



RIT
MG

RESEARCH INDUSTRY TRENDS MONITORING GROUP: 2009 QUALITATIVE RESEARCH REPORT



CONTENTS

I. INTRODUCTION.....	4
II. RESEARCH INDUSTRY SNAPSHOT.....	4
BOTTOM LINE.....	6
III. DISCUSSION OF KEY ISSUES.....	7
PRICE OR BUDGET PRESSURE FROM CURRENT ECONOMIC CONDITIONS.....	7
OVERALL BUSINESS OUTLOOK.....	7
THE ECONOMIC PRESSURE COOKER.....	8
INSOURCING VS. OUTSOURCING.....	9
INSOURCING DRIVEN BY ECONOMICS AND TECHNOLOGY.....	9
INSOURCING OR DIY.....	10
ARGUMENTS AGAINST INSOURCING.....	10
NON-RESEARCH MANAGERS DOING THEIR OWN SURVEYS ON THE INTERNET.....	11
RESEARCH TREATED AS A COMMODITY, WITH LESS WILLINGNESS TO PAY FOR HIGH QUALITY.....	13
GETTING NO RESPECT.....	13
MARKETING RESEARCH MARKETING.....	14
DEVELOPING A MARKETING MESSAGE.....	14
SPECIALIZE AND INNOVATE.....	15
THE METHODOLOGICAL PENDULUM.....	15
MERGING WITH OTHER DISCIPLINES AND CONSULTANTS?.....	15
DEMANDS FROM CLIENTS FOR SHORTER TIMELINES AND FASTER DELIVERY OF FINDINGS.....	16
SURVEYS THAT ARE TOO LONG.....	16

CONCERNS ABOUT PROLIFERATION OF PROFESSIONAL RESPONDENTS.....	16
RFPS GENERATED BY PURCHASING MANAGERS WITH CRITERIA MORE APPROPRIATE FOR HARD GOODS THAN FOR RESEARCH	17
DIFFICULTY IN OBTAINING SUFFICIENT SAMPLE FROM ACCESS PANELS.....	17
A MOVE TOWARD PROPRIETARY COMMUNITIES OF CUSTOMERS	17
BULLETIN BOARD QUALITATIVE	18
MOBILE AND SOCIAL MEDIA SAMPLING	18
PRICE PRESSURE BECAUSE OF COMPETITION WITH OFF-SHORE RESEARCH PROVIDERS	19
IV. CONCLUSION	20

I. INTRODUCTION

Since 2003, Rockhopper Research has collaborated with select industry partners to produce the annual Research Industry Trends (RIT) report - covering trends in data collection, technological advances, and the state of the industry. RIT 2009 partners were Cambiar, The Greenbook Marketing Research Directory, iModerate, Market Research Global Alliance, Peanut Labs, Pioneer Marketing Research, Qualitative Insights, RFL Communications, Rockhopper Research, & StrategyOne. Quantitative data collection was completed in early fall 2009, and the survey report was issued in late November.

To illuminate and elaborate on themes that emerged in the survey, six focus groups were conducted in early December, three with research buyers and three with research providers. Groups were conducted on the Rockhopper Research TruVirtual® online interview platform, using both voice and webcams.

Group discussions covered a wide range of topics, but the focus was on the top ten issues that survey respondents identified as key areas of concern during 2009 and looking forward:

Issues for 2009	Top 2 Box (7pt Scale)
Price or budget pressure from current economic conditions	86%
Research treated as a commodity, with less willingness to pay for high quality	73%
Demands from clients for shorter timelines and faster delivery of findings	70%
Surveys that are too long	68%
Non-research managers doing their own surveys on the internet	63%
Concerns about proliferation of professional respondents	53%
Reduction in demand for primary research because non-research managers learn what they need from the web	45%
RFPs generated by purchasing managers with criteria more appropriate for hard goods than for research	44%
Difficulty in obtaining sufficient sample from access panels	43%
Price pressure because of competition with off-shore research providers	42%
Difficulty in finding well-qualified staff	40%
Demands for more visually arresting reports	31%
Less demand for consulting on research projects, more interest in data collection than in analysis	27%
Having to devote more time to training new employees than in the past	23%
Research reports seem to have more mistakes than they used to	21%

Group moderation and report by Bill Weylock, COO Rockhopper Research.

