

# WHO MOVED MY CHEESE?

## NEW SOURCES OF GROWTH

Mark Whiting of Möet Hennessy, Tony Cowling of TNS and Carlos Harding of Ipsos talk about the new players in the marketing information sector which compete for client spend.

*By: Jo Bowman.*

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### ABOUT ESOMAR

ESOMAR is the world organisation for enabling better research into markets, consumers and societies.

With 4,500 members in 100 countries, ESOMAR's aim is to promote the value of market and opinion research in illuminating real issues and bringing about effective decision-making.

To facilitate this ongoing dialogue, ESOMAR creates and manages a comprehensive programme of industry-specific and thematic conferences, publications and communications as well as actively advocating self-regulation and the worldwide code of practice.

ESOMAR was founded in 1948.

### ABOUT ESOMAR MEMBERSHIP

ESOMAR is open to everyone, all over the world, who believes that high quality research improves the way businesses make decisions. Our members are active in a wide range of industries and come from a variety of professional backgrounds, including research, marketing, advertising and media.

ESOMAR members, as well as their company contact details, are listed in the ESOMAR Directory of Members. Members agree to abide by the ICC/ESOMAR International Code of Marketing and Social Research Practice, which has been jointly drafted by ESOMAR and the International Chamber of Commerce and is endorsed by the major national professional bodies around the world.

Membership benefits include the right to be listed in the ESOMAR Directory of Research Organisations and exclusive use of the ESOMAR Membership Mark. Registration to all ESOMAR events, including the Annual Congress, is available at preferential Members' rates as well.

Members can also access a range of publications (either free of charge or at a preferential rate) and receive a complimentary subscription to Research World - the only magazine for market research professionals worldwide to provide news and views from all industry sectors.

Full details on latest benefits and application are available online at [www.esomar.org](http://www.esomar.org).

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## NEW SOURCES OF GROWTH

*Jo Bowman.*

**With new research now in the frame, we no longer have an accurate picture of market research growth.**

The stalwarts of the research industry are looking nervously over their shoulders at younger, faster and sexier contenders for chunks of their clients' budgets.

While the industry as measured by ESOMAR is posting net annual growth of about 3%, most of that coming from growth in the Asia-Pacific region and developing markets in Europe, boutique service providers – many of whom don't even call themselves researchers – are snapping up research budgets and posting double-digit growth themselves.

What's on offer is hugely varied – everything from data mining to pop music analysis.

The question for researchers is whether these newcomers pose a threat or represent an opportunity, or perhaps both.

What's clear is that clients want what these new suppliers are offering.

### **More than half**

Mark Whiting, director of market intelligence for Möt Hennessy, says that more than half of his research budget goes to what are being called 'non-traditional' research suppliers, including data miners, trade journalists, philosophers, art experts, and neuroscience company Impact Memoire.

"Our largest single agency is Agendalnc," he says. "They were counting brand mentions in hip-hop songs in the US and our brands were coming up." Now, they do monitoring of YouTube and MySpace, and have been asked by Möt Hennessy to do consumer focus groups and online questionnaires, which they had not done before.

"This is us moving one of our suppliers into the domain of market research," Whiting says. "It's easier than trying to move a traditional market research company into these new domains because no one was offering us that."

The value of this kind of work is difficult to assess, because what counts as market research and what doesn't isn't clear. One estimate is US \$7.5 billion a year, and growing, from companies that collect and issue customer data such as Ciao, those that collate, organise and analyse data such as Experian, Comscore and Acxiom and others that draw conclusions and provide insights such as Dunhumby and Shopper Insights.

Tony Cowling, president of TNS, says this fact means that the growth of the broader research industry is probably underestimated. ESOMAR reports that the market research industry had a turnover value of US \$23.3 billion in 2005.

### **Clear picture**

"There are new companies and groups of companies coming up alongside us which we don't measure,

and they're starting to encroach on market research expenditure. Clients are changing their definition of market research. We're measuring our little world, but if there are paradigm shifts in the way people spend their money, we're running the risk that we'll miss them."

Growth among ESOMAR member agencies is coming primarily from emerging markets. The US and western Europe, which used to represent 80% of worldwide research spend, are only growing at a little over 2% a year, while the market in the Middle East and Africa grew 6.7% in 2005, and Asia-Pacific rose 7.4% at the same time. It's fair to say that the boom times in the West are over.

Most of these 'new' research companies don't do all of what traditional research agencies do – collect information, organise and analyse it, then come up with insights or recommendations. Typically they specialise in just one of these, but it's clear that once they've mastered one field, moving into the others, if it makes business sense, is only a matter of time.

Carlos Harding, deputy CEO of Ipsos, says research is moving from a profession to an industry, an industry that needs to provide more varied and better tailored services.

"If we want any opportunity to grow, we have to know ourselves better. We also need a better understanding of our clients' needs," he says. "They're under more and more pressure, consumers are volatile, they're not loyal, they're difficult to reach, there's new media. Our clients need to make faster decisions and all that in the context of competitive change."

### Business unusual

At Mötet Hennessy, these reasons are precisely what have led to budgets being shifted to new kinds of research. Whiting says that data mining is used to analyse brand performance via Tesco Clubcard data,

a neurologist explores the effectiveness of consumer advertising, and a journalist with Global Drinks Record analyses competitor activity. At the same time, a philosopher and art expert provide insight into consumer motivations – recent projects involve examining portrayals of femininity in art, and myths and behaviours associated with going out at night.

