



The SEEK Company

REVOLUTION, BOILING FROGS AND BIG DATA

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INTRODUCTION

The Cambiar *Future of Research* Study has, since 2011, tracked the pace of change in the marketing research and analytics industry. A quantitative study of the opinions and experiences of research leaders in both corporate insights functions and research suppliers, *Future of Research* (FoR) has painted a picture of an intensifying revolution in research, much of it led by clients. Among other findings, the study has posited the following:

- Clients expect major transformation in the research function by the end of the decade, much of it evident by 2015;
- Two-thirds of clients expect that a non-traditional research or analytics company will lead the industry by 2020. A quarter expect that this company will be Google;
- The majority of clients have either already integrated a wide variety of new approaches and tools into their functions, are planning to do so or are planning to experiment with them;
- Among these, web analytics, DIY research, proprietary online panels, digital qualitative and social media listening lead the way;
- Despite this, the research supply industry appears not to be responding adequately to clients' innovation needs. There is a significant gap between what clients want in terms of innovative new tools and the degree to which research companies are willing to supply them. In so doing, they have opened the door to huge numbers of new competitors to enter the market, many of them technology-led. Some of these, SurveyMonkey and Google Consumer Surveys included, have the potential to disrupt the industry in a major way.

In addition to all this, we now have the issue of Big Data. However you define it (and there are many definitions), Big Data is perceived to have the potential to cause major disruption to traditional research models. In 2012, FoR reported that 24% of clients had already integrated Big Data analytics into their functions while another 32% were trying it out or planning to do so.

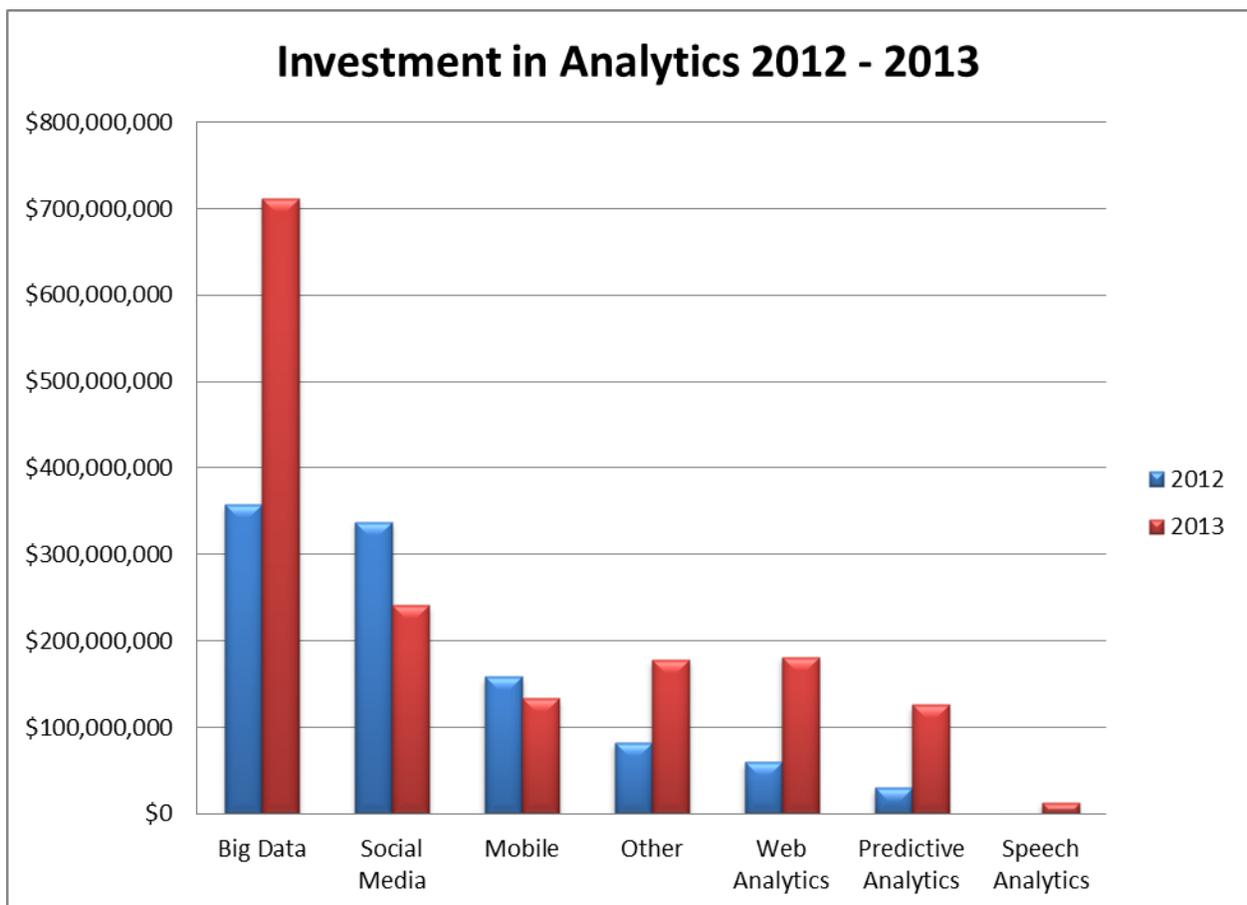
That Big Data is a hot subject is not in doubt. But how accurate are the perceptions of its potential impact on traditional research and, in particular, the quantitative survey? Are market researchers who deny its likely impact merely fooling themselves – the proverbial frogs in slowly boiling water, unaware of their impending doom? Or is Big Data merely hype – just the latest fad over which the industry is getting itself into an unnecessary lather?

