As Good As It Gets?
Making Sense Of The Confusion
Systematic Innovation Network
40 full-time + 250 network partners

- Research
- Systematic Innovation Methods
- Intellectual Property Generation/Licensing
- Problem Solving Consulting

- Constantly update…
- Transfer skills…
- Business Transformation

Commercialise success… Facilitate success…
(if we can’t do it ourselves, how can we expect to help you?)
...some of the clients we work with
As Good As It Gets?  
Making Sense Of The Confusion

1) Seeing The Future??
2) Inevitable Surprises – Good News
3) Inevitable Surprises – Bad News
4) What Customers Are Really Saying
5) So What?
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Just because we can’t predict everything about the future…

…doesn’t mean we can’t predict anything
“We can’t predict the future, and we probably can’t prevent more crises from happening.”
Mervyn King

“The record of failure to predict recessions is virtually unblemished.”
Prakash Lougani, IMF

“The crisis was not predicted because economic theory predicts that such events cannot be predicted.”
Robert Lucas

“People blinded by faith or ideology have pursued false premises to absurd conclusions and come to believe that those who disagree are driven by woeful ignorance or intentional disregard.”
John Kay

“Microeconomics concerns things that economists are specifically wrong about, while macroeconomics concerns things economists are wrong about generally. Or to be more technical, microeconomics is about money you don’t have, and macroeconomics is about money the government is out of.”
P.J. O’Rourke

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Put Another Way...

...if the aerospace industry had the same safety track record as financial services, there would be ~1800 plane crashes/week
When?

- “We see this generation drinking, and drinking heavily…. gathering of teens and see them drinking literally until they fall down”
- “We never count sexes, but we are sure we see girls drinking more heavily than boys”
- “Escape from their daily lives whether via the movies, or gossip magazines, or by dangerous indulgence in drinking, becomes as vital a factor in these young lives as bread or breathing.”
- “Nor is it unusual to find young men and women escaping the implications of the fact that they have no job, or cannot afford to marry on what they are earning, by blaming the older generations.”
- “Hungry for fame: fame as a way out of a world in which their parents worked hard and still lost their job.”
When?

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• “Hungry for fame: fame as a way out of a world in which their parents worked hard and still lost their job.”
Who *Are* These People?

What financial service products will these people want?
What If…

• …behaviour of our teenagers
• was completely consistent
• with a known pattern?
What If…

•…reaction of parents and politicians was completely consistent with the same pattern?
What If…

• …the Global Financial Crisis was completely consistent with a known pattern?
Would that pattern be able to tell us something about the next 5 years?

The next 10?

The next 50?
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UK House Price Forecast 2013-2018

By Nadeem Walayat

Data: Nov 2013

EUPHORIA

DENIAL

PANIC

DEPRESSION

Embryonic Bull Market

New Bull Market

Dec 2013 - Forecast to rise by 55% by End 2018
Halifax (NSA) £272,600 from £174,671 (Nov 2013 data)

Aug 2013 - 10% Per annum by Oct 2013, 12% By Jan 2014, Above 10% into Mid 2014


2012 - Emerging Embryonic Bull Market

Sept 10 - Continuing Depression - 1-2 year drift lower 6-12%

May 09 - Bounce into Election 2010

Dec 2008 - Depression into 2012 - 2009 Fall -16%, 2010 -3.5%,

Aug 2007 - CRASH - UK Average Drop 15% over 2 years (minimum), London 25%

© Marketoracle.co.uk 2007-13
Growing (& Ageing) Population….

.... Fixed geography
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Inevitable Surprises

Immigration Adjusted Birth Index

Thousands

Year

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Inevitable Surprises

Consumer Lifecycle

- Peak in Spending
- Trade-Up Homes
- Vacation Homes Resorts
- Retirement Homes
- Apartments
- Shopping Centers
- Offices
- Colleges

Age

- 18
- 19
- 25.5
- 33
- 44
- 48
- 52
- 64
- 65

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Inevitable Surprises

The Spending Wave
Births Lagged for Peak in Family Spending

Dow Adjusted For Inflation
Births Lagged For Peak Spending

we are here

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The manner in which you were raised by your parents
In turn influences how you raise your children
ES/UK/FR Generational Cycles

Strauss, W., Howe, N.,
‘The Fourth Turning: An American Prophecy’,
# US/UK Generational Cycles

<table>
<thead>
<tr>
<th>Hero</th>
<th>Artist</th>
<th>Prophet</th>
<th>Nomad</th>
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<tbody>
<tr>
<td>growing-up</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>parenting</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>power</td>
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<tr>
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<td></td>
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<tr>
<td>0-20</td>
<td>21-41</td>
<td>42-62</td>
<td>63-83</td>
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<tr>
<td><strong>Boomer</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1945~1962</td>
<td></td>
<td>1961</td>
<td>1964</td>
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</table>
**US/UK Generational Cycles**

