion of the uses of data over the next *24 months* at the expense of *marketing* and *measuring customer feedback* or *campaign effectiveness*. This shift is statistically not that significant but is borne out by stakeholder interviews where new products and services – and new ways of monetising them – are a great focus for many creative businesses and data is seen as one of the ways of achieving these.

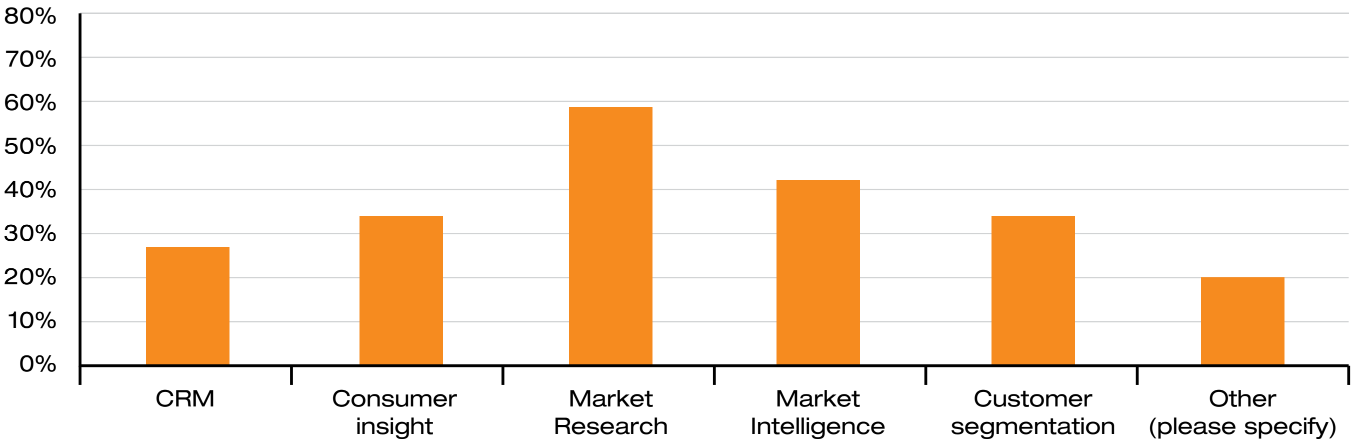
"Data is very much valued as a notion, although it is usually siloed in the marketing function."

"We know we should have more data in our coverage. And editors aren't necessarily the best people at understanding data. But just as editorial people have become more commercial, the same is true going forward in data. The next editor in a title will have a much more immediate sense of the value of data and what can be done with it."

What concerns do you have about using data?



In what ways do you make sense of this data?



With regards to concerns about using data, the dominant one is the challenge of *keeping my data up-to-date* (over 65%), followed by *ensuring compliance with the Data Protection Act* (40+%). A significant minority (approx 30%) have worries about data security, data quality and costs.

Only about 10% of respondents think that data is for finance people not creatives – so it would seem that the stereotype of the innumerate artist is somewhat out of date!

Data use to drive innovation is seen by most as *market research* with a significant minority making sense of it through the lens of *market intelligence* (40%+) or *consumer insight* or *customer segmentation* (30%+). About a quarter of respondents use some kind of *CRM* system or product.

Artists are bringing new approaches to combining data with creative practices, such as with the residency gathering information marine health in the Baltic and Irish Seas[9]. Through their novel use of plastic media, practitioners can develop new ways of communicating complex datasets – for example, the YES public sculpture of 'data fountains' representing the relative strengths and weaknesses of different currencies.

9 http://marin.cc/

Enabling data-driven innovation in organisations

The main enablers to embedding data use in their and other organisations perceived by survey respondents and consultees are listed below.

Organisational capability

- Change mindset to allow for a more data-centric approach
- Attitudes of leadership – clearer sense of strategy at director level
- A Director of Data
- Part of business plan to be for data gathering and its use

"We have a business strategy which puts data-driven CRM at the centre."

"Perhaps we should have a steering group and/or board representative with key responsibility for data."

"Individuals are responsible for their own use of data. As such there is no one within the business responsible solely for the usage and maintenance of data."

Capacity

- Greater in-house skills – in CRM, research, marketing, digital marketing – through training and otherwise
- External assistance with analysis
- In-house researchers and/or analysts
- Database analysts and developers
- An information science team

"I want more resource to mine the data, analyse and set against targeted deliverables."

"It's a time issue for us – having the time to sort and clean it."

"[Given £50,000] we would hire a knowledge manager to put numbers behind the insights, helping us to provide a business case behind our creative concepts."