In designing *Future of Research 2013*, Cambiar decided to do a 'deep dive' into these issues using in-depth qualitative research among a variety of industry constituents. The results demonstrate that, while there is indeed significant change and opportunity in the air, there is

also considerable confusion and uncertainty about its utility and what it means for the research profession.

WHY WE SHOULD CARE ABOUT BIG DATA

IDC estimates that the Big Data “industry” will generate revenues of \$16 billion in 2014. Much of this will be concentrated in building the IT infrastructure necessary to enable Big Data analytics (including Cloud infrastructure) and it is difficult to estimate what the real size of marketing-relating Big Data analytics is today or will be tomorrow. However, we do know that investors see this as a highly promising sector. The *Cambiar Capital Funding Index* (CCFI), which monitors all investment into the marketing research, analytics and information industry on an annual basis, estimates that over \$700 million was invested in Big Data marketing analytics companies in 2013.



Source: Cambiar Capital Funding Index 2012-2013

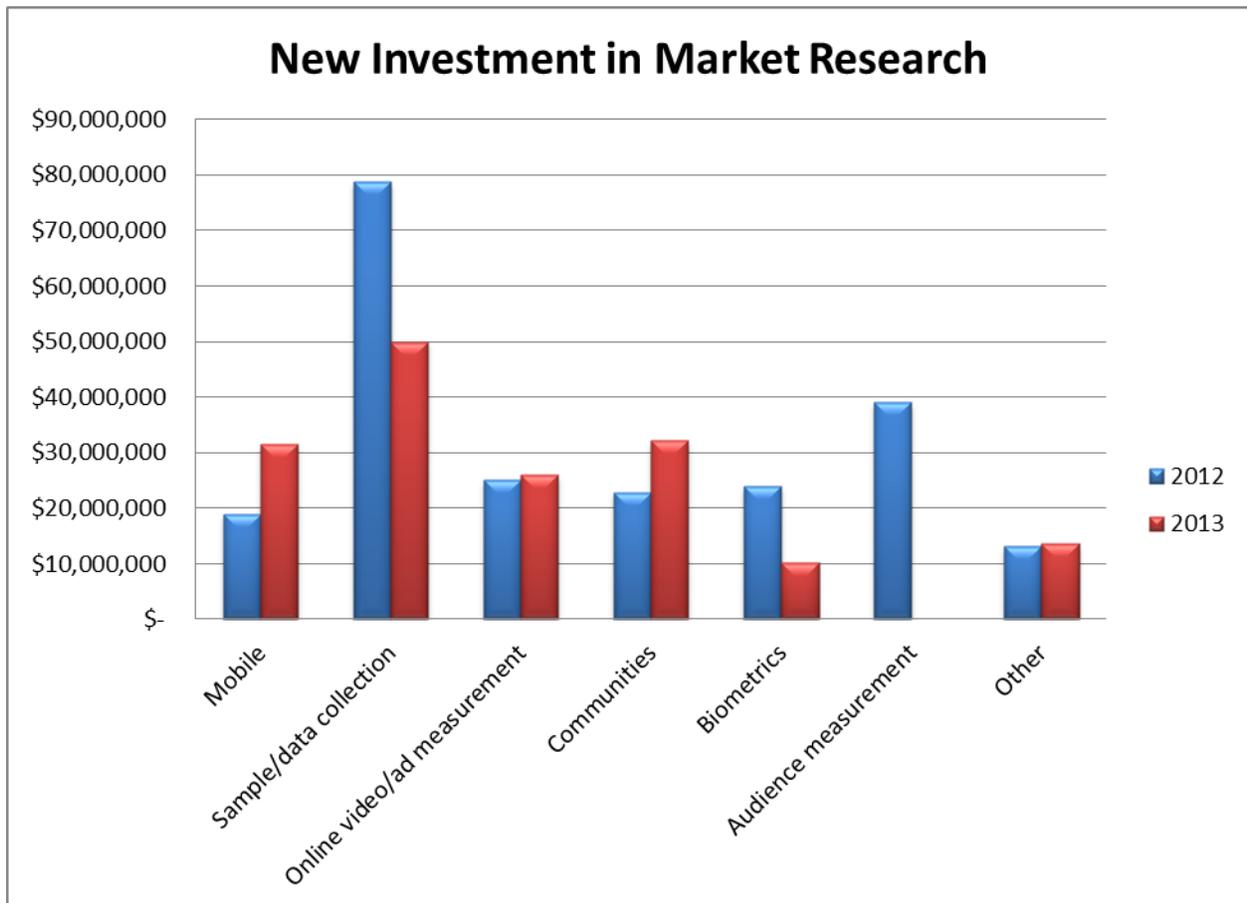
This represented growth of over 100% on the previous year.

Interestingly, investment in social media analytics dropped, suggesting that this particular area is now maturing. Other areas, however, such as web analytics (the approach most integrated into consumer insights functions, according to FoR 2012) and predictive analytics are also seeing major increases in inward investment.

So, investors (herd animals, as are we all) believe that Big Data marketing analytics is a future growth area promising great returns.

Along with investors, there is no shortage of pundits who believe the same thing. Kenneth Cukier, Data Editor at *The Economist* and a noted author on the subject, has gone so far as to say that the days of survey-based social scientists are numbered and that “the era of causality has come to an end, correlation is enough.”

By contrast, interest in the traditional market research sector, at least as measured by inward investment, appears to be lagging.

