Customer Foresight Practice

How to Access Future Markets Through Extraordinary People

What kinds of persons are involved in trends and how to find innovative or visionary customers when developing brands and products for tomorrow’s markets? This article systematizes different methods corresponding to the tasks practitioners are confronted with. An exemplary case study illustrates how the trend receiver approach can contribute in international practice situations. The democratization of future competencies and new research potentials due to influencers are also discussed.

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Identifying trends as early as possible is essential for good corporate management. But whom to consult when long-term decisions need to be made and products and services have to be developed that will only be coming to market in a few years’ time? It seems obvious that asking a representative sample is not the best option in this case. Another option is to talk to trend gurus or ask strategy consultants for help. So who can provide credible and trustworthy trend information on the relevant topics of strategy, brand, products, services and communication? Who can help to make future customer expectations more tangible? And how can this information finally be translated into action?

These questions inevitably lead to the paradox that although the future is unpredictable, companies must courageously launch products, services and organizational changes today in order to be prepared for tomorrow’s markets. This is mainly because of long development and production times, e.g. in the construction or home appliance industry. Also, new retail networks or technical systems could be involved. But precisely where decisions or strategic plans are more long-term and market conditions and customer expectations are developing with a particular dynamic, the proven methods of customer insight research often come up against their limits: Today’s customers are very much anchored in today’s world and often lack creative vision, conclusive or surprising associations as well as projection and innovation power.

Customer foresight is a concept for strategic customer-based projection or trend research and aims to improve the strategy and decision-making processes of companies. Customer foresight can be conceived as an interaction with projected future markets via selected customers – by understanding their wishes and attitudes, ideas and visions, as well as their perception of signals and drivers of change.

Customer foresight research expands the possibilities of customer insight research. Ideally, studies use and go beyond today’s user and customer experience, opening up realistic “possibility spaces” and drawing pictures of a potential future.

Customer foresight is currently emerging as a new term and research field that holds potential for improving many areas of consumer, innovation and strategy research. This gives rise to some fundamental questions: Which business goals benefit from customer foresight studies? How relevant are personality patterns and people’s ways of thinking and perceiving? How to identify suitable persons and how best to engage in the dialogue about wishes and projections towards future everyday life, brands and products?

First of all, this article provides an overview and a practical guideline on how, based on the evolution of future living and consumption situations, persons that are especially aware of these situations can be clustered and assigned to different research goals. Five different approaches that practitioners may apply are presented along with their characteristics, recruitment criteria and recruitment methods. The trend receiver concept is addressed in particular and exemplified by a case study from the author’s practical experience. Finally, the rising importance of influencers for customer foresight is discussed.

Structuring Existing Approaches in the Field of Customer Foresight

Within the field of customer foresight, a variety of terms and concepts are used, but frequently applied with little structure or logic. So how to systematize terms and methods? A simple question is helpful here: What differences are there between life and consumption today and tomorrow, e.g. between 2020 and 2025?
Much of what we see today is still likely to be there tomorrow: the majority of buildings and streets, patents and laws, but also values such as democracy, freedom and justice and motives such as appreciation or curiosity. At the same time, a lot of new developments are emerging: innovative technologies, inventions, new products or services, new behaviors, attitudes or ways of communicating.

The future is a mixture of continuity and change. For detecting and understanding the change dynamics in customer expectations, it is therefore indispensable to combine trend and innovation theories with research on motives, values, and consumer insights. Referring to concepts from motivation psychology (Heckhausen & Heckhausen, 2010; Karmasin, 2004; Reiss, 2000), motive and value sets are conceived as fluid paradigms (Hofmann, 2014). On the one hand, motives and values act as stabilizers in the stream of changes in the technical, economic, social, legal and esthetical world. Some new products and services serve ancient wishes and motives, only in a modified manner. On the other hand, motive and value sets are not fixed; cultural change is manifested in subtle changes in motive and value sets. Therefore, new lifestyles and consumer behaviors are never totally new or completely disruptive, but rather they just ‘new wine in old wineskins’.

