

# REDISCOVERING THE CUSTOMER

The structure, form and color of crystals in a kaleidoscope change with every rotation.

*Quantitative Demand Management (QDM)* offers a similar polymorphic market perspective: One could say it is the kaleidoscope of the digital age.

**D**igitization gives us a previously unparalleled wealth of data. Data made available by the internet because consumers purchase products, book trips, and search for recipes, jobs, and partners online. QDM presents a new, multifaceted perspective on the large amount of data that providers and customers leave behind in the internet, because it makes this volume of data useful through the help of quantitative models for analysis and forecasting. This is the basis for taking the step from supply-oriented economies to the purely demand-oriented development of goods and services that defines the principles of the on-demand economy.

To make this data useful for the different functional areas and ultimately for the overall strategy, it must be pulled from countless sources on the web, organized, and summarized and evaluated in complete models. In short: Those who can find, merge and read the myriad of traces that customers leave on the net have the advantage! QDM, "Kaleidoscope 4.0", plays an important role in this process. "The individual request does not just provide additional sales markets through finer segmentation, but also higher margins. But this is only profitable for those who have QDM methods and instruments to connect data traces to demand models, thus gaining insight into consumer behavior, local and global market trends, communities,

disruptive innovations, or new technologies", explains André Belitski, Senior Quantitative Business Modeler at the Horváth & Partners Steering Lab in Munich. Trends are changing at an ever-increasing rate. Today's innovations on the market lose their significance tomorrow with the next development stage. Using QDM can help keep pace with this rapid development, or even get ahead of it. Using the data in the internet, it generates the information that creates the basis for development of needs-based offers in a company's own business segment.

#### DISCOVERING NEEDS INSTEAD OF GENERATING DEMAND

This becomes increasingly necessary because the internet has made consumers into product experts, or even "prosumers": Sovereign when making purchasing decisions, because goods are quickly and globally available; influential, because each subjectively experienced benefit or drawback can be made known virally using rating portals. With this critical, sophisticated and emancipated attitude, the customer has significant influence on the reputation of a product or company. What's more, a global paradigm shift is taking place: Ecological, social and ethical criteria are becoming deciding factors that influence acceptance and demand for a product or service. As a result, companies' credibility and reputations are on trial in front of a highly sensitized public like never before.



*Those who proactively discover the needs of the customer instead of forcing products into the market will operate intelligently and on demand.*

If one considers all the factors at once – the availability of data in the internet, consumer emancipation, and the growing orientation towards sustainability – the following becomes clear: The balance of power between providers and buyers is being turned upside down. This makes it all the more important to shift orientation from supply to demand. This means proactively identifying needs and placing all energy

into differentiated adjustment of the supply until there are customized offers, instead of forcing available standard products into the market. Quantitatively differentiated brand, customer, product, and competitor analysis based on big data, as it is used in QDM, must lead the way. This can dramatically increase the quality of many products. This is the only way to achieve information and controlling sovereignty in highly digitized global markets. The benefits of QDM are obvious: Only those who become masters of all available information are able to recognize and effectively use even the smallest trend fluctuations and weak market signals early on.

**INFLUENCE DEMAND WITH CONSUMER INSIGHTS**

In doing so, QDM is the path to the customized on-demand economy of the future. The "average customer" – who has never existed – gives way to the individual with highly specific needs and desires. QDM works in wide areas, even on the subconscious side of needs – which has become possible in recent years thanks to big data and machine learning. Using different tools (see the adjacent diagram), QDM integrates information from the relevant functional areas in one's own company and combines them proactively with the needs of the market. In this way QDM combines information from marketing, sales, CRM, product and brand management, strategy, and controlling, with external knowledge and data, often from thousands of sources on the net. The change from needs- and demand-oriented business models makes significant cost savings possible in nearly all areas of a company, and enables far more efficient sales and marketing structures: An instrument that is essential for the profitable, highly customized on-demand economy of the future.

QDM is only at the beginning of its steep potential trajectory. Because products and services are also becoming smart and connected to the company through the Internet of Things, QDM will become the central instrument for marketing and sales in all modern companies within a few years. ■

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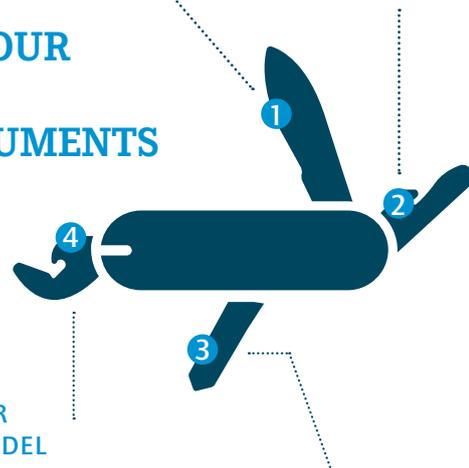
**DEMAND OFFER MODEL**

Determines and integrates all customer data and decisions, and product data including competitor data

**INNOVATION RADAR**

Recognizes relevant innovations and trends worldwide – differentiated and based on the source

**THE FOUR QDM INSTRUMENTS**



**CUSTOMER VALUE MODEL**

Pools all customer data in order to identify needs and demand with the highest resolution, and to determine customer value contribution

**CUSTOMER INTERACTION MODEL**

Merges all points of interaction between the customer and company that serve needs-based development of the offer portfolio and realize cross-selling potential

**WHAT QDM ACCOMPLISHES**

- 1 / Differentiated analysis of market and customers
- 2 / Higher product margins using customized offers
- 3 / Greater effectiveness for innovation and development
- 4 / Higher product quality
- 5 / Reallocation of sales and marketing costs from push activities to pull measures
- 6 / More innovation cycles with stable costs
- 7 / Higher turnover with stable sales and marketing costs
- 8 / Higher brand value among customers and on the market