II. RESEARCH INDUSTRY SNAPSHOT

The focus groups reinforced one of the key findings in the RIT 2009 survey report. Economic pressures have been severe and corrosive. They have forced some out of business, forced some to meet extremely aggressive timelines at reduced prices, and have provided a catalyst for experimentation and change. From the Research Providers perspective, the industry and the profession of marketing research face unprecedented pressures to change, adapt, or lose relevance, standing, and revenue/budget.

Respondents agreed that revenue at some of the largest research firms has so far seemed immune, but they also suggested that companies relying on large-scale tracking studies for their income might find clients increasingly dubious about the bang they are getting for their many bucks.

In discussions loosely framed by the top ten issues of concern that emerged in the quantitative research, respondents described an industry in which providers are now meeting client demands for deadlines and price points that they formerly would have seen as outrageous. Research buyers in corporate research departments are also under pressure from their own internal clients to do much more with much less. They have found it more difficult to justify and protect research budgets, staffing, and even the perceived relevance of the research function.

The economic “pressure cooker” of the recession has posed new business challenges to the industry but has also amplified and accelerated the growth of systemic challenges the industry has long seen coming. Managers outside the research function believe they can get direct access to “real world” information by asking questions on Google, Wikipedia, and Zoomerang and bypassing their up-tight marketing research departments.

The profession and the industry seem challenged as never before to defend and promote the value of research to successful missions and the bottom line.

While respondents generally agreed that business is improving and budgets are becoming less constricted, it is clear that the challenges posed by the recession economy have been severe and daunting:

- ❖ Many small and mid-size research providers have disappeared from the scene
- ❖ Staff cuts have hit both research providers and their clients
- ❖ Both are doing more with less
- ❖ Internal clients have been demanding faster and faster turnarounds from their research departments - citing the need to be even more nimble and alert in a challenged economy
- ❖ The severity of the recession and uncertainty about the pace and strength of the recovery have made providers eager to satisfy clients at all costs
- ❖ Research providers are accepting radically compressed timelines and are providing services at greatly reduced cost or as free add-ons

- ❖ The same factors have forced research buyers to accept shorter timelines from their internal clients, which they then pass on to their providers
- ❖ Budgetary pressures as well as quality/control issues have prompted some research departments to bring in house services they formerly contracted to outside providers
- ❖ Internal clients also have been increasingly attracted to DIY research solutions such as Zoomerang and Survey Monkey, bypassing their research departments entirely

In addition to the proliferation of DIY data collection and hosted analytical solutions, new sources of consumer insight drawing on social media have been coming of age during the past year:

- ❖ The ability to hear the unprompted voice of the customer (and potential customer) in frank exchanges with peers represents a gold standard of marketing insights to brand and sales managers
- ❖ The ability to reach out to their customers without the “filter” of marketing research departments also strikes some marketing managers as an excitingly positive option

BOTTOM LINE

While some Research Providers and research departments have been able to hold the line and maintain revenue based on traditional ways of doing research and doing business, most of the industry has been badly battered. Further, systemic changes seem likely, driven largely by the challenges and opportunities of new and emerging technology.

Research professionals must adapt, possibly very fast, to a new environment in which collecting large data sets seems a trivial exercise, where crunching numbers is done before breakfast, where automated solutions increasingly displace traditional “supplier” services, and where simply doing “research” sounds more like a job for Google than the proper focus of a Ph.D.

Of course some of these perceptions are wrong-headed, but understanding how to change them is part of the new industry mission.

III. DISCUSSION OF KEY ISSUES

Group discussions were spirited with high levels of engagement from all participants.

After introductions groups were given a fast review of the RIT 2009 survey findings ending with a list of the top ten issues facing the industry for 2009 and going forward. They were discussed in descending order.

PRICE OR BUDGET PRESSURE FROM CURRENT ECONOMIC CONDITIONS

OVERALL BUSINESS OUTLOOK

The prevailing mood when discussing the economy was somewhat guarded optimism. Most Research Providers reported an uptick in business, but there was uncertainty about whether the surge was a rush to spend down client-side budgets or an authentic revival of sustainable business activity. There was concern about a possible double-dip recession.

