



The
Singapore
GLOBAL
Event

GLOBAL
MARKET RESEARCH

Hosted by:



Innovation in Marketing Research

Raffles Hotel, Friday 1st March 2013

Client Round Table Report

Introduction

On the 1st March 2013, *Global Market Research* a worldwide organisation of independent accredited market research firms, held their annual conference at the Raffles Hotel in Singapore (see program on next slide)

Titled “*Innovation in Market Research*”, the conference featured a series of papers presented by client side and agency side organisations showcasing some of the latest developments and technologies in market research. This included eye tracking, community panels, neuro-insights, and new methods of analysing customer experience with service industries.

The concluding session involved round table discussions among client organisations, specifically individuals within corporations who buy market research services and use research within their organisation.

Three separate round table sessions were convened, moderated by senior agency side researchers. The clients represented within these round table sessions included those in financial services (corporate and retail banking), hotels and hospitality, FMCG, ICT, and B2B sectors.

The discussions covered:

- » What clients feel are the current shortfalls in market research and consumer insight
- » How innovation in market research can help their organisations, and views of the papers presented
- » The challenges facing clients in adopting new methods, and
- » The changes they expect in the research industry in the next 5 years

This report summarises the key findings from these round table discussions, and has been compiled by BDRC Asia based on analysis of the audio recorded discussions.

Innovation in Marketing Research

Program Outline

- 9.40** How PTT made use of **Innovation** to feature in the **Top Global 500**
(Songkrit Boonyabaramее, Vice President, PTT plc, Thailand)
- 10.20** Harnessing the **Non-Conscious Mind** to Provide **New Insights**
(Nancy Jagou, General Manager, Leiberman Research, United States)
- 11.00** **Coffee Break**
- 11.20** **Service Intensity**... for hearts and heads
(Dr. Cris Tarrant, CEO, BDRС Group, United Kingdom)
- 12.00** **Eye Tracking** in Market Research
(Sukit Tanskuk, CEO, Custom Asia, Thailand)
- 12.40** **Lunch**
- 14.00** **Community Research** ... is your market insights department ready?
(Bruce Wells, Managing Director, Vision Critical, Hong Kong)
- 14.40** A More Impactful **Research Engagement Model**
(Mike Sherman, Head – Living Analytics, SingTel, Singapore)
- 15.15** **Tea break**
- 15.30** **Client Round Tables**: optimisation of Market Research within your organisation

The Client Round Table



Main Findings

Research being undertaken by clients

Clients are still undertaking mainly traditional market research, e.g. concept testing, usage and attitude studies, new product development, general consumer and industry trends, etc.

Those operating in the B2B space are using research as their own sales and marketing tools, e.g. to generate White Papers and Thought Leadership pieces. These act as “**conversation starters**” with their key clients for example to demonstrate why businesses operate in a certain way, what benefits this has brought them, and then a road map on how businesses can follow trends.

“Research has created a mechanism whereby we can be a far more integral part of that conversation (with clients)”

There is very little adoption of the new methods that were presented at the conference, or for that matter any other ground breaking methods. There was only limited use of eye-tracking for advertising concept testing

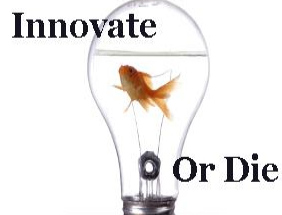
However, clients recognise that some of the traditional methodologies in research are evolving into more insightful research pieces, e.g. getting respondents to undertake tasks in focus groups rather than just relying on traditional Q&As.

“Traditional focus groups are not really working”

Innovation in market research



“There’s too much invention and not enough innovation!”



It is recognised that the research agencies themselves are the driving force behind innovation and generally this is seen as a good thing.

However many clients observe that the emphasis has been on *‘invention’* rather than *‘innovation’*, meaning the focus has been on the product itself and not on the outcome, e.g. too much emphasis on the details of the research *method* rather than on what benefits it produces for clients

“To be honest, I don’t care about the approach you use, but how you delivery the value to me... so I can go to my boss and say these are the decisions you can make because of this research.”

While agencies have been the driving force of innovation some observe that agencies can be resistant to change due to certain vested interests including:

- ❑ Existing investments in infrastructure, e.g. CATI units and revenue that can be generated from traditional ‘cost per interview’ data collection services
- ❑ Preserving cash cow syndicated studies, some of which are losing relevance or are becoming unwieldy

Agencies can also be close-minded about *training*, preferring to use their highly structured internal training programs, and reject training that will change their approach and outputs. It is viewed that this is partly a product of ageing and conservative senior management within the agencies.

