Winter **2014**

GRIT

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INNOVATIVE FIRMS

GreenBook
# Research Industry Trends Report

+What it all means (commentary by industry leaders)

With increased international participation, the percentage of respondents from North America is 45%, the next largest segment is Europe at 38%, Asia comprise 9%, Latin America makes up 4%, and all other geographies combined contribúted less than 4% of the sample.

Due to the relatively small base sizes outside of North America and Europe, we have opted not to show regional breaks consistently other than where we think it ads comparative value, although as always we encourage all readers to make use of the interactive online GRIT dashboard to conduct additional analysis.

What is the range of your company's annual market research billings/ budget for primary market research (in USD)?
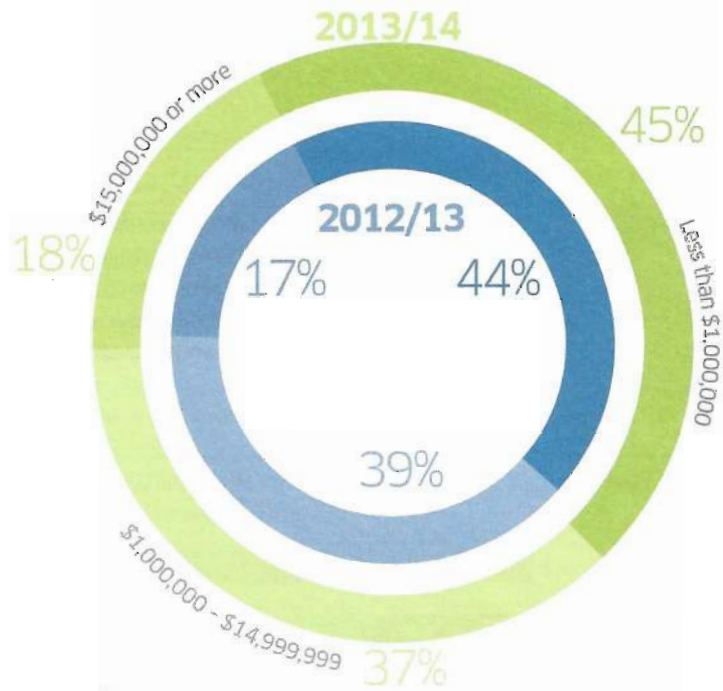
Where is your market research organization based or headquartered?

Column %	2013/14	2012/13	2011/12	NET
North America	45%↓	51%	65%↑	51%
Europe	38%↑	29%↓	21%↓	32%
Asia and Oceania	9%↓	12%↑	8%	9%
South America	4%↑	2%↓	2%	3%
International or Missing	2%↓	4%↑	3%	3%
Middle East and Africa	2%	3%↑	1%↓	2%
NET	100%	100%	100%	100%
Column n	2,229	1,374	818	4,421

In-depth Interviews with Client-Side Researchers

As a new component of GRIT this year, Ron Sellers of Grey Matter Research conducted a series of in-depth interviews by telephone with client-side researchers to explore their views on vendor selection and adoption of new tools and techniques. The participants included:

- Brian Cain, Merck
- Jill Capps, Gorton's
- Sylvia Choe, Marriott

- Tom Morder, Chick-fil-A
- Kyle Nel, Lowe's Home Improvement
- Kelley Peters, Post Foods
- Edwin Roman, ESPN
- Stacey Symonds, Orbitz
- Bill Tamulonis, Erickson Senior Living
- Marc Philippe Witham, Schneider Electric
- Dan Womack, Aflac

Five participants were interviewed about research vendor marketing – how suppliers market and promote their services, how clients learn about new vendors, etc. The other six were interviewed about "NextGen" insights techniques ranging from mobile research to biometrics. We've woven these in depth interviews into the sections "The Drivers of Supplier Selection" and "Adoption of New Research Methods" within the report to add nuance and context to the overall findings.

Understanding Client Views on Supplier Selection

Ron Sellers of Grey Matter Research conducted a series of five in-depth interviews by telephone with client-side researchers to explore their views on supplier selection.

Although obviously there is no quantitative projectability involved, it is still interesting to note how much agreement there was. Participants report being inundated by vendor marketing, promotional and sales attempts. Unsolicited email is the most common, followed by phone calls. However, for clients, the preferred way of finding out about new vendors is word of mouth.