“Clients are increasing their research budgets maybe not to where they were before, but they’re feeling knowledge or insight challenged right now and hungry for it. So they’re trying to get the budgets in order to do research” (Research Providers)

“I think that it’s more that people are using up the money that they’ve got because it still seems that people are reluctant, clients are reluctant to spend at the same levels that they had been. Things are taking longer to get approved, requiring higher level approvals than they used to” (Research Providers)

“We’re making money again, but if there’s a second leg to the recession, if the stock market crashes again, which I think is increasingly likely, I don’t know what’s going to happen. I think it could go down again. I don’t think it’s going to go down as bad as what ended last March, but I strongly suspect that it’s going to go down again, and that’s going to be a further shakeout” (Research Providers)

One Provider pointed out that in the custom research sector, patterns shift unpredictably. It is difficult to know if good business means a bright future or a flash in the pan.

“Because we’re in such a project-based environment, I could be having the best year that I’ve ever remotely dreamed of. Next year the client loses funding for it, it goes away” (Research Providers)

Providers agreed that when business began to pick up after the worst of the recession scare, the projects that came through the door tended to be smaller. Many also agreed that the projects they were seeing at the end of 2009 were rush-rush.

“In some cases, as people were coming to the end of their fiscal years, they had money they needed to use up and suddenly it was ‘Let’s get going on this and get it done’ as opposed to having some time to plan and build longer term contracts” (Research Providers)

On the Research Buyer side, most reported reduced budgets and reduced staff - with their internal clients expecting to get more from their research dollars. With administrative costs under review and constraint, research departments found themselves doing much more work for the same compensation and with less support.

“What happened is during the second half of 2009 we looked at what research we were doing, what things we could put off and what things we absolutely could not put off without mortgaging the future” (Research Buyers)

“We’ve been asked this year to just basically keep everything level” (Research Buyers)

“They are asking me to do the work that they’ll pay for, but I have to have the resources to do it. So, effectively, the amount of projects that I now cover monetary-wise is 150 percent of what I was doing last year and will go up another 50 percent or to a hundred percent next year” (Research Buyers)

“A lot of senior management are not as knowledgeable about research, and if there’s been a department that has been cut back on, it has been the research department in-house” (Research Providers)

Research Buyers agreed that in some companies research could be a target when finance looks for victims.

“Finance always views what we do as an expense and not an investment” (Research Buyers)

Providers and Buyers agreed that the largest research firms and the largest ongoing studies (national and global tracking studies) experienced fewer budget and revenue cuts than custom research and the firms that specialize in custom research.

“If the industry as a whole is down 15 percent, my sense of it is that the custom research side is down 50 percent, or more, and the tracking people aren’t down very much” (Research Providers)

“I mean the biggest part of my budget is the stuff that’s my ongoing tracking, and that’s almost 50 percent of my budget” (Research Buyers)

The fallout on the client side is a scramble for alternatives to traditional (and traditionally managed) research to deliver the same results for less money. Research Buyers say that their stressed departments simply cannot handle all of the requests that pour in.

“We can’t take on all the research requests that we’re getting. And especially when it’s maybe smaller questions that they may have, but I think it just bothers me from kind of an organization standpoint, that I’m just not able to get my arms around everything that’s going on” (Research Buyers)

THE ECONOMIC PRESSURE COOKER

The economy has been the big domestic story for many months, and remains so when researchers discuss issues confronting the industry. Understandably, and as expected, it topped the list of issues emerging from the survey.

The quantitative results, however, showed other issues not far behind; and the group discussions reinforced the notion that the pressures of the severe recession may have had game-changing effects on the research industry:

- ❖ First, and most sadly, many small and mid-sized research providers have closed their doors and disappeared from the scene, while most others experienced some level of painful downsizing
- ❖ Some long-standing, much-discussed issues (such as diminished respect for the research function) may be reaching crisis stage
- ❖ Emerging issues (such as untrained managers doing their own inept surveys using web-hosted solutions like Survey Monkey) seem to have grown into pervasive and daunting challenges much faster than anticipated
- ❖ The increased need for economies and efficiencies seems to have accelerated adoption of new technologies and resources that promise to give marketers more direct access to the voice of the customer - including content analysis of social media and qualitative research bulletin boards
- ❖ A rush toward data collection based on mobile phones and PDAs is not the result of the recession, but pressures to innovate or perish may be accelerants

In the first Research Provider group, where this issue was discussed in depth, there was a consensus that all of these trends and shifts were in motion before the recession and would have happened anyway. Because of the economic pressures, they have hit the industry sooner and with greater force.