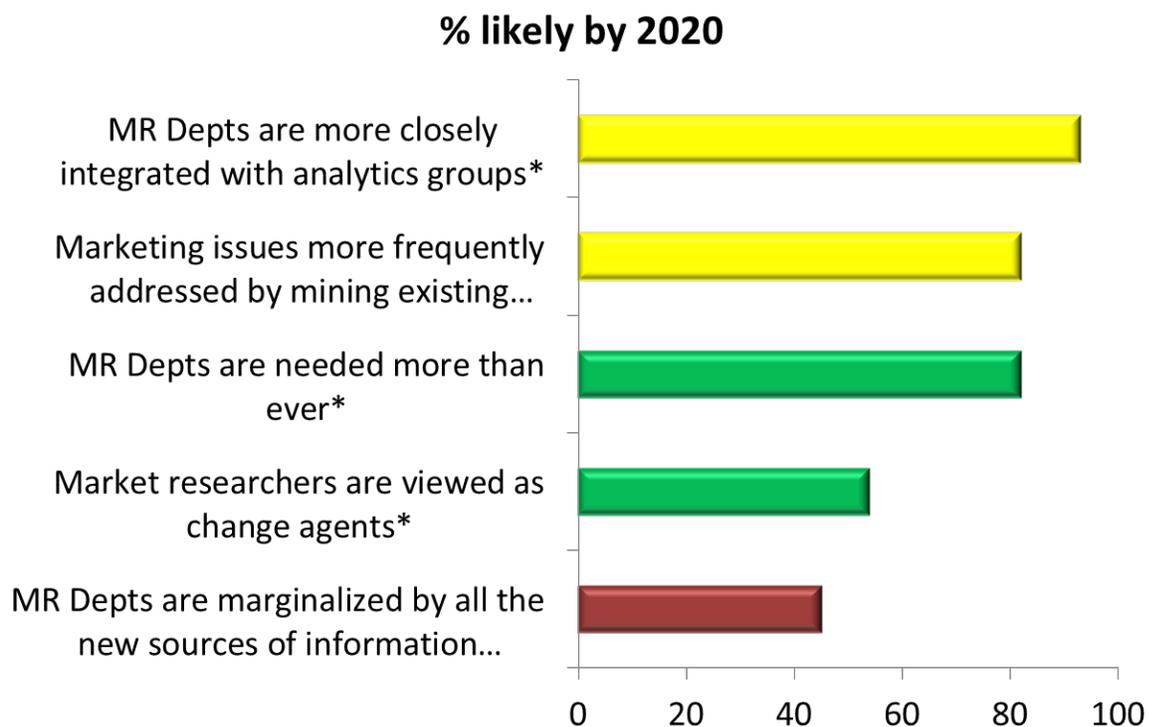


Source: Cambiar Capital Funding Index

Traditional MR attracted a little less than \$200 million in new investment in 2013. The only areas showing traction appear to be mobile and communities (MROCs). Biometrics appear to have lost their bloom, something that we also saw in FoR 2012, where interest in such approaches among clients is shown to be fading.

Big Data, therefore, is currently the darling of the investment community; the focus of pundits; and something that over half of corporate insights leaders are either integrating into their functions or planning to try.

As this drumbeat began to be heard in 2012, we also divined that it was causing some consternation among these same insights leaders, however. When asked to project the place of their functions in the corporation and, more pressingly, their importance to the corporation, insights leaders were both ambivalent and conflicted.



Source: Future of Research 2012

When asked to indicate their agreement or disagreement with a series of statements about their future state, over 80% of corporate insights leaders felt that Market Research departments would be needed more than ever in 2020. Yet, at the same time, over 40% also said that MR departments would be marginalized by all the new sources of information available to the company, including Big Data. What pretty much all were convinced of, however, was that their departments would be more closely integrated with analytics groups –

whether in a position of power or subsumed into those departments was, however, sadly left unsaid.

GOING DEEPER – FUTURE OF RESEARCH 2013

In order to understand better this conundrum, we decided to design FoR 2013 as a deep dive qualitative exercise. To this end, Cambiar partnered with The SEEK Company to execute a qualitative research study among five distinct groups:

- Chief Marketing Officers
- VPs of Consumer Insights functions
- CEOs of market research companies
- CEOs of new entrants into the insights 'space'
- Young researchers starting out in their careers.

In all, 33 interviews were conducted (final sample is appended to this paper) by phone, in person and through video.

The interview ranged across a series of future-oriented subjects:

- The most pressing issues facing participants today and in the next two years
- The changes in the insights function/industry that will have the most impact over the next 2-3 years
- Changes in the 'toolkit' that participants are using/offering and how these will affect the role of the insights function/industry
- The role of Big Data
- Where analytics (Big Data or otherwise) fits into the organization and what this means for the future
- The role of synthesis in research
- Talent implications of all of the above.

Interviews were conducted in November and December, 2013.

A CHANGING LANDSCAPE INFUSED WITH UNCERTAINTY

In 2012, we had found – at the client level – that there was much good occurring in Consumer Insights functions. Corporate MR departments were embracing change faster than we had expected, rethinking research processes and getting value from non-traditional approaches.