- "Everybody says they do great work. I'll listen to somebody whose opinion I trust, so it's mostly word of mouth."
- "I'd say past knowledge and experience would be the number one way."

The second way that clients learn about new vendors is at conferences, particularly if the vendor is actually presenting. At the same time, some clients did note that conferences could be frustrating, because so many vendors target them during that short time.

- "People that we see at a conference or a seminar. That's how we ended up with our online software vendor. I had known a little bit about them in the past, but I went to a conference or workshop on online research, and they were there giving the presentation. "
- "I think it's finding the right events and probably finding the right ways (to approach people). Because the thing that I find terribly frustrating at conferences is people just out of the blue showing up, or literally bugging you to death when you have that two or three days out of the office that you rarely get to do something other than work for a few minutes."

Networking and personal relationships are critical for most of these clients.

- "I'll be honest; the [people] that I generally meet and wind up doing business with are the ones who aren't trying to sell anything. They are doing something to give back to the industry or contribute to the work we do as a whole. And I get to know them through that, and over time I get to know their business, and we find a way to work together."
- "I would emphasize the social media aspect of it. If I have seen a good comment (on LinkedIn), I have contacted the person. That was an element in choosing somebody for an Ethnography study that we just completed."
- "It's hard to differentiate between vendors. I think that's why, at least for me, it comes down to the personal connection. If I am at a seminar and sitting at a table with somebody , in my mind, that's going to give them a plus over someone else I don't know. Meet me in person."
- "Get to know me first and worry about the sale after that."

Clients reported that the is the people behind a company or a methodology are key.

- "I'm convinced that the individuals behind are the most critical part."

There is very little feeling that research vendors have differentiated brands. Some clients tended to differentiate a few vendors by size or by methodology or specialty, but the brands themselves generally had little real meaning to clients. This is particularly true with services such as qualitative recruiters, field centers, and other established methods where there's not much that's revolutionary in terms of the approach offered – clients really couldn't name many brands that stand out to them in any way or have any equity.

- "If I were to think of a good brand of automobiles, I can immediately think of a Mercedes. When it comes to market research vendors, no, I don't think there are really strong brands out there. "
- "Very undifferentiated. It always surprises me, given the work that we all do – you would think that we would understand [brand differentiation] as well or better than anybody. "
- "I'd say by and large it leans more toward the commodity market."

The perception that research brands are largely undifferentiated goes hand-in-hand with the perception that research vendors too often see potential clients as undifferentiated. These clients complained strongly about how many times vendors approach them in an entirely impersonal way, knowing nothing about them or their needs (and yet still promising to solve whatever those needs may be).

- "They don't even know if I'm sales or marketing or market research. "
- "[Their biggest mistake is] not asking me what I'm looking for first. They start talking about what they do and what they offer without knowing what is on my plate or what's keeping me up at night first."
- "Understand what my needs are a little bit better instead of one size fits all. The target group is all heads or VPs of insights, but we may not all have the same needs."

Similarly, clients reported strongly feeling that too many vendors don't treat them as people, but as potential accounts. In short, there was a pervasive sense that too much vendor marketing focuses squarely on solving the needs of the *vendor* (for more sales), rather than caring at all about actually learning and solving the needs of the client.

> For clients, the preferred way of finding out about new vendors is word of mouth

> Personal relationships are critical for most clients

> There is very little feeling that research vendors have differentiated brands

- "If on the rare occasion I am able to answer a call or get on the phone with someone, and then I learn that they are only trying to set up an appointment for me with someone else, because they don't know crap about this industry, that is incredibly frustrating."
- "It's very generic. They don't really mention any specifics, a specific need or a specific project. It's just very general. You can tell they're just kind of fishing. "
- "I am talked to as though my needs are the same as everybody else's. And it's all about the vendor and not about me. Get to know me. If you're in the market research and insights industry, isn't that your job? Isn't that what you're helping us do? So why aren't you doing it yourself?"
- "Just try to be a normal person. Forget you're trying to sell me something. Use normal interpersonal skills to keep the relationship open. Don't come to me and say, 'What's the next project for us?' Treat me as a person as opposed to the next client that they can check off."