“The rise of the Survey Monkey and things like that ... The fact is that the world is changing anyway. I think the recession has just speeded up that change, but isn’t actually responsible for it” (Research Providers)

INSOURCING VS. OUTSOURCING

INSOURCING DRIVEN BY ECONOMICS AND TECHNOLOGY

Whatever the motivation and impetus, Providers and Buyers agree that companies are doing things in-house that they formerly contracted out.

There are arguments pro and con, but almost all agreed that companies tend to be using fewer Providers to do fewer assignments. Some resist, either on principle (unbiased perspectives) or inadequate internal bandwidth. All agree, however, that this is a major challenge to the industry as currently constituted. Some believe that this is a “horseless carriage” moment: that traditional research industry business models may not survive far into the next decade.

“I think if agencies don’t adapt to this in-sourcing circumstance that’s been not just this economy, but a little bit beyond that it began. If they don’t adapt, they’re just going to disappear” (Research Buyers)

INSOURCING OR DIY

A need to economize and stretch budgets is clearly a factor for many, but it is the availability of new technology and hosted services that makes the shift possible and alluring. User-friendly and powerful online survey platforms empower the individual researcher and (perhaps more tellingly) suggest to senior management that research can be conducted more effectively and economically than in the past.

“This year we’ve been asked to look into online services and seeing how we can do the same things at lower cost and more efficiently and more effectively. We already use Vovici as a vendor of ours for doing Web surveys. We’re looking to see if we can expand that to see if we can use that for qualitative type research, activities like what you’re doing today” (Research Buyers)

“We have been affected by the economy and our budget has been too... so I’d be interested in just learning best practices of creative ways of still capturing information from the customer on the market that won’t affect the budget” (Research Buyers)

“I think a lot of companies feel like they can do their own research or find information on their own and maybe don’t need to do custom research projects” (Research Providers)

“We partnered with Vovici this year. A couple of our companies do some awareness tracking, and normally it would cost just short of \$20,000 for two waves for us to do by phone. I’m now doing it online and I’m spending under five grand to do it” (Research Buyers)

ARGUMENTS AGAINST INSOURCING

Research Buyers mentioned two main reasons why they would not want to bring more research in-house.

First, and most obviously, they do not have the staff or resources to do everything themselves.

“If I started bringing things in-house, we’d do about maybe 1/10th the projects we’re currently doing” (Research Buyers)

If an organization does all of its own research, it can have greater control over quality in the process and execution, but the credibility of the findings can be suspect. For internal consumption, there is a risk that managers will fool themselves by tweaking studies to support their own agenda. For external consumption, the imprimatur of an unbiased third party is key.

“They want to introduce a certain product or new features, and so surveys are designed to confirm their preconceived notions, and that’s my biggest challenge ... is convincing companies that there’s a problem with that” (Research Providers)

“When we need a project that requires that it’s going to be publicized or put in the magazine as a poll where we need a third party endorsement, then we’ll go out for a more traditional large-sized supplier that we would use. But most of the stuff is getting done in-house” (Research Buyers)

“If you’re going to do research that’s going to show you as a competitive strength or an advantage or a superiority in the marketplace, you can’t do it yourself. You can’t originate it yourself. It doesn’t look good. It has no strength” (Research Buyers)

“Well, you know, they’re going to say consider the source. You need a third, independent party that’s reputable that can say it for you” (Research Buyers)

“If there’s somebody from the company, they are more apt to not speak freely, they’re somewhat intimidated or that message is going to get to somebody that’s going to call them out on it. A third party pretty much allows them to speak a little bit more freely. And they feel more comfortable with speaking to that person” (Research Buyers)

NON-RESEARCH MANAGERS DOING THEIR OWN SURVEYS ON THE INTERNET

Technology enables not only client-side researchers but also all managers. As Research Providers feel the pressure from their clients moving to online service packages, so do Research Buyers find themselves challenged from within their own organizations.

This issue emerged in the first Research Buyers group in a very interesting way.

When first broached, no one in the group acknowledged it as a major issue. One respondent elaborated on the ways in which their research department was enforcing quality controls and challenging data derived from Survey Monkey* quickies. The group seemed to agree that it was a minor and negligible annoyance.

Later in the session, however, when discussing pressures on their departments, research by non-researchers emerged as a big deal. Respondents seemed eager to share potential strategies for combating the trend.

In some organizations managers may perceive the research department as a bottleneck since they need their data yesterday. Being able to go online and conduct their own surveys can convince them that the difficulties of mounting research studies are vastly over-rated. In many cases they are oblivious to basic principles of sampling and analysis and unsophisticated about phrasing clear and unambiguous questions.