In customer foresight practice, it is particularly fascinating to research people who elicit change – because they combine things that were previously separated, thus bringing something new into the world or spreading an innovation. Also relevant are people who are aware of change dynamics in an early phase and can assess the changes and potential of the ‘new’. Therefore, focusing on the various “agents of the new” (Hofmann, 2011), with persona concepts and procedures to identify relevant persons as discussion partners, forms the basis for valid customer foresight questions and studies. A closer look at manifest concepts from different academic fields (see, e.g., Barck, 2010; Gladwell, 2002; Gloor & Cooper, 2007; Zandl & Leonard, 1992; for an overview and analysis of 20 noted concepts see Hofmann, 2011) leads to a typology of the ‘agents of the new’ and distinguishes three overarching categories (see Fig. 2): “Inventors” who are thinking up and designing the new, “multipliers” who are early users spreading the new and “trend observers” who are perceiving and reflecting innovation, diffusion, and normalization processes. Among the multitude of persona concepts and identification procedures of discussion and study participants, five approaches are selected and an overview is presented (Table 1). Criteria for this selection are: covering different areas of business tasks, publication in acknowledged research contexts, application in various practice situations and availability of guidance for practitioners in terms of characteristics and recruitment processes.

This typology (see Table 1) offers practitioners the possibility of using the persona profiles and methods in a tailored manner. Thus, for the enhancement of an existing product lead users are recommended (Eisenberg, 2011; von Hippel, 2006). A lead user in the field of outdoor sports equipment, for example, may already have made changes to their gear that have the potential to become relevant to many customers. In contrast, when diffusion (Rogers, 2003) and communication goals are set, suitable influencers can be involved to place a product in the right context and to promote and anchor it in the relevant market segments.

Different business situations require different ways of integrating “agents of the new” (see also Hoffmann, Kopalke, & Novak, 2010 and Vernette, Hamilt-Kidar, 2013). So, here are some examples in which visionary competence is needed and trend receivers become the persona profile of choice: if an attractive vision of autonomous driving is to be developed for future everyday life; if it comes to questions of the long-term development of a brand or product from an energy provider, an airline, a real estate company, a bank, a social media platform or a furniture manufacturer; if answers have to be found in the context of how awareness of sustainability might change and impact spending or which effects topics such as data protection or mental health have on individual purchasing behavior. Trend receivers are valuable conversation partners regarding these topics as they combine
Schwerpunkt Applications of Customer Foresight Research