<table>
<thead>
<tr>
<th>(Boomer)</th>
<th>0-20</th>
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<th>42-62</th>
<th>63-83</th>
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<tbody>
<tr>
<td>HERO</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROPHET</td>
<td>indulged</td>
<td>narcissistic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NOMAD</td>
<td>abandoned</td>
<td></td>
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**Growing-up**

- 1961
- 1964

**Parenting**

- 1962~1981

**Power**

- 1980
- 1983

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# US/UK Generational Cycles

## Generations
- **Boomer** (1941~1964)
- **Generation X** (1965~1980)
- **Generation Y** (1981~2001)

## Phases
- **Growing-up**
- **Parenting**
- **Power**

## Key Moments
- 1981
- 1983
- 1981~2001

<table>
<thead>
<tr>
<th>Year</th>
<th>Phase</th>
<th>Stage</th>
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<tbody>
<tr>
<td>1981</td>
<td>Indirect Power</td>
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<tr>
<td>1983</td>
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<td>21-41</td>
</tr>
<tr>
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<td>Indirect Power</td>
<td>42-62</td>
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### Generation Y
- **HERO**: protected
- **ARTIST**: 
- **PROPHET**: indulged, narcissistic
- **NOMAD**: abandoned, alienated

### Generation X
- **PROPHET**: 
- **NOMAD**: 

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### US/UK Generational Cycles

**Boomer** (Generation X) — narcissistic, abandoned, alienated

**Generation Y** (Prophet) — indulged

**Artist** — suffocated

**Hero** — protected, heroic

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Growing-up</th>
<th>Parenting</th>
<th>Power</th>
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<tr>
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<td>narcissistic</td>
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<td>heroic</td>
<td>hubristic</td>
<td>powerful</td>
</tr>
<tr>
<td>ARTIST</td>
<td>suffocated</td>
<td>sensitive</td>
<td>indecisive</td>
<td>empathic</td>
</tr>
<tr>
<td>PROPHET</td>
<td>indulged</td>
<td>narcissistic</td>
<td>moralistic</td>
<td>wise</td>
</tr>
<tr>
<td>NOMAD</td>
<td>abandoned</td>
<td>alienated</td>
<td>pragmatic</td>
<td>tough</td>
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</table>

Who Is My Future Customer?
The first sparkling green tea in the universe proven to burn calories.
Now, Who *Is* This Person?
Ms Heroic

- Born 1980-2000
- ‘entitled’/high expectations
- brand conscious
- confident/empowered/opinionated
- work hard if motivated
- expects constant (positive) feedback
- own image: “I am the best, I am different”
- prepared to take risks
- little persistence if things get difficult
- highly protected – especially from failure
- (helicopter/lawnmower parents)
- if successful: I’m the hero; if not: I want somebody to blame
- open-minded/ flexible
- inclusion/’global’
- ‘12 is the new 19’/’30 is the new 20’
- Fame-oriented/top-of-the-heap
- Team-oriented/networker (XING, alumni etc.)
- open for technical innovations, but as a user
- no learning curve, impatient
- free-spending
- work to live
- don’t love routines because no chance to be a hero
Generation Y – Key Life Contradiction

Hero (told they can do anything)

Vs

Unskilled (can’t do anything)
Mr Alienated/Pragmatic

- sceptical/critical
- creative problem solver using all resources = Hausverstand
- technically interested
- safety is important, conscious
- routiners
- simplicity is useful
- anti-society/anti-political/anti-MNC
- independent / individualist
- ‘never sell-out’
- lack of confidence (absence of feedback)
- efficient (tangible benefits are important)
- luxury but understatement (‘covert wealth’)
- steadiness (no big changes)
- best quality for best price
- family is important (‘helicopter’ parent)
- takes responsibility
- looked down on by other generations
  (‘slacker’)
- self made entrepreneur
- highly conflicted
- live to work

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How was the meal?

Fine, thanks.

we’re never coming back here again
2000
“How do we understand what consumers want without directly asking them?”

2004
“Is it possible to predict consumer trends before they start?”
500+ Customer Stories

http://www.reviewcentre.com
http://www.trustpilot.co.uk
http://www.consumeraffairs.com
http://www.ciao.co.uk
http://www.fairmortgages.co.uk

Please note: These sources and the amount of data does not give a definitive analysis and is intended to demonstrate capability of PanSensic Qualitative Data Analysis Software & Services
Customer Stories Like These

Positive

“Excellent customer service very helpful staff whether online phone or in branch never had any issues or problems really helpful and quick to resolve any issue i have a 2 accounts and a loan with XXXXXXXX and wouldn't chose or recommend any other bank”

Negative

…”the customer service and communication I've had with them has been absolutely appalling.