An extension of this problem is when vendors try to circumvent the research department and reach out to other people in the company, or just blanket as many people as they can in the company. This really leaves a bad taste in clients' mouths.

- "We've had a few potential suppliers become non-potential suppliers when they didn't reach the insights team and they started branching out to every other part of the organization. That only generates more phone calls for me, because people internally will forward stuff or call me, and we don't want a lot of research going on outside the insights team. And here a company is trying to sell just that."
- "It does not do a research company any good to blanket our corporate e-mail system with cold e-mails! In our organization, people will forward those to me, and then I get to chuckle at the duplicated 'personal touch.' It tends to give me a feeling of the kind of attention my project might get."

There were also complaints about vendors that promise to do everything. Specializing in everything usually creates the impression that the vendor really specializes in nothing.

- "Pick a niche and just become known as a specialist or an expert in a particular industry or market segment or methodology. I guess those might be the three ways you could differentiate yourself."
- "[The most overdone message] for me it's that they'll do anything and everything, it'll be a top-quality job, and they haven't asked me what kind of work I might need. "

These clients also largely dismissed vendor advertising as bland, undifferentiated, and ineffective.

- "I don't think much of it. In maybe ten years of looking at Quirk's and other ones, I can remember one ad that I really liked."
- "It's not very effective. They all usually have a picture of a person that's either the company president or supposed to be like a respondent' that kind of thing. "

The balance between vendors managing to keep their name in front of potential clients and becoming an annoyance is delicate. These clients acknowledged that unless a vendor stays in their view, they'll forget about that vendor, so they recommended persistence. At the same time, they didn't want to be constantly bothered. A substantial distinction between "staying in touch" and "annoying me" is whether even a modicum of a relationship exists. If the client has even a slight personal connection to the vendor, "staying in touch" can actually mean "staying in touch." If the client is being treated as the next number the vendor is calling, "staying in touch" can quickly fall over the edge into "annoying me."

- "If I have a relationship with them or I know them, of course I'm going to respond to them."

In terms of contacting potential clients with something of value rather than just a sales call, content marketing also has value for these clients.

- "Send me a little something every once in a while with an interesting article you've read or an interesting white paper you've written. Send me a story like that that sticks in my mind or gives me something to remember you by."
- "[Content marketing] gives them a lot of credibility. It gives me a sense of expertise, particularly when I'm thinking about whitepapers. I like blog posts because that shows me they're active in the dialogue of what's happening out there."
- "The next best thing [to conferences] would be if they publish things in industry publications. If they're sort of out there as experts, then that sticks with me as well."

