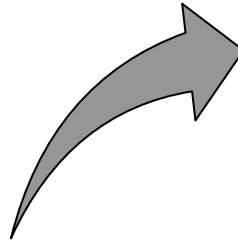
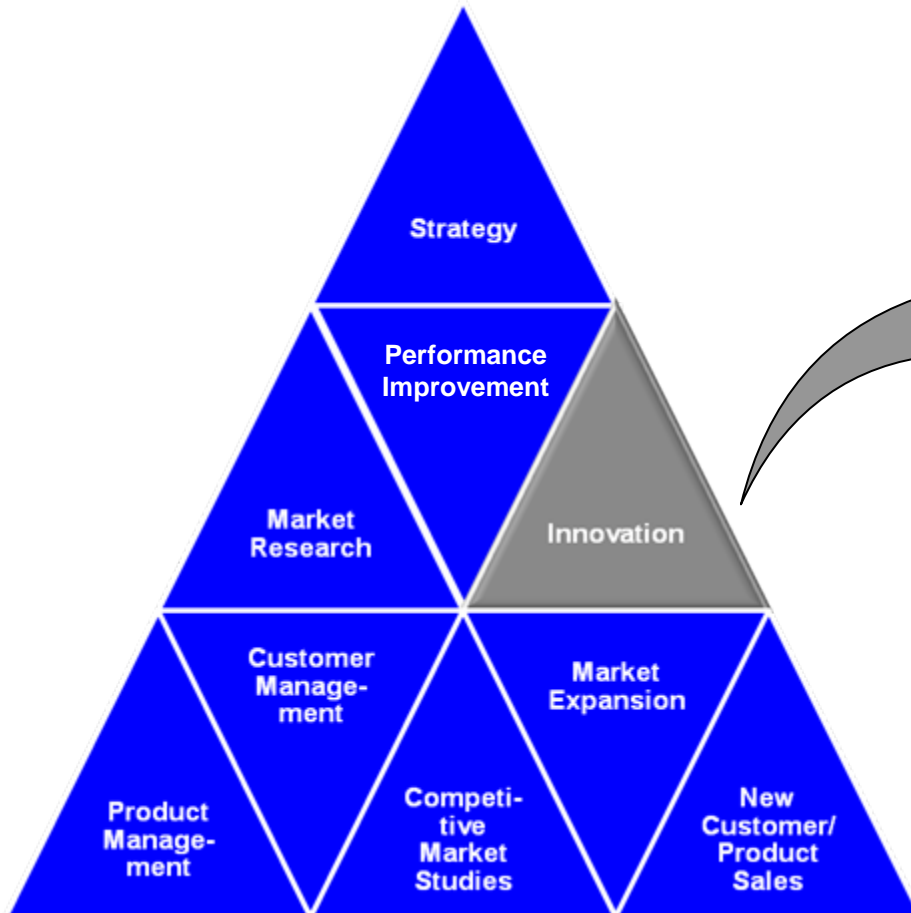