Clients were using storytelling to get the impact of their insights adopted in the organization and were being brought in earlier to issues that were of importance. Indeed, they were more and more being seen as thought partners rather than data providers. On the supply side, however, we found a deaf ear to many of the needs and demands of clients, leaving many to move outside of their usual supply chains to get to the insights that they needed.

In 2013, however, we found much more uncertainty, not so much around what our participants were doing as around the profession or industry that they were in. Just as major associations such as ESOMAR and MRS have begun redefining the boundaries of the insights industry, so our participants have begun to wonder what profession it is that they work in. Not only is the definition of Market Research being challenged, but also its role and place in the organization. Worse, lines are beginning to blur, not only between research and analytics, but also in the industry itself. No longer are there clear lines between full-service research companies and sample providers, for example. DIY (and, latterly, full-service DIY) also serves to blur the lines between what is a ‘real’ research project and what is just a gut check. For some on the supply side, there is also uncertainty about blurring lines between real research and marketing – especially in Customer Experience.

In some cases, there is a feeling that the words ‘Market Research’ are now becoming a pejorative.

“Everyone is running away from the words market research.” – Client

At the same time, more and more is being expected from market research, even on reduced budgets. Overall, the feeling is that the definition of the function is changing, with the expectation that more data will lead to more insights and less in the way of primary data collection.

At the same time, the mantra ‘better, faster, cheaper’ still seems to rule, with a constant pressure to deliver more with less in real time. However, there is a real concern that this is really just translating into ‘faster, cheaper’ and that quality is beginning to fade.

“Quality is fading with faster, better, cheaper. I still want faster, better, cheaper.” – Client

This quote sums up the quandary faced by many researchers, both on the client and the supplier sides. We seem to be mastering ‘faster’ and ‘cheaper’, but quality is perhaps more elusive in this scenario – but we want it anyway. For many clients, for whom real-time decision-making is an everyday reality, ‘faster’ rules.

“Our rule: all research in less than 72 hours.” – Client

“If it can’t be done quickly, it shouldn’t be done.” – Client

From the supplier side, when you add procurement to this mix, the situation becomes even more difficult.

“Procurement makes it harder to sell on the basis of quality or differentiation.” – Supplier

Overall, the speed of change – whether it be in the demands made of research, the resources available to it, the tools it has at its disposal or its place in the organization – is hard for many researchers to comprehend or deal with, on whichever side of the fence they reside.

For many, this leads not only to uncertainty but also confusion. The ever-widening toolkit available to researchers is just one manifestation of this. Is mobile the next big thing, a game-changer or just hype? Or have we missed the bus on this one and is the respondent taking us down the mobile road whether we like it or not? And, if so, what does that mean for the length and structure of my surveys and how I collect my data? Is social media an essential listening tool or just a shiny object? Is DIY an opportunity of which we need to take advantage as we are asked to do ever more with less or something that is scary and cheap and dirty?

For many clients, the proliferation of new tools merely means that they have more means at their disposal with which to derive insights and that the use of any particular tool must be integrated with the business issue at stake. This leads to a certain agnosticism as to which tools are ‘cool’ and which are not – it doesn’t really matter. The real question is, ‘does it answer my business need?’

Which leads us to Big Data. In 2012, 24% of FoR participants told us that they were integrating Big Data tools into their everyday functions. Another 14% were trying it out and 18% were planning to do so. At that time, the main uses that these participants saw for Big Data analytics were in marketing ROI evaluation, brand tracking, communications effectiveness and shopper insights. However, what this hides is uncertainty about what really constitutes Big Data and not a little cynicism about its role and longevity.

“Big Data is essential. By the way, what is Big Data?” – Client

“Large sources of unstructured data that may have insights.” – Supplier

“Big Data is the synthetic development of intuition.” – Supplier

“Big Data is a buzzword.” – Client

Whatever Big Data is, it is equally unclear as to how it should or could be used. Most would agree that it would involve the analysis of large sets of transactional data. But is that all? To enable better insights, would it be combined with other behavioral, attitudinal, qualitative or neuroscientific data? More to the point, where would such data live and who would “own” it?