### The WIN agenda

Research leaders agree that industry growth, the quality of panels, and improving respondent co-operation are top of the industry's agenda. Senior representatives of the market research industry confirmed at the recent WIN (World Industry Network) meeting that they want ESOMAR to push ahead in measuring the market for non-traditional research services.

Industry leaders at the WIN meeting, held in Valencia on 22 and 23 February, said clients were shifting their budgets to new players in the marketing information sector, and agreed that ESOMAR should try to quantify their value to the research industry.

At the meeting, attended by industry leaders from client and supplier side, and a selected list of association leaders representing the biggest research markets, participants also supported initiatives to assess the quality of access panels. It was agreed that overall quality would be reviewed, with a focus on determining the extent of multiple panel membership and the impact of multiple membership on results quality.

A third area that was highlighted for action was to develop a best-practice toolkit for improving the industry's relationship with survey respondents. This will include developing some metrics for measuring participant satisfaction, which should in future be a standard part of the interview process.

“Our motto is that we want to do not business as usual but business unusual,” Whiting says. “Doing business unusually means we want to use market intelligence really to challenge, stimulate and inspire, and to do that, it’s always easier to take an unconventional route.”

### **Bright minds**

The kinds of people offering unconventional research are also appealing, in that often they’re led by what Whiting calls a ‘single bright mind’. “Quite often these people who come in are just geniuses, they have something special about them, and they’re quite entrepreneurial.”

Harding says that if traditional research agencies want a slice of the action, they have to prove themselves as innovators too, and develop their expertise beyond old boundaries.

“It’s by marketing ourselves, by selling through innovation, and promoting development of specific products and services to solve client problems,” he says.

“If clients have a problem we’re able to help solve, they’ll buy what’s the best, the fastest and the cheapest. If the size of the pie is bigger, that’s better for everyone, but we need to develop our expertise.

“We’re in the service industry, and if you don’t have the right people to serve – and they’re not necessarily the same people who produce the research – we will not make the industry grow.”

Cowling adds: “It’s worrying to hear that it’s easier to get a bright mind to do a bit of research than to get a researcher to have a bright mind.”

### **Not alone**

But he says the challenge facing the traditional research industry is one facing many business sectors. “This is not just us,” Cowling says.

“Look at the record industry. Everyone’s downloading music for free because someone said ‘there’s another way of doing it’. The advertising industry is now worried about YouTube. Look at the telecoms industry, it now costs nothing to make a phone call. We’re not alone in this. If the business is going over there, then we’d better start to follow the cheese.”

Harding says that research agencies should redefine themselves in terms of what consumers of research actually need, aiming for the broadest possible scope of services, so long as that doesn’t conflict with ESOMAR core values, codes and professional standards.

Cowling says encouraging these new providers of research to follow established industry codes of practice is essential. “If we don’t, we’re going to have to fight them with one hand behind our backs.”

### **If you can’t beat ‘em, innovate**

Exploring what information gaps new players are filling for clients, and dusting off the staid image of more traditional research suppliers, will be the way industry heads lead the fight for stronger growth.

It’s been agreed that ESOMAR will approach some of the larger of these new suppliers to get a better understanding of what they’re providing, and then later start to quantify their value to the research industry. This will eventually be integrated into future Global Market Research reports.

### **Future friends**

“They’re not necessarily competitors; they’re potentially collaborators and potentially candidates for acquisition,” says Eileen Campbell, board chair of CASRO, one of the national research industry bodies in the US.

Key major research-buying clients will also be approached, to gauge what they want from research and how best to meet their needs.

Then, more established research houses need to promote innovation more strongly within, and to be more vocal with clients about new ideas and methodologies they come up with. Some of the kind of work that's now being channelled into 'new' research, such as semiotics and ethnography, is actually being done by traditional research houses, but they don't promote the fact that they do it.

Market research has a good image which could be stretched to include new types of approaches. It should also reposition itself in the business information market. "We need to move away from being regarded as just data providers and position ourselves as solutions providers," says Thomas Inglesant, European market research director of Givaudan.

The industry needs to be more open to new ideas and to embrace those that work. There needs to be a closer dialogue with clients about what they need, and a broader debate on research quality.

### **Ethical high ground**

Ultimately, market research should broaden its footprint and some of the 'new' suppliers of research may become ESOMAR members.

Maintaining core ethical values is still important. "There are some providers we wouldn't want anything to do with, we don't simply want to open the door to new products without making sure the ethics we hold in high regard are maintained," says Simon Lidington, chairman of the Market Research Society in the UK. "But there are other methodologies that we don't embrace that we should, and we ought to find ways of promoting innovation within the industry."

Delegates agreed that if research is to attract the bright, entrepreneurial people that clients say they want, it must be better at promoting itself as an interesting industry that isn't all about number-crunching. "It's difficult to attract and retain the

brightest talent because it's seen as boring," Inglesant says.

Where traditional research has strength is in its reputation for quality and reliability, something it can build on as it promotes its virtues to clients.

Campbell says that a working partnership between the old and new worlds of research may be possible, broadening the scope of what research means to clients, and building further on the credibility that's been built up over time.

"Eventually, it would be great for ESOMAR to reach out to these players, not necessarily as members but they could easily be friends of the industry who, when they do survey research, comply with our codes," she says.

As Tony Cowling says, the question is not if or when to respond to the changing demands of clients, but how: "The world is changing about us at an ever-increasing pace. We can't do anything but Mark Whiting Carlos Harding Tony Cowling respond to it."

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