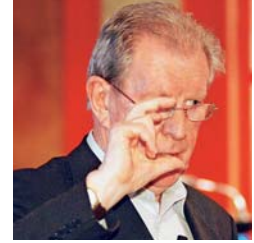


Measuring growth:

The bigger picture

True industry growth is harder to measure as a wider range of firms enter the market and consumer insight space. By Robert Heeg



Tony Cowling

In a presentation at WIN, TNS president Tony Cowling asked: “Do we have the real picture on market research growth and can we do more to grow our industry?”

ESOMAR figures show that global industry turnover grew from US \$23.3 billion in 2005 to US \$24.6 billion in 2006. Véronique Jeannin, ESOMAR Director General, said that huge efforts have been made over the last few years to get more accurate and insightful data, with the support of business analysts, key clients and providers and associations. While the measures have become more accurate, the question remains: does this capture all spend on consumer insights? The current industry report tracks traditional suppliers of market research that increasingly face competition from consultancies, online companies, and new entrants like Dunnhumby and Google. These aren't research firms as such, but are certainly looking to provide insights to guide business decisions. “We probably need to include companies like Experian, because they have a big influence on data collection,” said Cowling.

Whether these non-traditional firms do this under the same professional code as ESOMAR members is doubtful, but the fact remains that they pretty much cover every research segment imaginable. “To measure a market, it needs to be defined well and consistently, but also in a way that allows for changes in customer purchasing,” noted Cowling.

Market measurements

The consequences of not measuring the industry from a wider perspective are legion: new growth opportunities in the sector are missed, client developing needs are not tracked, and non-traditional firms aren't represented in industry bodies where best practices are often shared and promoted. Furthermore, Cowling added that “we measure markets and opportunities for other sectors and need to do this more comprehensively for ourselves.”

Indeed, David Barr, director general of the Market Research Society UK (MRS), said that a league table compiled this year by the MRS estimates that the UK market is around 50% larger, when the market research footprint is broadened to include companies such as Datamonitor, Mintel and Cello, amongst others. To make measurement more comprehensive, Cowling proposed a pilot scheme whereby major clients provide information on their research expenditure, broken down into traditional

research spend and spend on new insight methods, thereby providing a broader measure of demand for market information.

Major research buyers at WIN agreed to contribute to the pilot, but as Thomas Inglesant, European Marketing Research Director at Givaudan also pointed out, research buyers don't always make a distinction between traditional and non-traditional. Silke Münster, of Coca Cola Germany, added that the value for clients in providing this information would be potentially to benchmark their own spend against that of other firms. Diane Bowers, president of the Council of American Survey Research Organizations, noted that huge amounts are being spent by government and academic bodies in the US, and adding this turnover would further increase the size of the industry.

Burning questions

Several questions remain on the table as the industry moves forward to find a way to capture a broader measure of industry spend. For instance: how can we get better information about new entrants and new market sectors? And what information is necessary to help traditional suppliers as well as research buyers respond to these new opportunities?

“Should we try to measure the wider spend on such new companies and should we try to bring them into our professional bodies and adopt market research industry codes and quality standards?” Cowling asked. After hearing all the reactions at WIN, he is positive. “Yes, we as an industry need this information to start this dialogue, so let's go ahead.” ■

Next steps

A task force for the ESOMAR Global Market Research Report, including clients, is set to work on expanding the tracking of industry statistics to include the broader market information sector.

Whilst continuing the current approach with traditional providers, it will also begin to collect information from 25-30 top clients to gauge spend on new vs. traditional players. At a later stage, it will also attempt to benchmark levels of client spend on market information for specific segments. This will be done under anonymity and confidentiality terms of KPMG Business Advisory Services.

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