In short, these clients roundly criticized many of the attempts at vendor sales, marketing, and branding as undifferentiated, impersonal, and focused on what the vendor is selling rather than on what the client may need. Some marketing messages might get through, but primarily when fortune dictates that the message comes at a time when they just happen to need that service. The personal touch is critical, through high-visibility activities such as participating in industry functions, presenting at conferences, or being part of the social media conversation, but also through the simple act of treating the potential client as a human being rather than the next potential sale. In an industry of relationships, clients want to buy from and work with people rather than just companies.
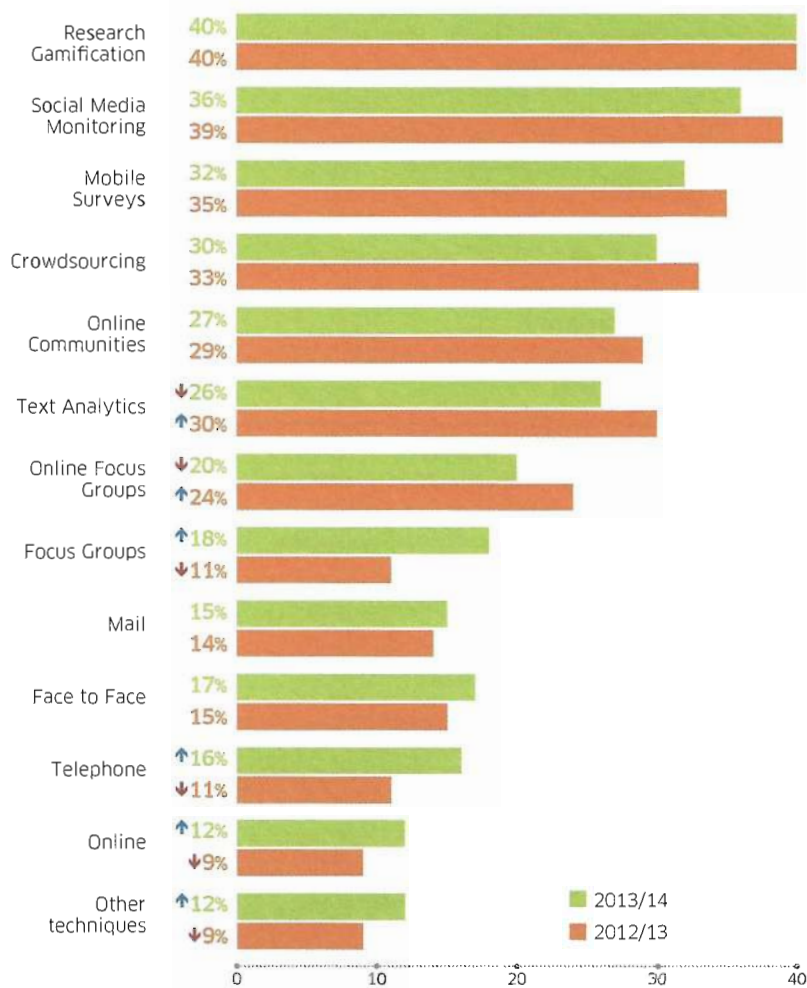
> Too much vendor marketing focuses squarely on solving the needs of the vendor

> Clients also largely dismissed vendor advertising as bland, and ineffective

> Content marketing has value for clients

Reasons for Not Using Techniques

Techniques of the future: 2012/13 vs. 2013/14

Technique	2013/14	2012/13
Research Gamification	40%	40%
Social Media Monitoring	36%	39%
Mobile Surveys	32%	35%
Crowdsourcing	30%	33%
Online Communities	27%	29%
Text Analytics	↓26%	↑30%
Online Focus Groups	↓20%	↑24%
Focus Groups	↑18%	↓11%
Mail	15%	14%
Face to Face	17%	15%
Telephone	↑16%	↓11%
Online	↑12%	↓9%
Other techniques	↑12%	↓9%

■ 2013/14
■ 2012/13

Amongst the people who said they did not use a technique, the reasons tend to fall into three groups. For older techniques, such as Mail, Telephone, and Focus Groups, the inhibitors tend to be that they are slow, expensive, and not fashionable. For Online, a massive "newish" technique, the inhibitions tend to be 'old-fashioned clients' and lack of proof it works.

For the newest techniques, such as Research Gamification, Text Analytics, and Crowdsourcing, reasons tend to be lack of knowledge, lack of proof, and technological limitations. When respondents were asked to indicate for which approaches they had experienced inhibitions, the results are illuminating.

The data in the chart shows that inhibitions were experienced in the same main areas in the last year as in the previous year. However, the data do not suggest that inhibitions were necessarily the key reason when a methodology was not successful. Three of the approaches most mentioned as creating inhibitions were also the top three most adopted approaches (Social Media Monitoring, Mobile Surveys, and Online Communities).

However, this data does suggest that Research Gamification and Crowdsourcing would benefit from approaches that made it easier to learn about them and easier to implement them.

Understanding Client Views on New Research Tools

No client saw NextGen approaches as complete replacements for traditional techniques

Ron Sellers of Grey Matter Research conducted a series of six in-depth interviews by telephone with client-side researchers to explore their views on "NextGen" research techniques and tools.

The old joke is, "What do you have if you have one hundred economists in a room?" (One hundred different opinions!) It seems this applies also to a room full of researchers if the topic is the future of the industry. This is true if you read the GreenBook blog, LinkedIn discussion groups, and all the other chatter out there, and it certainly was true of the six participating clients. These clients universally reported feeling that the industry is changing with the plethora of new techniques. But there are wide differences in how much they're using NextGen methods, and even which ones they're familiar with. As one client described it, "It's a professional mess."