Table 1: Focused Persona Concepts and Tools for Identification Processes

<table>
<thead>
<tr>
<th>CHARGE</th>
<th>RECRUITMENT CRITERIA</th>
<th>RECRUITMENT METHOD &amp; PLACE</th>
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<tr>
<td>Lead User: “If face needs that will be general in a marketplace – but face them months or years before the bulk of that marketplace encounters them, and Lead Users are positioned to benefit signifi-cantly by obtaining a solution to their needs.” (von Hippel, 1986)</td>
<td>Innovative mindset, Product-related knowledge, Dissatisfaction with current solutions, Took action to solve their problems, Willing and able to work in a team</td>
<td>Screening survey, Pyramiding, Signaling/broadcasting, Netnography, Crowd funding, Communities, Databases, networks, Screening interview, Lead user conference</td>
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<tr>
<td>Trend Receiver: “TRs are individuals who perceive changes and potentials of the new in a specific domain in a highly sensitive and differentiated way.” (Hofmann, 2014)</td>
<td>Correspondence to TR search profile, which is tailored to given research task, based on 6 general Trend Receiver characteristics (see column left)</td>
<td>Desk research and reflection of available networks, Pyramiding, Semi-structured screening interview</td>
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<td>Expert: “Experts have an academic degree and in-depth professional knowledge in a very specific field. They can bring the highest value to the innovation process when the need is clearly defined, but the solution is missing.” (Boiger et al., 2002)</td>
<td>Professional experience in the relevant field, Innovativeness, out-of-the-box thinking, Solution-oriented mindset, Open to sharing expertise</td>
<td>Desk research, Personal contacts, Screening interviews, Technology networks, Universities/scientific institutions/publications</td>
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<tr>
<td>Early Adopter: “The EA is among the first to buy a new product. Through conveying a subjective evaluation of the innovation to near-peers by means of interpersonal networks, the early adopter decreases perceived risk around everyday experiences with a given product or service with a far above-average skill level in observing, reflecting, associating and projecting. In order to support practitioners in developing the appropriate study design and identifying the right dialogue partners, the five focused concepts can be systematized by assigning them to differ-ent areas of business and research tasks (see figure 3).</td>
<td>High level of extraversion, willingness to share information, Central position in broad social network, Knowledge about social media, industry, innovations, lifestyle, user needs</td>
<td>Social media research, Personal contacts/invitation, Screening survey, Interviews, Own customer base, Online communities/product enthusiast communities</td>
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<td>Influencer: “Influencers are “the individuals who were likely to influence other persons in their immediate environment.” (Katz &amp; Lazarsfeld, 2005)</td>
<td>Professional in-depth knowledge in the area of interest, Paired with own usage experience and regular interaction with customers, Exceptional professional skills, Ability to envision and pursue solutions for specific problems, Innovative mindset</td>
<td>Professional experience in the relevant field, Innovativeness, out-of-the-box thinking, Solution-oriented mindset, Open to sharing expertise</td>
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Few topics hold so much disruptive power for automobile manufacturers, mobility providers and related industries as the topic of "autonomous driving". Since 2013, in particular, Audi’s market and trend research has aimed to understand potential future developments regarding various industries and to differentiate assessment of the developments arising in discussions with trend receivers were quantified in the second part of the study in cooperation with the research institute of a partner university (see also Hahn, Hofmann, Bilgram, Schwarz, Meinheit, & Füller, 2016).

The trend receivers were identified by means of a tailor-made search profile and various intermediaries. Initially, individual in-depth interviews were conducted; between these individual interviews, the content and structure of the interview guideline were continuously adapted. Hypotheses on, and descriptions of, desirable future mobility situations and vehicle characteristics evolved along this iterative process. The conditioned interim results were finally converted into twelve use cases and were visualized. In workshops with individual and group formats (see figure 4) these representations were then questioned, discarded, enriched and refined. Thus, for example, it was established how customers might use the time gained in the car if they no longer had to drive and, ultimately, even the steering wheel would disappear, and which qualities new mobile devices and future space and screen designs would have to bring to life.

The results in the form of a presentation with professionally visualized future projections were used at various levels from specialized departments to the Board of Management and in various areas such as Audi design, pre-development, brand strategy and product marketing. It influenced, amongst others, the concept car AICON (see figure 5) as well as the further examination of the future topic of autonomous driving.

This case study shows how trend receivers may be identified and involved in practice. This allows the integration of visionary customers into visionary competence is a domain-specific ability. This implies that practitioners can prepare a tailored trend receiver search profile by specifying the mentioned characteristics with further aspects that correspond to the project and research task. Thus, requiring personal user experience ensures that the projections are based on everyday experience (see also Hahn, Hofmann, Bilgram, Schwarz, Meinheit, & Füller, 2016). The trend receivers were identified for market representative customer sample

There are very large differences between individual influencers. While many are rather superficially oriented and only showcase what companies send to them, not demonstrating any specific trend expertise of their own, others act out of a real conviction and precise market knowledge. Unlike conventional trend experts, they also actively contribute with their work to implementing what they themselves see as particularly

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Fig. 4: Iterative Study Design of the ‘Easy Rider’ Research Project