Does it belong in the Insights Department or will there be Big Data analytics groups that will own it? Or will it belong in Finance or IT? Most of the participants in our study felt that none of this was particularly clear at this moment. However, despite their confusion, most agreed that Big Data would occupy a place of greater importance or “seniority” in the organization than would primary research data.

If there is confusion inside corporations about the definition, use and ownership of Big Data, there is even more confusion among research suppliers as to whether Big Data even belongs in “our” industry. Perhaps a more accurate statement, in fact, is that there is a great division of opinion on this topic. Some researchers passionately believe that Market Research absolutely must embrace Big Data and make it their own (“It’s a no-brainer”) while others believe that it is a totally separate industry and should remain as such.

Wherever researchers stand on these topics, there is agreement that Big Data poses unique problems for the industry and that it is not yet ready for the big time. Many point to worries and concerns about privacy and the damage that misuse of Big Data – whether intentional or accidental – could cause to the MR industry as a whole. They point to increased governmental and legislative interest in the area, not just in Europe but also in the U.S. Will the industry be undermining its current regulatory status if it gets too heavily involved in Big Data? In other words, while it could be a major opportunity, could it also be an existential threat?

Beyond this, our participants also held a belief common among them that one of the problems with Big Data was that there was just too much of the damn stuff and just because there is lots of it does not make it necessarily better.

“Big Data does not necessarily mean quality data.” (Client)

Even if it did, researchers scoff at the thought of data scientists or analysts extracting meaning from the data – a common barb was that data geeks cannot tell stories and that therefore researchers will still be needed to extract the insight, tell the story and persuade management to action. Whether this is frightened bravado or genuine self-confidence is difficult to tell at this stage.

Another common theme was that the technology to mine Big Data effectively is still “not there” and that, even if it was, data visualization techniques are still insufficient to aid in extracting insights and stories from it.

When taken together, participants’ responses on this topic demonstrate a fascination with Big Data, not a little fear that it might change the research game in ways that they could not control and, as a result, some naysaying about its feasibility, usefulness and dangers posed to

the industry. It will be interesting to see how these attitudes change over the next twelve months.

It was not a surprise to us to encounter the fascination with Big Data. After all, it is the subject of endless articles, papers, media commentary and speculation. What did surprise us, however, was an equal fascination with what we came to term the “yang” to Big Data – the need to uncover, understand and leverage consumer emotion. The more we have Big Data, the argument went, the more we need to understand the “why” behind its “what”.

“Big Data is important, but the Why is much more important.” (Client)

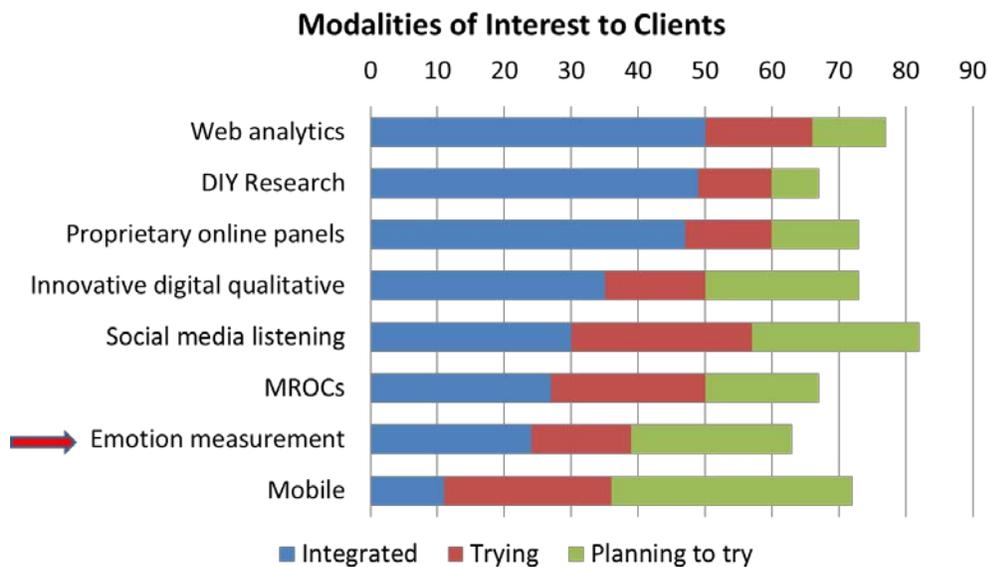
“We need to understand our consumers as people.” (Client)

“Nothing replaces the customer. We still need to talk to people.” (Supplier)

The passion with which this need to understand and measure emotion was expressed was very powerful in many of our participants.