There is wide variation in terms of which methods are being used by different companies, ranging from mostly traditional approaches with a smattering of NextGen, to mostly NextGen with a smattering of the traditional. No client saw NextGen approaches as complete replacements for traditional techniques. An analogy that came up a number of times was *adding tools to their toolbox.*

- "I have trouble saying that any of [the traditional tools] are invalid. I see the tools we have as a toolbox. So I still see that they have applicability. I haven't ruled out any of the 'older methods', not because I'm being stubborn but because I'm trying to evolve older and new in a purposeful way."
- "What's going on is more tools are being added to the toolbox, and it's coming at a very rapid rate. I think that's what a lot of folks are dealing with."

There were many comments about companies "putting a toe in the water" with some of the NextGen approaches – testing them to see whether they are valid. For many, the jury was still out on some of the newer techniques. Only one respondent had jumped in with both feet, and he admitted to being an outlier even in his own company.

- "We started slowly, and we're deploying them to a greater extent. We are understanding them. We first put them in a test and control, and we're seeing benefits with those different kinds of solutions."
- "We'll often talk to potential partners about these more non-traditional techniques and try something small. So maybe like a small pilot test and see how it goes; a low-risk, low-finance investment and see what happens."

Although the consensus is that the NextGen techniques are not wholesale replacements for traditional research approaches, inevitably with more tools available, individual projects are seeing some shift away from the traditional. This is especially true of the long, cumbersome brand tracking studies.

- "Our large trackers, they're completely gone now. We replaced them with a five-question Google survey. A micro-survey platform."
- "What's the replacement for that? That's on my radar screen to figure that out. But it's not an urgent, immediate need. It's a transition. It's an evolution."
- "I think traditional tracking programs will continue to scale back, and I think they'll probably be reported on less frequently or less granularly to make room in the budget for things like social."

Yet there generally is a belief that the traditional methods will continue to be used as well.

- "I don't think it's about being dead or obsolete. It's about evolving to stay relevant. Surveys need to be shorter. They need to be engaging. They need to be mobile friendly. But they're not dead. And the same with focus groups."
- "I think there's still a role for the survey in the world today. You can focus a person's attention on something for a period of time, where if you're in social media, you have no control over what you talk about, how long it gets talked about, how deep you go, or how much you understand it."
- "I think some people are wholeheartedly embracing some of these new techniques without knowing if they're completely 100% reliable, accurate, and valid. At one of these conferences recently a corporate side researcher said a very jarring statement, something like 'surveys won't exist' or 'I won't be using surveys in five years', or something like that. And I thought that was a little sensationalist."

Everyone reported feeling that the industry is changing, but there is widespread disagreement as to the rate of change, the wisdom of some of the change, and what change is actually taking place.

- "It's going to be transformational. Maybe even revolutionary. Data collection methodologies have got to change to keep up with the consumer. "
- "You're going to have convergence and divergence going on at this scale that we've never seen before. I think there's going to be a lot more convergence going on between neuro-data and Big Data and social media and all these things that will happen pretty quickly. "
- "I think marketing research is a relatively slow-moving industry; probably too slow, to be honest. I think we are a rather conservative bunch. So I don't see any radical shifts or abandonment of traditional approaches. I see it more as a gradual layering in of the new approaches."

When it comes to individual techniques, there are many different perspectives on what's valid and what's not. Some worried that Eye Tracking and Neuroscience are unproven and don't explain the "why," while others are excited about these techniques. Some are using Google Surveys while others feel that there's not much usefulness there. Some feel Social Media Analytics are dangerously misused and over-rated, while others use them extensively. Some are excited about Big Data while others feel it's not strategic enough.

- "I think part of the problem is people over-rely on social. People treat it as if it's completely representative. This idea that almost anybody can do their own research because they can just go on a forum or a blog or Twitter and extract their own insights – I think that's a completely invalid way of thinking about research."
- "We are doing social media monitoring. That one is now a standard tool in our toolbox. It has joined the hammer, the screwdriver and the wrench as foundational. Big Data is right behind it, without a doubt."
- "There's so much hype about social media research and text analytics and natural language processing. And there are some cool things going on there. But ultimately, is it as predictive as other things that we have? I don't know."

Participants were also quite open about the fact that they simply lack experience and/or knowledge about some of these approaches.