Views of some the new research methods as presented at the conference (1)



Eye Tracking Research

This is currently used by a few clients in *advertising testing*, but some comment that this is a technology that cannot be used *passively*, i.e. it needs to be undertaken in laboratory conditions which could effect the outcomes.

Cost and **scalability** are other concerns about the eye-tracking method, i.e. it is labour intensive and therefore not good for clients with limited budgets. In larger markets like China, this approach can be quite cumbersome, e.g. machines would need to be shipped around the country and might not be available for specific studies in time.

Some view this as a technology '**for the next generation**', i.e. the technology is not quite there yet!



Neuro-insights

This paper was well received at the conference. One of the more memorable parts of the presentation is the approach of measuring the time it takes for respondents to make decisions during the survey, e.g. to simple yes / no questions. For example word associations with brands – the longer it takes to give a “yes” vote then the lower is the connection of the brand with that attribute – something not picked up so well on traditional scalar questions.

The approach of neuro-insights is very appealing and many would see applications in their own corporation, but similar to Eye Tracking the perceived drawbacks are again cost and having to perform neuro-insights in laboratory conditions.

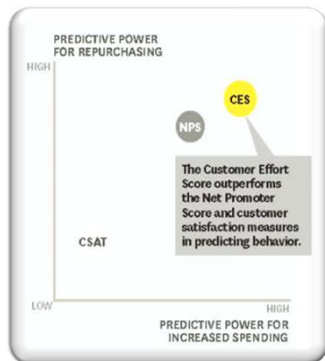
Views of some the new research methods as presented at the conference (2)



Customer Experience Research

This was the only paper that examined developments in analytical techniques, in this example one of the main stays of the industry – customer satisfaction research.

Based on work undertaken by the Harvard Business School, a single 'Service Intensity' score is derived from survey research using **Structural Equation Modeling**. This is built up from the relative contributions of **emotional factors**, **rational factors**, and **customer effort** when customers interact with a service industry. Examples of its application were taken from financial services and the restaurant business.



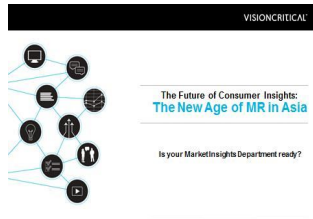
Viewed as a better predictor of future customer repurchasing than **Net Promoter Scoring (NPS)**, one of the more unique elements of the model is the incorporation of **'customer effort'** i.e. **how much effort a customer has to undertake for a service interaction with a supplier.**

With many of the clients attending the conference coming from service industries like banking and hotels, they could see the applications of this approach in their sectors. It is also viewed as better application than NPS particular for more 'boring' products or where products require more mundane transactions.

“There is a lot of effort in banking relationships, so explicitly asking about this (in surveys) is a good discipline”

Like other new analytical methods, the potential drawbacks of this method is having to **'explain a new method to internal stakeholders'**

Views of some the new research methods as presented at the conference (3)



Community Panels

Community panels are customer online panels created from clients' own databases. Customers opt in to a panel to act as a sounding board to the brand, and are tapped for regular and quite short surveys on a range of topics from brand positioning to product and service development.

Some point out that the concept of panels is not new, for example those in the B2B space had used advisory panels as forums that are reconvened from time-to-time.

Even in the B2C space, groups with shared interests who take part in research goes back a long way, and **Community Panels** is viewed as a way of making it *more fun, efficient, and interactive*.

This approach is viewed as one of the big game changers in the industry bringing the benefits of speed and greater insight, and how it can be applied to reach out to new generations.

“It’s similar to the old advisory boards who would get around a table; online is the Gen Y way of going it”

The only concerns raised are about the inherent bias of opt-in respondents and confidentiality issues although these, it is claimed, ‘can be managed’.

Those in emerging markets highlight the limitations of this approach where there is poor internet connectivity and low penetration of smart phones through which many of these surveys take place.