Their information with regard to what information and actions they required from me at each stage of the process was incomplete and unclear meaning weeks of delays getting everything sorted instead of providing a simple list of what was”
Building Societies - Customer Emotions

Perception Map by Emotion State (drill for word clo...)
Emotion State Map, Groups: 9 - Total Perceptions: 335 - Total Weight: ...

- Anger: 28%
- Fear: 8%
- Frustration: 40%
- Happy: 10%
- Love: 8%
- Excitement: 8%
- Sadness: 8%
- Surprise: 8%
- Delight: 8%

All Data from www.forums

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Customer Perception of Staff Attitudes

Building Societies
Uncaring, Unhelpful & Offensive staff
47%

All Data from www.forums
Customer Perception of Staff Attitudes

- **Building Societies**
  - Uncaring, Unhelpful & Offensive staff: 47%

- **Canadian Banks**
  - Uncaring, Unhelpful & Offensive staff: 51%

- **Hotels - Tripadvisor**
  - Uncaring, Unhelpful & Offensive staff: 7%

- **Hospitals Patient - Opinion**
  - Uncaring, Unhelpful & Offensive staff: 22%

All Data from wwwforums
Perception of Staff Attitudes & Emotion

- Loughborough
- Yorkshire
- Nationwide
- Britania
- Skipton
- Coventry

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Theming Frustration & Anger
Level 1 Cluster

Perception Map by Level...
Automated Mapping Map, Groups: 7 - Total Perceptions: 246 - Total Weight: ...

- Systems and Processes
- Services
- Staff
- Corporate Attitude
- Complaint Resolution
- Fees and Costs
- Communication

Perception count by counted Selection: fact type NOT: `Unprocessed Ty...
Theming Frustration & Anger

Level 2 Sub Clusters

I am a first time buyer

……..with The XXXXXXX. It has now been exactly an month today since this whole sorry mess started. I am in no better position now than i was 4 weeks ago, they have given me no information on how things are going. Every time i phone up i just get fobbed off and told 2 phone back in two days.(She has now changed the wording a little and has started telling me to phone back in 48 hours.)

Every time they request more information i am put back to the bottom of the pile and it is taking them over a week to process any new information.
Failure Demand

failure demand

value demand
Are you happy here?

The work is really interesting.

Not that I’m allowed to get on with it.
The Trick To Acquiring REAL reasons

REAL

Not that I'm allowed to get on with it

GOOD

The work is really interesting.

instant

limbic

0.5seconds

PFC

Capture what the brain is unable to process within this time window
5 Elements Of Truth

- RELATIONSHIP CONTEXT
- METAPHOR
- CONTRADICTION
- THINKING STYLE
- LIFE-STAGE

TRUTH
Metaphor...

- **surface metaphors**
  - "money down the drain"
  - "drowning in debt"
  - "the bank froze my assets"

- **metaphor themes**

- **root metaphors**

**MONEY IS LIKE LIQUID**

**RESOURCE**

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JupiterMu – Root Metaphor Analytics

Perception count by id number

Advertise Messaging
Customer
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Frustration Map – All Home Owners/Occupiers

Customer Intangible Needs
- under-served
- over-served

Customer Tangible Needs
- over-served
- under-served

- security
- maintenance
- entertainment
- aesthetics
- convenience
- risk
- sustainability
- health
- energy
- flexibility
- cost
- finance
- insurance
- cleaning
- energy
- sustainability
- cleaning
- hygiene
- entertainment
- aesthetics
Frustration Map – GenY Owners/Occupiers

Customer Intangible Needs

Customer Tangible Needs

under-served

over-served

over-served

under-served

health

sustainability

energy

entertainment

aesthetics

flexibility

insurance

convenience

maintenance

cleaning

security

structural issues

cost

finance

risk

The diagram illustrates the frustration map for GenY Owners/Occupiers, categorizing customer intangible and tangible needs. The map is divided into quadrants indicating under-served and over-served areas for both types of needs.
If I Had To Speculate…

• None of the GFC problems have been solved = global doldrums/crisis for the next 7-10 years

• Property supply/demand dynamic will cushion impact in the UK

• Changing customer needs (generational/cultural) mean financial service industry serves emerging needs incredibly poorly

• If the industry does nothing to release this tension, outside sectors will step in to fill the vacuum.
Successful Organisational Change:

- True Customer Need
- More Ideal Solution
- Ability of the Organisation to successfully exploit the solution
The Science Of Change & Innovation

www.systematic-innovation.com
darrell.mann@systematic-innovation.com