Still, they present a serious challenge to research departments and research budgets. This in turn can make an under-funded research organization even more of a bottleneck.

“We’re having to prioritize more and say no, but non-research managers are doing their own surveys. So when we’re not able to help them, that’s kind of becoming the new scene is where all the free survey tools online, they’re just going to go do it themselves. So it’s kind of a risk that we have of not being able to handle everything. And when we’re not, they’re going to go to it themselves. So we’re losing on that end” (Research Buyers)

* We use Survey Monkey to stand for all online survey platforms, like Zoomerang, that are marketed directly to the individual manager and consumer.

“When I was on the client side, I saw the kind of surveys that non-research people would draft and yeah, it can be a real horror show” (Research Buyers)

“Somebody here actually went out and bought Sawtooth and did their own conjoint and got quickly shown why that wasn’t a good thing” (Research Buyers)

“They’re coming up with their own questions and not getting the additional value that they could get from us with our expertise and knowledge of how to write the questionnaire, how to do a different analysis” (Research Buyers)

“I might see that temptation of some clients saying, ‘We don’t need you. We just have our lead topic and we’ll just go to Survey Monkey or whatever and do a survey.’ So I think that is a fact that concerns me a lot because it doesn’t mean that if you have a list of emails you know how to do a survey and analyze the data” (Research Buyers)

One Research Buyer suggested that raising security concerns could be an effective counter move.

“It’s also dangerous and you can scare them by telling them that their data is non-secure, and spammers have a tendency to be able to access email addresses through Survey Monkey as well” (Research Buyers)

The case for research quality can of course still be made, but it may take more effort and persistence than formerly.

Some Research Buyers have campaigned successfully to defend the value of professional research disciplines. It is of course much easier when senior management appreciates the value to the bottom line of data and analytical integrity.

“Getting credibility for survey data is sometimes challenging, and getting people to understand the value in qualitative is sometimes challenging. We’ve gotten to the point where it’s pretty broadly accepted and people want to hear what the customer research has to say” (Research Buyers)

“It took me a little while to get the research appreciated and used properly, and then also get all the other managers to stop doing it on their own” (Research Buyers)

“It’s not going to happen at our company because the chairman is really involved in the day-to-day business and absolutely insists on hearing the voice of the consumer” (Research Buyers)

Research Providers are well aware of the issue and see the same problems with it. For them, of course, it is a frontal challenge to their livelihoods.

“What the Survey Monkey issue is, and we use that as a proxy for everything we’ve been talking about here, is not just that some clients are getting garbage, but it’s that anybody can be a researcher. It’s not just the questionnaire design, it’s the sampling frame, it’s the statistics, it’s everything that’s being done” (Research Providers)

“Especially because of Zoomerang and all the other easy online inexpensive options for people who just see research as ‘Oh, it’s just asking a few questions. I can do that” (Research Providers)

“It’s going to be a possibility for anybody in H.R., finance, or whatever product management or wherever they are to do a survey and get a sample and a lot of it’s going to be crap” (Research Providers)

“My other greatest fear is that when non-marketing research people are doing surveys is this whole idea of sample bias and where do they get their people? And it seems to be a very convenient type sample. And they take it and they run with it” (Research Providers)

RESEARCH TREATED AS A COMMODITY, WITH LESS WILLINGNESS TO PAY FOR HIGH QUALITY

Managers with no background in research and without exposure to quality standards and the rationale for them, can assume that the availability of enormous lists and low cost electronic access mean that research budgets can be cut with impunity. While research as a discipline has always needed defending, the proliferation of apparently robust online data resources makes things much more difficult.

“I think one of the issues with the non-research managers is that nobody understands those kinds of issues and they know just enough about online research to think it ought to cost next to nothing” (Research Buyers)

“They go from two extremes - from the super expensive to super cheap - without finding something in the middle that can raise the quality. Everybody is asking for humongous sample sizes. Everybody wants to slide the data up in size and they don’t want to pay for it” (Research Buyers)

GETTING NO RESPECT

A thread running through many of the challenges and qualifying as a critical issue on its own is an apparent further erosion of the standing of research departments within some organizations and the standing of the research function in general.

“I think professionals are under threat right now ... not just from technology, but from the very sort of sense of having their professionalism questioned” (Research Providers)

Buyers experience it as shortened timelines, reduced staffs, and former internal clients using Survey Monkey.