Papers can be downloaded from:
www.bdrc-asia.com/media-centre/

Challenges facing the industry



Challenges facing the industry

Introduction

The challenges facing the industry are very diverse, and range from the practicalities of undertaking research with an increasingly reticent customer base, regulatory issues (e.g. data protection), budgets, and survey quality issues

Most clients recognise the challenges facing market research and are already changing the way they procure or undertake research

The following slides summarise those challenges highlighted by clients, and how they are responding to them

These are presented in a 'top down' manner, i.e. the higher level challenge of acceptance and perceived value of market research among senior management and its impact down through the supply chain. It also looks at the challenges in implementing research through the project cycle and obtaining the level of insight at the delivery stage.

Challenges facing the industry (1)

Challenges



Status of research with senior management, or how they use it / view it

Research can have an 'image problem' with senior management. The legacy of poor research in the past can effect attitudes of senior management today

Some point out that research can be 'abused' by senior management, e.g. **'to try and prove a point'** and difficulties arise when research does not produce the 'desired result'

"Insight based decisions have produced additional sales"

What clients are doing as a result

There has been some attempts to 'rebrand' research, e.g. as 'market intelligence' or '**consumer insight**' and perhaps use of specialist consultants who can carry more weight demonstrated by those **"who have an opinion"**, and more importantly **"have the answers"**. This was cited as a reason why management consultants tends to carry more weight with senior management compared to research houses

However, where research departments are relatively new within companies, there can be a more quantifiable benefit in having them – literally demonstrated by more sales as a result of creating a research function in the company, i.e. 'the before and after effect'

Challenges facing the industry (2)

Challenges



Limited budgets / resources

Sometimes as a result of the above, it might be hard to secure the required budgets for market research (some note that this is one of the first things to be cut in recessions), or obtain enough internal resources to be able to use the results of surveys more effectively, e.g. with more staff

What clients are doing as a result

(Often a complaint from agencies) the response is to cram more into each survey, resulting in longer surveys

The temptation is higher when you are accessing hard-to-reach audiences where recruitment costs are that much greater



Challenges facing research buyers (3)

Challenges



Commoditisation of research

Pricing pressure from clients (or the perception that clients are not willing to pay for quality) has resulted in agencies putting more emphasis on **cutting costs** – in some ways the diametric opposite to innovation. This manifests itself in the following:

- » Offshoring of some critical elements of the project, e.g. analysis and reporting writing, meaning the researcher presenting the findings is more removed from the results.
- » Outsourcing of data collection to the lowest cost fieldwork suppliers of questionable quality.
- » Insufficient / superficial analysis due to lack of time, and lack of “**knowledge management**” within agencies, such as carrying out a proper audits of projects, e.g. key lessons learnt.
- » Staff churn – losing key research staff who has the experience of the category and the past projects conducted with that client.



What clients are doing as a result

The effects of cost cutting are being noticed by clients and with it there is a change in the agencies used, for example more use of boutique agencies with specialized researchers

Time pressures and cost cutting is resulting in longer hours for researchers, and this is one cause of staff churn – clients might follow good researchers to their new agencies when they realise they have been “buying the researcher and not the agency”



Challenges facing research buyers (4)

Challenges

What clients are doing as a result



Regulatory issues

Sharing customer lists with 3rd parties is becoming more of a problem from a regulatory standpoint, particularly in the banking sector



Ability to access hard to reach audiences

This includes difficulty in accessing senior business audiences and also Gen Y who are more mobile

This has been a major driver of the insourcing of research among financial institutions

Use of mixed methodologies, e.g. mobile research to reach younger consumers

Some clients have looked at creating alliances with 3rd parties who can reach particular audiences, e.g. media companies who are better able to access senior management and have better knowledge of the sector



Challenges facing research buyers (5)

Challenges

What clients are doing as a result



Data collection quality

There are concerns about the quality of online surveys, e.g. 'unbelievable brand awareness figures'

Moderator quality – moderators can be highly subjective and research outcomes influenced by the moderator in terms of information gathering and interpretation

Lack of transparency in analysis

"Just black boxes, so you cannot see the outcomes" – yet these are being pushed more and more by agencies as points of differentiation in competitive markets



Return to traditional data collection methods where there is more transparency and accountability

Clients are widening their net, e.g. looking at new agencies with qualitative capabilities, new moderators, and new qualitative approaches

Looking at case studies to see what methods have worked for clients in the past, consulting colleagues in the industry to find out what has and has not worked for them

Challenges facing the industry (6)

Challenges

What clients are doing as a result



Lack of experience of researchers

Beyond the general lack of experience within a category, there is the view that researchers are not trained sufficiently in report writing

Use of more boutique agencies that many believe produce better reports, where more senior researchers write the reports with more concise summaries