<table>
<thead>
<tr>
<th>Desk Research</th>
<th>Market Monitoring</th>
<th>Clarification of Emerging Questions</th>
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<tbody>
<tr>
<td>7 Trend Receiver Interviews USA</td>
<td>Condensation and visualization</td>
<td>Iteration, condensation and visualization</td>
</tr>
<tr>
<td>14 Trend Receiver Interviews GER</td>
<td>Complimentary quantitative survey (n=300) with market representative customer sample</td>
<td>Refined and new visualizations further condensation</td>
</tr>
<tr>
<td>8 Trend Receiver Interviews CHN</td>
<td>Behavioral economic analysis</td>
<td>Expert talks with urban planners &amp; pilots</td>
</tr>
<tr>
<td>Interviews USA</td>
<td>Historic-cultural / innovative approach</td>
<td>Scenario analysis</td>
</tr>
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Source: Hahn, Hofmann, Bilgram, Schwarz, Meinheit, & Füller, 2016.
promising for the future. Using their influence on followers they combine trend diagnosis and trend development, causing the dynamics of “self-fulfilling prophecies.” One can thus speak of both democratizing the evaluation of the future and democratizing the influence on the future. The boundaries between influencers who are reflective and knowledgeable and consumers who pay increased attention to what might be gaining relevance are blurred. This provides new opportunities for customer foresight research. The pool of reflective and democratizing the influence on the future. The boundaries between influencers who are reflective and knowledgeable and consumers who pay increased attention to what might be gaining relevance are blurred. This provides new opportunities for customer foresight research. The pool of reflective and democratizing the influence on the future. The boundaries between influencers who are reflective and knowledgeable and consumers who pay increased attention to what might be gaining relevance are blurred. This provides new opportunities for customer foresight research. The pool of reflective and democratizing the influence on the future. The boundaries between influencers who are reflective and knowledgeable and consumers who pay increased attention to what might be gaining relevance are blurred. This provides new opportunities for customer foresight research. The pool of reflective and democratizing the influence on the future. The boundaries between influencers who are reflective and knowledgeable and consumers who pay increased attention to what might be gaining relevance are blurred. This provides new opportunities for customer foresight research. The pool of reflective and democratizing the influence on the future. The boundaries between influencers who are reflective and knowledgeable and consumers who pay increased attention to what might be gaining relevance are blurred. This provides new opportunities for customer foresight research. The pool of reflective and democratizing the influence on the future. The boundaries between influencers who are reflective and knowledgeable and consumers who pay increased attention to what might be gaining relevance are blurred. This provides new opportunities for customer foresight research. The pool of reflective

Discussion

When lead times are long and market conditions are likely to change dynamically, classical customer insight research has its limitations. When assumptions on the incausal and less tangible changes in customer expectations and behavior are needed, customer foresight creates a valid basis for an informed look at the future by offering companies tools for broadening and objectifying their vision-finding and development processes of strategic insights. When asked what the relevant, potential and tools of customer insight presented here obviously need to be further reflected on by practitioners and research analysts, questions that should be considered: the relation of customer foresight and other ways of foresight and trend research; the boundaries between customer insight and customer foresight research; how various methods of customer foresight differ; comparison of tailored search profiles and standardized scales in terms of quality and efficiency; and transfer tools for customer foresight results. Topics like “reflective influencers,” “democratization of future competence” or the potential of customer foresight for governments, institutions and NGOs also provide much food for thought and research.

Customer foresight has a good chance of gaining further momentum. Naturally, the interaction with drivers of change and projected future everyday life and markets remains uncharted territory. So it is all the more important that companies boldly and skillfully access people from outside when sensing and shaping upcoming potential.

Literature


Lessons Learned

1. Practitioners are considered if needed. If Customer Insight or Customer foresight approaches are the appropriate tool of choice. The latter is the case, if the dynamic of change is high and the expected time to market is long, in that case special skills are required.

2. Practitioners need to define the research goals precisely and select the corresponding method carefully.

3. Depending on the research targets, customers with innovative competence (e.g. lead users), visionary competence (e.g. trend receivers) or communicative competence (e.g. influencers) have to be integrated into processes of product and brand development.

4. Practitioners reflect and tailor the complete process research. Internal stakeholders have to be involved and the transfer and anchoring of the outcomes in the organization's processes.