Research Providers experience it in many of the same ways, with the crucial addition of less business and extraordinary pressure on margins and staff.

Since work was scarce and Research Providers saw their competitors and colleagues going out of business, they found themselves acquiescing to abusively short timelines. There is concern that this emergency mode can become the “new normal.”

“What we’re also seeing now our clients know they can get more for less. So we’ve actually contributed to the commoditization of the entire process and the devaluation of the process ourselves” (Research Providers)

MARKETING RESEARCH MARKETING

Just as Research Buyers have to promote the value of their function and the dangers of not observing sound research practice, Research Providers discussed the need to communicate to clients and their bosses why marketing research is valuable and why bad marketing research is dangerous.

Some felt that the industry has become complacent and has assumed that because managers pay attention to pie charts they respect the methodologies that produce them. In the rush to provide at least two of better-faster-cheaper, research providers have neglected to defend the importance of careful analysis and time to craft appropriate and clear questions. Other managers can see researchers as an annoying and distortive filter between them and their customers.

Further, researchers used to be able to dazzle others with their command of data analysis and their ability to manipulate large data sets to yield interesting perspectives. Clients can now do that for themselves on dashboards.

DEVELOPING A MARKETING MESSAGE

There was considerable discussion in the first Research Provider group about the need for research suppliers to stop selling “research” and start delivering “insights”. There was some disagreement about the effectiveness of that approach, but all agreed that the industry needs to do a far better job.

*“We are as an industry pathetic when it comes to marketing ourselves”
(Research Providers)*

“We have been so fixated on the question-answer routine using methodologies that haven’t changed for 60 years, that we have not really followed along with what clients have been demanding now for well over five-six-seven years, which is, ‘You’ve got to come to me with a holistic picture of what it is.’” (Research Providers)

“That for whatever reason, clients have become disillusioned with the output that they’ve been getting over the last X number years with the research process regardless of whether it’s qualitative or quantitative. We keep hearing them say, ‘We want insights. We want insights.’” (Research Providers)

“There might be someone that still pays to track sales, but we know everything there is to know about baked beans. So you move away from market research into baked beans into ‘insights’ into baked beans ... much more interesting” (Research Providers)

“I think what we’re selling is knowledge. The sooner that we understand that that’s the power that we have then you gain success” (Research Providers)

“It’s no good asking ‘Are you interested in making sure you have quality research?’ because I think the reaction to that would be, ‘Oh, I’m sure we do.’ I think the question is, ‘Would you like to grow your profits?’” (Research Providers)

SPECIALIZE AND INNOVATE

Research Providers, especially in the first focus group, stressed that survival depends on having a unique or scarce expertise or capability. Concentrating on specific verticals might be one approach. Developing a proprietary methodology could be another. Partnerships or alliances with technology companies could be the most promising.

“We have not innovated in any meaningful way, apart from putting crap online, in the last 30 years” (Research Providers)

“Getting people to adopt new technologies and really embrace them in a pretty classically trained industry is a real challenge” (Research Providers)

“There are huge opportunities for partnership with technology companies where in the past we might have thought about building something ourselves or trying to do it all ourselves. That’s not something for us that’s worth doing” (Research Providers)

“You do not have to be big to succeed. You have to have something that has value. You have to have a particular specialty which is usually a deep industry knowledge or a deep domain knowledge” (Research Providers)

“Everyone says they do everything, and you wind up looking like you do nothing at that point, and even if you do everything, I think it’s so essential to really focus on improving in core areas” (Research Providers)

THE METHODOLOGICAL PENDULUM

Some Research Providers reminded others that adoption of technology and methodologies does not follow a straight line into the future. Some “outmoded” approaches can come back into favor. The current example is a return to CATI by some clients dissatisfied with their access panels.

“The new and the traditional offer different pros and cons and that they’re just another tool in the toolbox, and that consideration has to be given to what the best technique to apply in any given consideration. I don’t think that the more modern newer options that are now available are going to replace traditional research; they’re just one more tool in the box” (Research Providers)

“What we’re seeing is a lot of those people who have gone online are now coming back to the phones” (Research Providers)

MERGING WITH OTHER DISCIPLINES AND CONSULTANTS?

Some Research Providers believe that the days of the independent marketing research firm are numbered since management no longer wants numbers and facts but demand insights integrated with management solutions. They suggested that research might want to meld with management consulting or other sectors that have access to the senior executive suite.