Use of specialised agencies for specific categories / industry sectors



Overall turn around times

Speed to market is crucial for some clients and research cannot be turned around fast enough. Sometimes clients will only have one campaign and will launch it regardless of what the research states as their 'only gun' for creating new sales

More use of online surveys, although a need for **'quick and dirty'** research is leading some clients to develop some in-house capabilities including using recruiters for in-house focus groups or in-store interviews

Challenges facing the industry (7)

Challenges



Lack of new talent / wrongly applied junior talent

The industry itself lacks ‘fresh young minds’, and does not inspire enough new talent

The current stock of young talent are not meeting clients’ requirements – seniors sell the project and then disappear leaving the research to fresh graduates

“Dealing with the same people I worked with 10 years ago and might be missing a trick”

What clients are doing as a result

Clients will choose agencies where they can access more senior researchers and again it is the boutique agencies who tend to benefit

However, the lack of new talent is a wider problem that the market research industry needs to address, e.g. through proper training programs and mentoring, who they choose to recruit, and for the industry itself to make it more attractive to fresh graduates and to keep them within the industry

“We need a new generation (of researchers) who can do things simpler, cleaner and faster”

Conclusions

Currently, there is low adoption of new technology in research, the main reasons being:

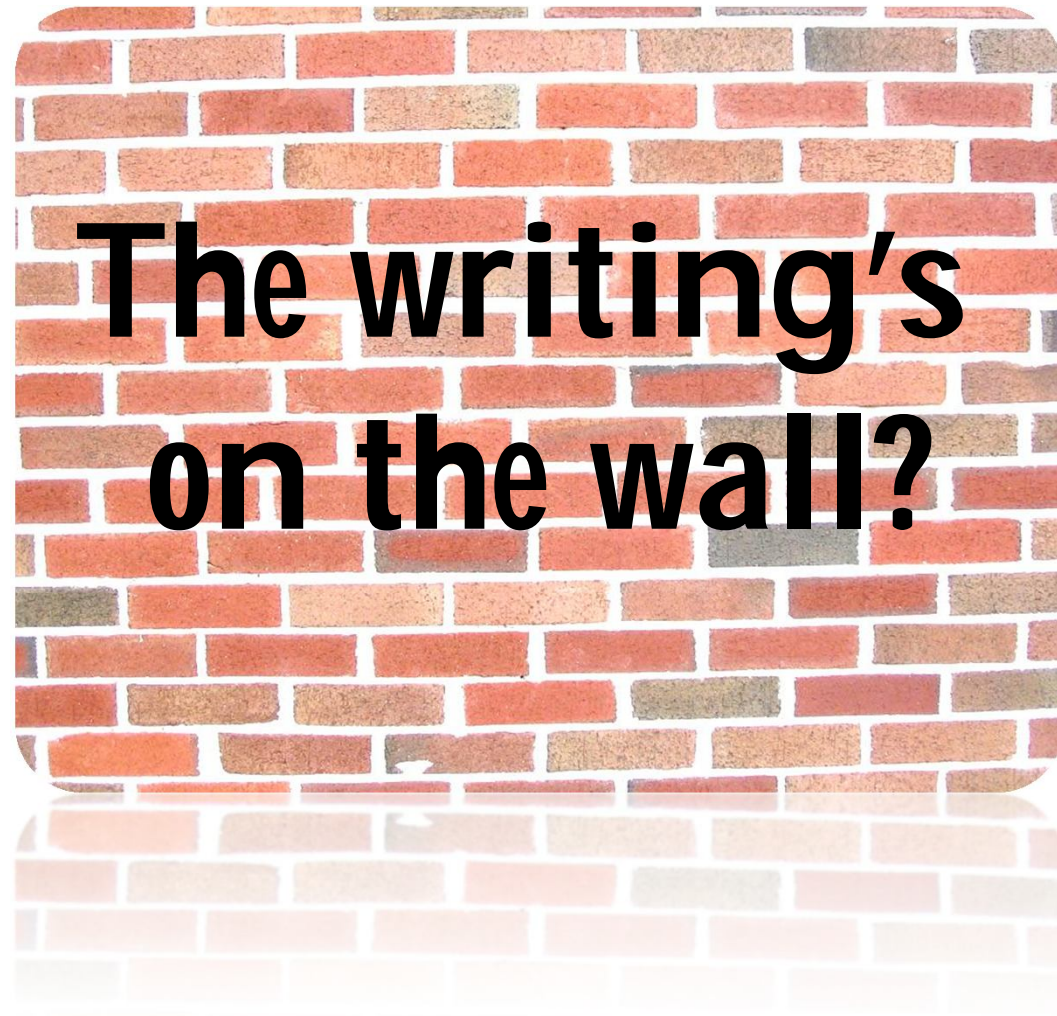
- » Some techniques are considered impractical, e.g. requiring laboratory conditions
- » Not scalable, e.g. for quantitative surveys or use in larger geographies
- » Cost, e.g. emerging markets where local clients simply do not have the budgets for more complex research
- » Local conditions, e.g. low internet and smart phone penetration
- » Some reluctance by clients to be first to try new and unproven technology