“It’s easy for me to care for consumers. I don’t look at people and see metrics. I look at people and see people.” (Client)

This degree of interest in understanding consumers as people and discerning their emotions was beginning to be evident in *Future of Research 2012* where clients, having already embedded tools such as web analytics, DIY and social media listening into their routines, signaled that measurement of emotion was one of the next big things on which they would focusing.



However, the degree of passion behind the topic in this year's study suggests that researchers want to go beyond just measurement of emotion. They want to use the empathy that those emotions engender to impact decisions that the company makes and the way in which the company interacts with consumers at large and its customers in particular. We are already seeing this not only in marketing literature but also in public fora such as IIR's Total Customer Experience Leaders Summit, the subtitle of which is: *Return on Relationships: Factoring Empathy into the Stakeholder Equation*.

Wherever the emphasis lies – in Big Data, survey research, emotional measurement – it is clear that researchers today are dealing with more data, sourced from more places, using more and different tools than was ever the case in the past. It should therefore come as no surprise that the final major theme emerging from our participants was how to put all of this data together in a way that generates insights and tells a story. In a word, how to learn and apply the skill of “synthesis”.

“You need to bring people together with a combination of hard skills (the ability to analyze) and soft skills (the ability to synthesize).” (Supplier)

In our 2012 study, we found skepticism on the part of clients that research suppliers could (or, in some cases, should) supply this skill as part of their routine offering. However, it is clear that, without it, market researchers will not be a part of the whole customer story.

WHAT DO WE MAKE OF ALL OF THIS?

Future of Research 2013 reveals a profession that is going through the throes of change with mixed emotions. On the one hand, there is excitement (mixed with a little skepticism) at the number of new tools that are now to hand to do the job. Big Data, too, engenders excitement in some, though not all. Our role could evolve into one that becomes indispensable in making sense of all the data that is being thrown at companies – the role that brings the ‘what’ of Big Data together with the ‘why’ of consumer emotions and translates these into compelling stories that impact the way in which corporations make decisions at the most strategic level.

At the same time, there is a lot of uncertainty, confusion and not a little fear about whether this really will be the case. Will the researcher really be indispensable or perhaps he/she will be disposable or be subsumed into wider and more Big Data-driven analytics groups? Or perhaps all this change will turn out to be illusory and we can all return to the role that we have known so well for the last 70 years.

Most of those to whom we talked do not take the line of status quo. Most believe that the revolution is real and here to stay. Some are excited and can't wait to grab it by the horns, while others are more fearful. Most understand that their role is going to change but not all know how. Others are already taking destiny into their own hands and learning skills such as synthesis and storytelling in order to enhance their value to the organizations that they serve.

We believe that the marketing research and analytics industry is at an inflection point and that it will be down to us as practitioners to determine whether that inflection leads to greater glory or irrelevance (as Joe Tripodi of Coca-Cola put it). We have the tools to do the job; the job is changing; only we can decide if we are up to the job.

NEXT STEPS

Future of Research 2014 will build on FoR 2013 through quantification among industry leaders on both the buy and sell sides of our industry. The study will concentrate less on tools and more on the place of the researcher in the organization and the skill sets that they will need to possess to succeed. We will also track the embrace of Big Data but at the same time try to gain more understanding of how organizations are trying to leverage empathy for consumer emotions into their decision-making.

APPENDIX

SAMPLE COMPOSITION

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METHOD

Interviews were conducted either as IDI's or mini-groups on the 'phone (recorded) or in person (videoed). Fieldwork was conducted in November and December, 2013.