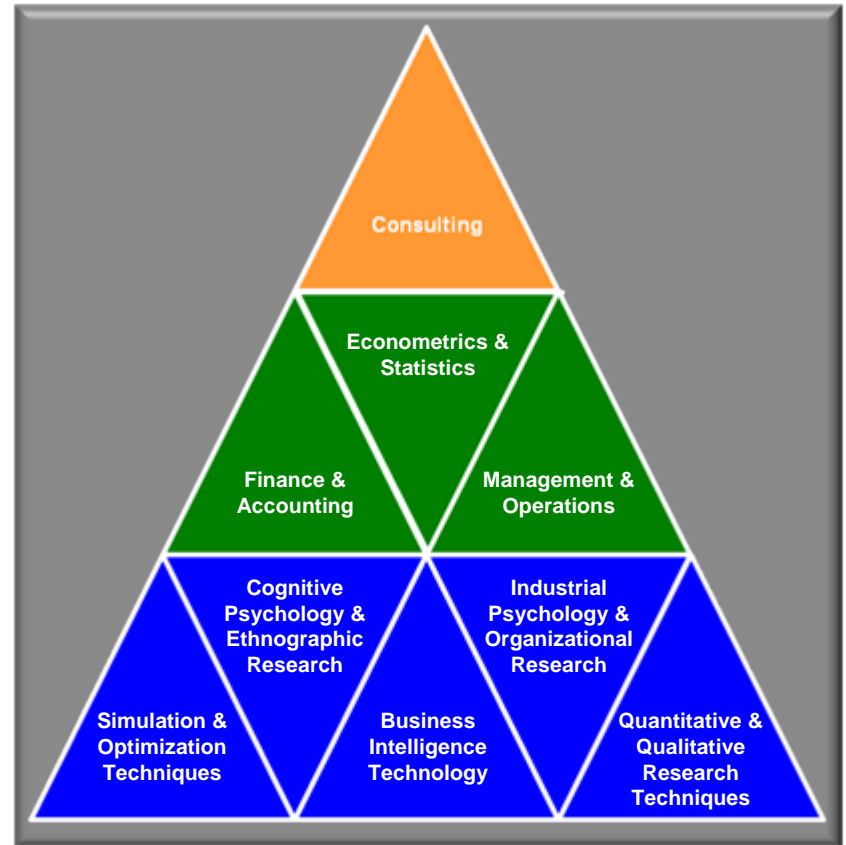
# Consulting Services and Innovation Lab Capabilities

We deliver a full-range of consulting services with considerable “bench strength” when it comes to quantifying innovation with our signature innovation tool

## Consulting Services



## Innovation Lab



# The Innovation Lab

---

The Innovation Lab is designed to provide that insight by developing the right offer targeted to the right people at the right time

- **What is it?**

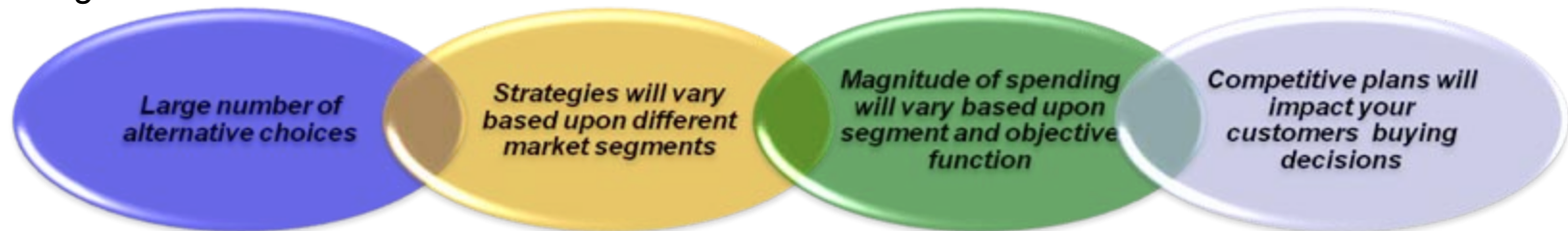
- A proven methodology that integrates a variety of techniques for the purpose of developing and analyzing change in marketing, operations, risk and other business functions
- Differs from traditional methods in that it goes beyond the fundamental use of historical behavior to predict future performance

- **What are the benefits?**

- Enables the evaluation and optimization of alternative concepts and scenarios
- Delivers a Predictive Scorecard™ to enhance management decision-making and score targets for coordination of offers/treatments