However, opportunities exist in further development of **techniques**, such as the approach to analysis (e.g. Service Intensity), and better understanding of consumer behaviour and psychology. There are '**other fundamentals**' market research agencies can address including:

- Better / clearer application of analytical methods, e.g. fewer opaque black boxes where outcomes cannot be explained properly
- Better reporting, e.g. concise summaries and recommendations, and market research agencies "having more of an opinion" on the research results and what clients should be doing – i.e. "have the answers"
- Better data collection including revival of some of the traditional survey methods bringing more transparency to surveys

In terms of new technologies, Community Panels probably have the most potential even if this is in reality just the repackaging of an old technique of convening special interest groups for research.

The future of the industry



The future – where will the industry be in 5 years?

Introduction

“We used to spend a lot of money on big MR firms to do client surveys and we don’t anymore... and I doubt we will ever go back.”

BUT...

“We are still talking to our customers”

No one is predicting the end of the market research industry - the importance of the **customer** and the impact of **rapidly changing markets** makes consumer and business insight ever more important.

But it is recognised that the industry will experience far bigger changes in this decade compared to the last, if not all others that preceded this.

At the end of the round table discussions, clients were asked what they think the industry would look like in 5 years time. We have taken these results and also examined how clients are currently responding to the challenges facing them in research to see how the industry might develop going forward

We would observe that it is also important to have an **opinion** on where the industry will be in 5 years time – the importance of opinion is stated on Slide 19!

Where will the industry be in 5 years? (1)



‘Pain at the top’

Larger agencies will struggle to maintain market share and profits, shown by evidence of their price reductions as observed by clients in the round table – a slippery slope when some overheads are rising!

The larger agencies will run out of “levers to pull”, e.g. business remodelling, offshoring and acquisitions. Their core business is eroding, e.g. cost per interview surveys, with fieldwork moving more to online and with fieldwork being increasingly outsourced to lower quality vendors they are losing their traditional selling points

Behemoths are resistant to change, e.g. to revise their training programs, and they might not move fast enough in a decade where the industry is seeing its fastest rate of change

Large agencies will increasingly rely on their USPs, e.g. retail audit and tapping historical data and normative scores, but their ad hoc research business will diminish

Where will the industry be in 5 years? (2)

Insourcing of research



Clients are already insourcing elements of their research, e.g. going direct to online panel companies, undertaking DIY research (e.g. Survey Monkey), or creating their own Community Panels. In addition they are likely to hire specialist analytics personnel and for some clients to have limited in-house research capabilities for **'quick and dirty research'**

Greater adoption of new methods of analysing customer information, e.g. Big Data, web analytics, etc.

Community Panels themselves could become integral parts of corporations' CRM systems, without the limitations of Market Research Codes of Conduct. For example they could be used as a means of research followed by sales or vice versa, e.g. the outcome of sales and the information about customers gathered in the process of selling becomes integral to the CRM system



Where will the industry be in 5 years? (3)

Industry fragmentation

Media companies, e.g. specialist publications, whose core business is declining will seek more revenue from non-core business activities, including market research. The niche will be their ability to tap hard-to-reach audiences such as senior management

Analytics start-up companies and specialist consultants in new media will provide new social media text mining analytics services and will have the ability to harness the power of Big Data, e.g. customer transactional data, web analytics, etc.

Greater use of behavioural analysis, e.g. through in-store observations undertaken by specialist consumer psychologists

Boutiques research agencies need to adapt, and get much closer to clients acting as quasi internal research departments to a selection of key clients

More use of DIY research by corporations, spreading research adoption from large corporations to small & medium enterprises, e.g. through research services provided by Social Media and Google

One thing we can be sure of is **CHANGE!**



For further information



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