“From an industry perspective, in ten years I expect that maybe there’s less separation between market research firm and other marketing agencies” (Research Providers)

“We will probably see traditional research companies and marketing services companies getting more and more heavily into analytics and merging those with their research companies” (Research Providers)

“We’re probably going to see consulting companies and analytics companies merging with research companies. And I think you’re going to see something that is much broader today than it used to be” (Research Providers)

DEMANDS FROM CLIENTS FOR SHORTER TIMELINES AND FASTER DELIVERY OF FINDINGS

Everyone acknowledged that this is an issue and a contributing factor to diminished respect for what researchers bring to the party. Research Providers seemed to feel the pressure more than the Research Buyers, but Buyers are not immune. Everyone works harder and longer than before.

SURVEYS THAT ARE TOO LONG

This is a perennial issue that cannot be blamed on the recession. Tight times, however, inevitably prompt a desire to squeeze additional questions into every survey. All researchers seem to accept that long surveys are part of the reason for declining response rates. More importantly, however, they fatigue respondents and can affect the quality of their answers. The fact that adding questions to an online survey does not directly impact the cost encourages abuse.

“Reduction in demand for primary research because non-research managers learn what they need from the web. Even the respondent could see that this is basically where everybody was trying to kick in their own questions and therefore making the questionnaire longer and at the same time less coherent. From a respondent point of view it was like we were kind of abusing people’s time and patience because we are adding anything we can just because it’s basically almost cheap” (Research Buyers)

“The good scenario there is if it’s where I can actually sit down and say, ‘Okay, let’s go back and talk about the objectives of the survey’ and then if there are questions that are problematic I can say, ‘What are you going to do if they answer the question this way? And how is that going to be different than if they answer the question that way?’ If they can’t tell me what they’re going to do differently or how that’s going to impact their decision then it’s kind of easy to say ‘Well, then do we really need to ask that question?’” (Research Buyers)

CONCERNS ABOUT PROLIFERATION OF PROFESSIONAL RESPONDENTS

Although this emerged as an issue in the quantitative, it was not discussed in the focus groups. Other issues seemed more compelling, and time was limited.

To some extent, of course, this is subsumed under concerns about access panel quality.

RFPS GENERATED BY PURCHASING MANAGERS WITH CRITERIA MORE APPROPRIATE FOR HARD GOODS THAN FOR RESEARCH

Research Providers recognized this issue and tended to view it as part of an overall trend to commoditize research. It may be exacerbated by economic pressure to reduce all costs and subject all purchases to stringent oversight.

DIFFICULTY IN OBTAINING SUFFICIENT SAMPLE FROM ACCESS PANELS

There was general agreement that response rates from access panels are decreasing and are becoming a major challenge.

“Among those kinds of lists or panels or whatever. They’re abysmal and I don’t know if anyone’s found any tricks to ... other than bribing the hell out of them ... to improve that” (Research Buyers)

“We see response rates down in everything, but in particular when we’re doing surveys among our customer base it’s just extremely low” (Research Buyers)

Discussions also focused on quality and reliability of sample derived from access panels as well as the volume available. Research Buyers stressed that it is crucial not to accept extremely inexpensive sample as necessarily representative or properly flagged.

There was a sense that this will become a more widely recognized problem in the near future.

“In some cases and in some countries in certain aspects of our business, we moved from mail to online for a period, because they were not aggressive enough in maintaining and growing their email base. We actually had to migrate back to [surface] mail because the email group was no longer representative of the universe” (Research Buyers)

“My guess is that this stuff will eventually come out and the clients will start looking at the value and the quality of different panels. The idea is that if you really want to go cheap you don’t really get much” (Research Buyers)

A MOVE TOWARD PROPRIETARY COMMUNITIES OF CUSTOMERS

Unable to get the quantity or quality that they need from access panels, some Research Buyers are building their own communities of customers. The hope is that they can keep customers motivated to contribute their opinions and perspectives on a long-term basis.

One Research Buyer described a creative partnership with an access panel to bring their customers to the panel in return for the ability to access them as needed, presumably at greatly reduced cost.

“I’ve already identified who exists in our access panel, organically that happens to be one of our customers. And we flagged them, and then in 2010 we’ll do some outbound co-marketing with, in this case, it’s e-Rewards to invite more of our customers to become panelists. So we don’t own them, but we get to use them” (Research Buyers)

BULLETIN BOARD QUALITATIVE

The groups were conducted shortly after J&J announced that the bulk of their qualitative research budget would be spent on asynchronous interviews using moderated bulletin boards. The independent qualitative research consultants understandably saw a major threat in this decision, and it was brought up in the Research Provider groups.