Ways of working and tools

- Better analysis tools than Google Analytics – but affordable
- More automation of collecting data
- More use of open source and less proprietary systems
- Simpler user interfaces to key tools for collection, processing and dissemination of data across organisations
- Customer management tools
- New platforms to display linked data

"I would like a more useful database to view and analyse new and historical data which can also be linked to new ideas."

"A lot of innovation around the uses of metadata have been in place within standards for a long time now[10]. For example, MPEG 7[11] can now carry all the metadata that is required within the media stream."

"I'd like a tool which could help boil it down and build it into models automatically. Indeed I'm working on such a tool."

10 http://www.multimedia-metadata.info/
11 http://en.wikipedia.org/wiki/MPEG-7

"[Given £50K I would build a] robust platform artplayer.tv to present content in interesting ways, film archive, transcripts of interviews, radio recordings. And allow it to be used in different ways – much more than just visual media – e-learning and e-health packages, integrated with IPTV platforms and configured so that app developers would develop new data apps to make things live."

"We could always improve our knowledge of what applications of data would be useful at each stage of the design process, and take the time to put our heads above the parapet mid-project to look around to see how we can better put numbers behind insights."

"We generally don't hold the data - clients do that. But if we did, an effective CRM tool is a must."

"I'd like a new, custom built database system as ours has significant ongoing problems, more storage and processing power."

Data

- Obtaining UK-wide data direct rather than buying in poor quality data
- More openness of data sharing – using models like creative commons
- Giving membership control of their data – rather than controlling centrally
- More dynamic and personal information for customers
- Access to affordable data
- Marketing lists of and data about potential customers
- Market size, segmentation and dynamics reports

People want to know more about…

Better business case

- How can data be used to target consumers better
- Overall benefits to product development
- The market for data-driven innovation and data
- How to finance doing this kind of work
- How to maximise the value of existing data

"I'd like to know how to develop bespoke tools to manage key datasets in-house better, without becoming software designers or needing to magically win the lottery!"

"We need to find out about micro payment systems for multiple business models."

"What is needed is a clear link between the cost and value of data."

How to do it

- Data analytic tools
- Market sizing tools
- Analysis from metadata of trends and behaviours
- Segmentation and personas
- How to automate the analysis of large volumes of data to digest in manageable chunks and thereby extract meaningful interpretations
- Other methods of storing and accessing databases of stored data

I'd like…

"a crowdsourcing solution"

"some really good scripting work to coordinate a lot of repetitive tasks which no existing system can handle"

How to get hold of data

- Sources of open data
- Data on trends
- More data at low cost

I'd like…

"detailed data on which schools spend how much with which suppliers"

"information on consumer wants and needs for managing waste"

"Consumer requirements and behavioural activity"

"Access to industry market research on consumer TMT services"

"a list of SMEs in my region, how long in business, their turnover, profit and other financial information as well as a list of the key issues they face"

"Demographic data on smartphone usage that I could match with potential clients' customer bases"

"a list of philanthropists who give to arts orgs"

"to procure/commission research on sustainability impacts of users in physical environments and opportunities for enhanced services design to increase both quality of life and reduce negative environmental impacts"

"Details of cars purchased including registration no"

"Knowledge of client budgets"

"An audience breakdown of my target network, timeslot by timeslot"

"Performance data from other projects in our field"

Issues

- Privacy and data ownership rights in an increasingly distributed and collaborative environment
- Security
- Data quality
- The impact of more sophisticated data use in commissioner-led models

Appendix

Companies and individuals consulted with for the Creative Consumer Beacon Baseline

Alloy and BDI (British Design Innovation), Geoff McCormack

Beringer Tame, Patrick Tame

Bfi, Paula le Dieu

Centaur Publishing and Mew Media Age, Michael Nutley

Cornerhouse, Dave Moutrey

Design Council, Lesley Morris

Edge, Steve Redmond

FACT, Roger McKinley

Film London, Adrian Wootton

Futurologist, Chris Yapp

Games Audit, William Latham

Guardian Media Group, Emma Whitehead

Hudson Walker, Matt Dixon

Mediaclarity, Jeremy Silver

Musicmetrics, Marie-Alicia Chang

Newspaper Society, Robert Ray

PACT (Producers Alliance for Cinema and Television), Mike Dicks

Sony Music, Fred Bolza

ThinkSayDo, Emma Runciman

UK Film Council, Dee Davison

UK Film Council, Pete Buckingham

UKIE (UK Interactive Entertainment), Mike Rawlinson

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