



**EX**perimental  
**L**earning

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

# Big Data and Social Analytics certificate course

**MODULE 8 UNIT 1**  
**Video 2 Transcript**

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**SA+P**

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## MIT BDA Module 8 Unit 1 Video 2 Transcript

### Speaker key

AP: Alex Pentland

HY: Hapyak

AP: So, one of the questions about Living Labs is, why should we go to all of this effort to set up something where there's real people living in it continuously? Why don't we just do a focus group? Or why don't we just analyze some data? And the reason has to do with a general policy of innovation for an organization.

Things change continuously. Technologies come in. New habits come in. You need to begin to ask, continuously, how are circumstances changing what we do and where are the new opportunities? And what a Living Lab does is it gives you the opportunity to, with very little additional effort, ask new questions.

To try out new things. To look at, what are the problems that are likely to crop up? It's sort of focus group writ large. But it's not just what people say to you. Because, usually, if you ask them questions, they say, well whatever is socially acceptable.

In a Living Lab, you get to see what people actually do when they have a new technology, or a new problem, or a new circumstance. So it's like the early warning radar for your organization. Not only is it something that tells you about problems, but also tells you about opportunities.

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And the very best companies are continually innovating these days. And they're using things, like Living Labs, to be able to test out these innovations quickly, to refine them. They're working with the customers in these small areas, where it's cheap and fast to do it, to be able to outpace the competition.

HY: What are the advantages of running a living lab?

A living lab allows a company or brand to ask new questions, and test their innovations, but without risk to their brand and without the cost of a country-wide rollout. Through living labs, companies can actually see how people react to and make use of their products and innovations, and not just rely on verbal or survey answers.

AP: So, an example of a company that uses Living Labs is Nike. They have dozens of test stores, where they introduce new types of shoes weekly. And then they look at how that takes off. And they squash most of them, but some of them eventually turn into worldwide products.



Another one is the example that I mentioned of Andorra where they're looking at what events draw more preferable tourists. The tourists that are going to stay longer and spend more money. And you set that up as a continual thing, because tastes change, new events come along.

You want to stay with it, not be relying on data that's from last season or five seasons ago.