- **When is it used?**

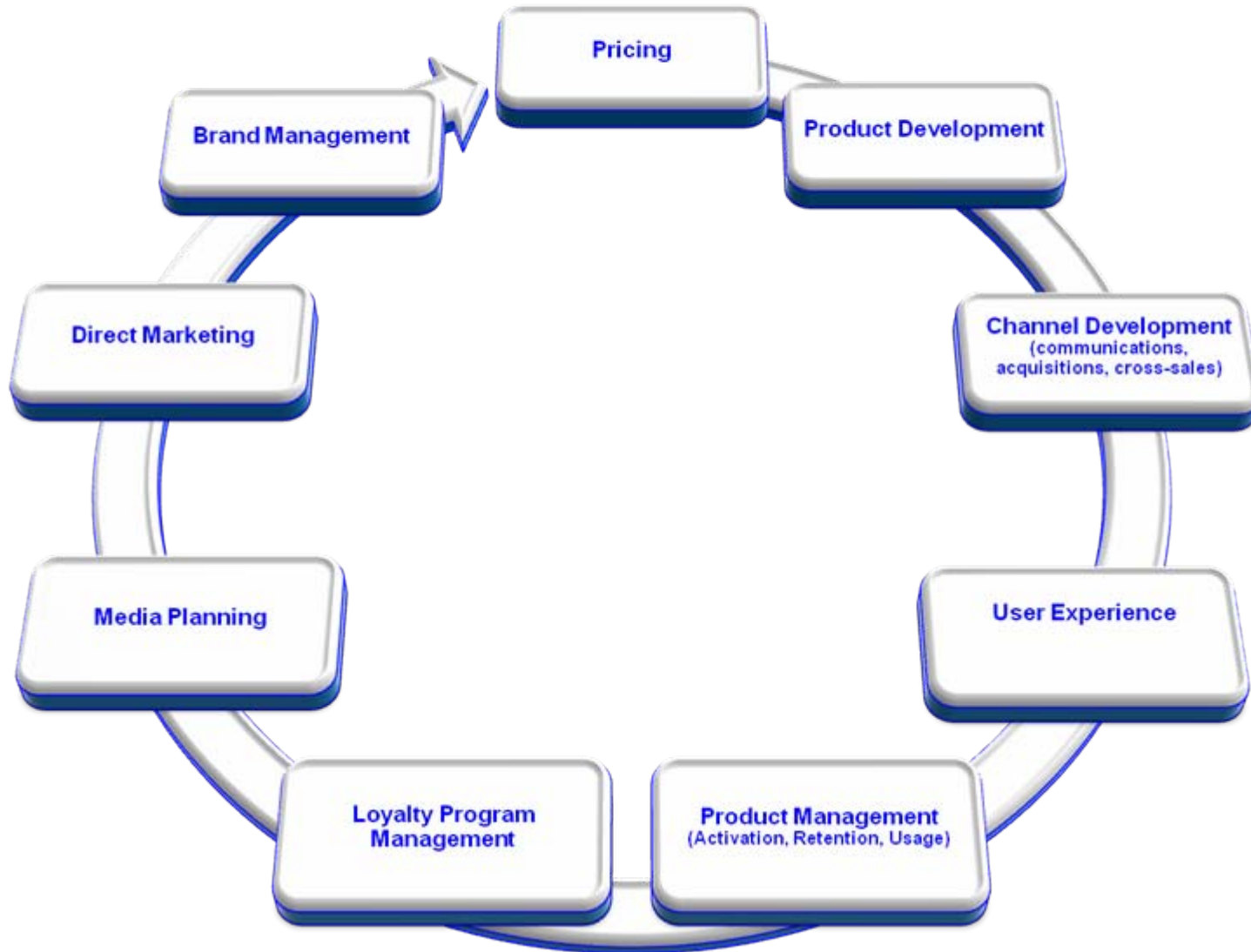
- Can be applied to a wide variety of situations where a complex problem exists and an optimized solution is sought



- Used by a wide variety of firms in financial services, retailing, telecom, technology and more

# Potential Applications of The Innovation Lab

This future vision of the world can be focused on specific market segments and/or across functional “jobs” within your client’s organization.