Since none of the participants had depth of experience with bulletin board research, the discussion did not go very far. The reactions that did emerge were negative, but also tentative.

“My gut feeling sitting here is these online bulletin boards are basically going to do to qualitative, what the Internet did to the phone business. It’s people finding ways, alternate ways to collect information. It’s just something new and they think they’re saving money” (Research Providers)

“In my mind, these new techniques don’t provide the quality that a focus group or a traditional IDI would, and if they were criticizing what was good before, now they’re getting crap” (Research Providers)

MOBILE AND SOCIAL MEDIA SAMPLING

While it did not emerge in the quantitative as a challenge to the industry, migration to mobile-based data collection and exploitation of social media interactions are clearly rising forces and generated considerable discussion.

“I’m sure mobile, like in Asia, where we’re doing most of the experimenting with mobile research. We’re kind of testing the waters with it. Because of the ubiquity of that and the use of accessing the Internet with your mobile phone, etcetera, in those markets, it’s a bit more of a viable tool because it is a bit more representative” (Research Buyers)

“What you can do with it is a different issue. Will it become a little bit more important over time? I’m sure it will, but I don’t see it being dominant for a much longer period of time” (Research Buyers)

Because of time constraints, and also because none of the respondents seemed to have highly articulated approaches to either, both were discussed as “coming attractions” at a high level. There was some excitement, and there was skepticism. It was clear, however, that both Buyers and Providers understand that they must quickly learn how to deal with these new techniques.

“Using or monitoring social media and understanding what people are saying on the Web is not a symptom of ‘I’m taking things in-house’ - it’s just another tool in the market researcher’s toolbox to understand the consumer” (Research Buyers)

“So there is some value there, and I think in general as a marketing tool I think these things are fairly overrated, but ... Twitter and Facebook and all of them. But from that perspective, I think it does have some value” (Research Providers)

“I was doing other research on cell phones and internet and digital divide, we cannot find the publicly available data set that can tell us the interaction between internet penetration - they say if you use the internet then mobile

or cell phone only big debate that you have in the telephone area” (Research Providers)

“My guess is that because the data plans are still very expensive I don’t see low-income people going online only with a cell phone. I think they just don’t go online. Even if they’re cell phone only it doesn’t mean that they are automatically cell phone only and online people at the same time” (Research Providers)

“What worries me from a survey point of view is that many respondents will start answering our surveys from a mobile device and I don’t see the industry being ready. Our questionnaires are programmed to be done on a screen; they’re not optimized for a small screen - even the biggest of the iPhones. So I’m expecting some bias coming out or a lot of survey break ups coming out from people trying to do the survey from their mobile phone” (Research Providers)

PRICE PRESSURE BECAUSE OF COMPETITION WITH OFF-SHORE RESEARCH PROVIDERS

Another perennial issue, this topic was not discussed in any detail during the qualitative research. Discussion focused on the new price pressures imposed by the recession and commoditization.

IV. CONCLUSION

The qualitative research for 2009 did more than simply corroborate the findings of the survey. It suggested avenues for further exploration in more depth.

Hearing this clearly, the RIT partners plan a series of special reports throughout 2010, presenting trend data as well as a focus on an issue central to the health and advancement of the industry and profession.

In addition, the RIT partners of Cambiar, The Greenbook Marketing Research Directory, iModerate, Market Research Global Alliance, Peanut Labs, Pioneer Marketing Research, Qualitative Insights, RFL Communications, Rockhopper Research, & StrategyOne have formalized the RIT initiative by forming the *Research Industry Trends Monitoring Group*, a new industry organization dedicated to observing the changing landscape of the global MR industry and understanding the implications for all involved. The RITMG will be spearheading this ongoing effort in 2010 and beyond.

We have been extremely gratified by the overwhelmingly positive reaction to the survey report this year and are encouraged to think that our efforts are not only intriguing but valuable to our clients and colleagues.

For more information on the Research Industry Trends study, please contact:

Bill Weylock
COO
Rockhopper Research, Inc.
Los Angeles, CA
Office: 323-822-1700
Cell: 323-828-3609
bweylock@rockhopperresearch.com