- "Neuroscience, I'm in the learning process there. I'm intrigued by it. I think there's probably something there. Behavioral Economics – I'm still trying to figure out what that means. I'm still not certain I can even explain it to myself."
- "I would say some of those I think we're still all learning, so it's hard to say whether they're completely valid or not. It's almost like a lot of researchers are on the fence in terms of wait and see what those things can potentially provide."

There were also numerous comments indicating that researchers have to be able to sell the approach internally.

- "I want to make sure I'm in tune with what my organization needs and can tolerate, in terms of risk and acceptance."
- "Is it a methodology that our leaders would accept at face value? It's like, 'What? You put probes on people's heads and you're watching brain waves? That's creepy to me.'"

Clients didn't seem concerned about their own future in the industry, although many could see a shift from client-side researchers actually *doing* much of the research to them managing specialists in various techniques who actually do the work.

- "There's no threat to me at all. As a matter of fact, it's the reverse. I'm excited about the opportunity. Just go find the experts that I can trust as trusted partners. I just need to know great people that do great work and orchestrate that in a way that impacts the business with great insights, conclusions, and recommendations."
- "I don't feel too worried. But I do think that if you want to go into research today, you should have a pretty broad base to draw on. If you just learn traditional survey questioning, that will probably set you up for failure."
- "If I broadly look at what the skills required to be a researcher are, they've evolved in some cases to much more of a consultant or a business owner, being able to manage outsourced agencies."

Many of the respondents are willing to use their existing vendors for NextGen techniques, but there was a feeling that the old-line vendors aren't adapting quickly, so the newer specialists ultimately will benefit from increased business.

- "I think the new vendors bring more innovative ways of thinking, certainly. But having the blessing of a traditional vendor does bring more credibility in terms of the validity of the approach and how it compares to traditional research and, theoretically, a more objective opinion of that."
- "I'd say (I look to) the new vendors, the specialized vendors, for sure. I like (the traditional vendors). I really do. But their systems are so set up for the old way. It's not agile enough. It's too expensive. It's much more time-consuming."
- "I think there will always be a place for the full-service vendor, but I think they will have a more difficult time maintaining that posture in the marketplace going forward. The industry appears to be moving to more boutique-ish, specialized areas."

However, a danger for newer vendors is when they market a NextGen approach as a complete replacement for traditional methods. This was almost universally a major turn-off for clients, even for those who are sold on NextGen techniques.

- "You know what? I actually think it erodes their credibility with me. I would never buy into that idea that there's like one solution to everything."
- "I've encountered that actually many times. Words like 'replace' or 'these things don't have any validity or aren't helpful anymore,' those are the types of words that actually will end the relationship before it even starts."

Overall, there was no consensus at all beyond the feeling that the industry is changing and that many things are in a state of flux right now. It's important to note that clients generally feel that their company's situation is unique (specialized target markets, products, customer decision points, regulations, etc.), which can drive whether each approach is valid and useful for them. This topic of NextGen Insights was chosen in an attempt to help bring some clarity to the plethora of opinions about NextGen approaches that appear in blog posts and industry-related social media, but these differing perspectives instead seemed to cement the feeling that it's "a professional mess."

The participating clients ranged from one who felt that the future of insights is almost entirely in the NextGen approaches to one who relies mostly on traditional approaches. This range of opinion can be encapsulated by comparing two different comments from two different client-side researchers:

- "(People) don't really know what causes the things we do. So to ask what they think or why they do it or would do it is largely irrelevant. My philosophical slant is to do as little asking as possible. So where does that leave research? I see a lot of traditional research groups that are just being chipped away. And they don't even see it. They may get it a little bit, but it's largely being wiped out."
- "I think quite honestly I'm a little tired of all of the overblown new stuff that's out there. The truly new is rare. The talk about the new is abundant."

These views are amply supported within the quantitative portion of GRIT as well,. Having these qualitative insights as deeper context to the findings in the GRIT survey are invaluable to adding nuance and putting a "human face" to the numbers we are focusing on throughout this report.

There are many different perspectives on what's valid and what's not

Many see a shift from client-side researchers actually doing much of the research to managing specialists

A danger for newer vendors is when they market a NextGen approach as a complete replacement for traditional methods

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