# Proprietary Methods

---

## ***Strategic Brand Association Maps***

- SBAP provides marketers with valuable consumer-based insight into a brand's associations. This insight leads to:
  - Strengthening of a brand's position
  - Increasing marketing effectiveness, and
  - Establishing a highly sought after competitive advantage
- Brand association mapping provides:
  - Comprehensive view of the brand
  - Bottom-up view of the brand
  - Systematic method of uncovering brand associations
  - Detailed analysis of the associations
  - Thorough and complete brand map of the brand (and key competitors) and accompanying associations

## ***Strategic Marketing Anticipating Responses & Timing***

- The SMART Framework explicitly accounts for dynamic aspects of competitors, channel members and customer markets to provide predictions of both the short and long run impacts of pricing and other marketing policies
- The key element of a SMART analysis is inferring competitor objectives, capabilities and decision rules in order to predict their actions.
- The reaction functions and competitor's estimated response times derived from SMART's four-step process are used to form a dynamic market simulation that can be used to predict the dynamics of competitive behavior.
- The SMART approach is superior to the more typical "what if" analyses that forecast market outcomes given one or more competitive responses.

## ***Ad Spend Optimization***

- The specific problem solved is how to optimally allocate the ad spend budget across media, geography, time and product or line of business.
- The approach has three components that come together
  - Statistical modeling of advertising response
  - Economic modeling
  - Simulation & constrained optimization
- The ad spend optimization model is used in the planning process to generate forecasts for each media unit

# The Innovation Lab Methodology

Uses a 6-step Process with a Pre-Lab



- Look at historical data and “consumer” perspectives to drive **model specification and research design**
- **Test new innovations pre-market or in-market** with representative sample

- Using the proprietary data collected, **build sophisticated behavioral and financial models** that are integrated into the simulator

- Based on complex operations research techniques, **optimize business decisions** through “what if” simulations
- Provide a tailored executive dashboard based on MII’s Predictive Scorecard™

# Sample Case Studies

## **Case 1 – Top Telco Provider**

- As the small business market continues to grow and become more lucrative, client wanted a strong, profitable presence
- Innovation Lab was the testing ground for new tactics and service characteristics
- Results of testing over 395 offer combinations among 2,000+ small business decision makers revealed that:
  - As a first mover strategy, client can rapidly create an installed customer base AND significant revenue by setting prices high on add-on services (customers were relatively price insensitive)
  - Maintaining position as competitors enter will require proactive tactical anticipation of the market dynamics (vs. reactive)
  - Building a strong relationship with businesses that have 21+ employees will be the most lucrative (biggest spenders)

## **Case 2 – Financial Services Company**

- Client faced strong downward pricing pressure in its Life, Pensions, and Investments businesses (Planning, Shopping, and Manufacturing)
- Used Lab on three levels: business model strategy, value proposition testing, and offer testing
- Recommended services model resulted in significantly higher profitability and market share than current Integrated model
  - Recommended services returned 375% increase in profit and 428% more market share
  - Large-scale volume growth due to multi-brand retail model

## **Case 3 – Major Electronics Retailer**

- For 2 years, client faced decreasing comparable store sales, increasing customer dissatisfaction, and declining profitability within a weakening economy
- Lab helped client improve the in-store and pre/post-store visits by testing new experience concepts through pre- and in-market testing
- Client realized:
  - 15% growth in spend by using a Store Greeter
  - 16% more revenue by offering a delayed warranty (vs. at POS)
  - 15% more profitability with new sales force compensation system

## **Case 4 – Wireless Provider**

- Despite improvement efforts, client was feeling pain of customer churn: net connections down; competitors establishing loyal customers and building relationships; reducing churn by 2% would increase profits by 10%
- Surveyed 1,400 customers and defectors to understand the type and level of rewards program that would be most attractive AND cost-effective AND for which customer group
- MII determined that:
  - The best loyalty program that the client should offer has the rewards equivalent of a 17.5% discount for the cost of 4%
  - This would pay back its reward costs with a 6-10% tenure increase
  - Client brand name is strong and is equal to an 8% price premium

# Contact us

---

**Hugh Bowen**, Bowen Research

**[hugh@bowenresearch.com](mailto:hugh@bowenresearch.com)**

611 San Benito Street, Half Moon Bay,  
CA 94019

(650) 712-1506

Cell (650) 678-1543

